

**CITY OF WILLOWS,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**

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CITY OF WILLOWS
Annual Financial Report
For the Year Ended June 30, 2023

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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, 2023

City Council

Richard Thomas	Mayor
David Vodden	Vice Mayor
Gary Hansen	Council Member
Jeff Williams	Council Member
Casey Hofhenke	Council Member

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **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 Audit of the Financial Statements**Opinions**

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, City Pension Plan, City OPEB Plan, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 obtain 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.

Supplementary 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 accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Other Information

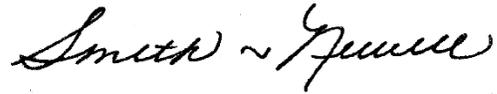
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 February 16, 2024, 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
February 16, 2024

**Management's Discussion and Analysis
(Unaudited)**

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CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

INTRODUCTION

As management of the City of Willows (the City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2023. Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the City's financial statements that follow this discussion.

FINANCIAL HIGHLIGHTS

Government-Wide:

- The City's total net position (assets minus liabilities) decreased \$4,004,438 as of June 30, 2023. Governmental activities decreased the City's net position by \$3,633,114 and business-type activities decreased the City's net position by \$371,324.
- Government-wide *governmental* revenues include program revenues of \$3,337,080 and general revenues of \$5,366,368 for a total of \$8,703,448.
- Government-wide *governmental* expenses were \$12,318,848 – note: this amount includes a pension liability expenditure adjustment of \$5,557,933; which offsets a large negative adjustment from the previous year.
- Government-wide *business-type* revenues include program revenues of \$1,859,537 and general revenues of \$117,240 for a total of \$1,976,777.
- Government-wide *business-type* expenses were \$2,348,101 – note: this amount includes a pension liability expenditure adjustment of \$506,368; which offsets a large negative adjustment from the previous year.

Fund Level:

- Governmental fund balance decreased to \$11,500,380 in fiscal year (FY) 2022-23, down from \$12,276,389 in the prior year, primarily due to the use of reserves towards operations in the City's General Fund; using Gas Tax and RMRA (SB-1) funding towards multiple streets-related projects; and use of remaining funds available in the EDA and Basin Street Grant Funds to close out the South Willows Infrastructure Projects.
- Governmental fund revenues were \$8,661,363 in FY 2022-23, slightly lower than the \$8,974,071 received in the prior fiscal year. This decrease can be primarily attributed to one-time grants received in the General Fund towards fire and public works equipment and apparatus, offset by a reduction in one-time CDBG over-the-counter funding received towards a grant in the prior fiscal year and various increases and decreases in all other governmental funds.
- Governmental fund expenditures were \$9,419,658 in FY 2022-23, significantly higher than the \$6,241,359 reported in the prior fiscal year mainly due to the expenditure of grant funds towards fire and public works equipment and apparatus; the expenditure of transportation-related funding towards the Pacific Avenue and Lassen Street projects; and an increase in the public safety contract with the County of Glenn.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

General Fund:

- General Fund revenues of \$6,268,508 were higher by \$989,783 from the prior fiscal year mainly due to the recognition of one-time grant-related revenues in FY 2022-23 used towards fire and public works apparatus.
- General Fund expenditures of \$7,053,467 represented an increase of \$2,004,698 over the prior fiscal year. This increase is due to the use of grant-related funding towards fire and public works equipment and apparatus and an increase in the public safety contract with the County of Glenn.
- The fund balance of the General Fund was \$2,020,444 as of June 30, 2023, compared to the fund balance of \$2,442,458 reported for FY 2021-22.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements separate the City's activities into two areas:

Governmental Activities – these services are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are considered governmental activities including public safety, community development, public works, parks and recreation, education and general administration.

Business-Type Activities – these services rely upon user fees and charges to help cover all or most of their costs. The City's water and wastewater systems are reported here.

Within the framework of these activities, a Statement of Net Position and a Statement of Activities report information about the City as a whole. These statements include all assets and liabilities of the City (i.e., infrastructure and long-term debt) and use the accrual basis of accounting in which all the current year revenues and expenses are taken into account regardless of when the cash is received or paid. The two statements can be generally described as follows:

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

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Notably, these statements differ from the Fund Financial Statements in that they include all assets of the City (including infrastructure) and all liabilities (including long-term debt) and exclude certain interfund receivables, payables and other interfund activity as prescribed by GASB Statement No. 34. A reconciliation between the two is provided on pages 17 and 19 of this report.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Willows, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds in the City of Willows can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. This information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in the reconciliations on pages 17 and 19.

Proprietary Funds – when the City charges customers for services it provides, whether outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements (i.e., business-type activities), only in more detail. The City uses proprietary funds to account for its water and wastewater operations.

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

Supplemental Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information and supplemental information.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide long-term and short-term information about the City's overall financial conditions. This analysis addresses the financial statements of the City as a whole.

City of Willows
Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 17,705,881	\$ 13,201,171	\$ 5,064,574	\$ 4,994,638	\$ 22,770,455	\$ 18,195,809
Capital assets	11,716,209	13,673,541	9,098,142	8,829,329	20,814,351	22,502,870
Total Assets	29,422,090	26,874,712	14,162,716	13,823,967	43,584,806	40,698,679
Employer pension contributions	7,991,816	6,045,963	728,114	550,833	8,719,930	6,596,796
Employer OPEB contributions	8,456	10,569	2,385	2,981	10,841	13,550
Total Deferred Outflows of Resources	8,000,272	6,056,532	730,499	553,814	8,730,771	6,610,346
Current liabilities	1,411,372	1,661,758	81,399	92,561	1,492,771	1,754,319
Long-term liabilities	8,159,677	8,180,638	10,469,318	10,408,894	18,628,995	18,589,532
Total Liabilities	9,571,049	9,842,396	10,550,717	10,501,455	20,121,766	20,343,851
Deferred pension adjustments	5,102,046	3,930,561	464,835	358,103	5,566,881	4,288,664
Deferred OPEB adjustments	14,155	56,289	3,993	15,877	18,148	72,166
Total Deferred Inflows of Resources	5,116,201	3,986,850	468,828	373,980	5,585,029	4,360,830
Net position						
Invested in capital assets net of related debt	11,012,336	13,189,034	(681,504)	(877,731)	10,330,832	12,311,303
Restricted	10,003,053	9,831,088	-	-	10,003,053	9,831,088
Unrestricted	1,719,723	(3,918,124)	4,555,174	4,380,077	6,274,897	461,953
Total Net Position	\$ 22,735,112	\$ 19,101,998	\$ 3,873,670	\$ 3,502,346	\$ 26,608,782	\$ 22,604,344

Net position represents the difference between the City's resources and its obligations. On June 30, 2023, the largest portion of the City's total net position, 54.4% (\$12,311,303), reflects net position invested in capital assets (the value of city-wide assets less any outstanding debt issued to purchase/construct assets). Restricted net position makes up the second largest component of net position (\$9,831,088) and represents the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position of \$461,953 represents the portion of net position that can be used towards day-to-day operations and other programmatic and one-time expenditures as determined by the City Council.

Overall, the net position for the governmental portion of the City funds has decreased \$4,004,438 mainly due a one-time annual adjustment related to the CalPERS Unfunded Liability due to a large investment gain from FY 2021-22 ultimately resulting in the City having a net pension liability of \$831,852 (note: City had a net pension asset of \$4,387,531 in the prior year).

Restricted net position of \$9,831,088 represents resources subject to external restrictions as to how they may be used. The Governmental Activities unrestricted net position of (\$3,918,124) – a negative amount - represents amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers, and creditors. This amount is negative in the governmental funds only due to the pension liability adjustment and debt service in the governmental fund group (these are non-cash items long-

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

term). The business-type activities unrestricted net position of \$4,380,077 represents amounts that may be used to meet the ongoing operations and capital replacement for the City's water and wastewater systems.

City of Willows
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2023	2022	2023	2022	2023
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 492,761	\$ 402,212	\$ 1,488,397	\$ 1,859,537	\$ 1,981,158	\$ 2,261,749
Operating grants and contributions	4,485,048	2,934,868	-	-	4,485,048	2,934,868
Capital grants and contributions	-	-	-	-	-	-
<i>General Revenues</i>						
Property taxes	1,331,884	1,648,725	-	-	1,331,884	1,648,725
Property transfer taxes	22,753	21,425	-	-	22,753	21,425
Sales and use taxes	1,645,030	1,811,320	-	-	1,645,030	1,811,320
Transient Occupancy Taxes	821,944	707,395	-	-	821,944	707,395
Franchise fees	-	369,287	-	-	-	369,287
Interest and investment earnings	77,394	79,870	3,199	116,825	80,593	196,695
Other revenues	97,257	728,346	10,000	415	107,257	728,761
Total Revenues	\$ 8,974,071	\$ 8,703,448	\$ 1,501,596	\$ 1,976,777	\$ 10,475,667	\$ 10,680,225

City of Willows
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2023	2022	2023	2022	2023
Expenses						
General government	\$ (4,816,095)	\$ 7,302,236	\$ -	\$ -	\$ (4,816,095)	\$ 7,302,236
Public protection	2,386,539	3,141,007	-	-	2,386,539	3,141,007
Public ways and facilities	1,005,859	1,226,007	-	-	1,005,859	1,226,007
Community development	524,418	28,205	-	-	524,418	28,205
Recreation and culture	211,868	176,325	-	-	211,868	176,325
Education	304,254	256,146	-	-	304,254	256,146
Water operations	-	-	23,293	25,459	23,293	25,459
Sewer operations	-	-	1,266,201	2,045,870	1,266,201	2,045,870
Interest on long term debt	143,451	188,922	259,164	276,772	402,615	465,694
Total Expenses	(239,706)	12,318,848	1,548,658	2,348,101	1,308,952	14,666,949
Excess (deficiency) before transfers	9,213,777	(3,615,400)	(47,062)	(371,324)	9,166,715	(3,986,724)
Transfers	-	-	-	-	-	-
Change in net position	9,213,777	(3,615,400)	(47,062)	(371,324)	9,166,715	(3,986,724)
Net Position - Beginning of year	13,521,335	22,735,112	3,920,732	3,873,670	17,442,067	26,608,782
Prior Period Adjustment	-	(17,714)	-	-	-	(17,714)
Net Position - Beginning of year as restated	13,521,335	22,717,398	3,920,732	3,873,670	17,442,067	26,591,068
Net Position - End of year	\$ 22,735,112	\$ 19,101,998	\$ 3,873,670	\$ 3,502,346	\$ 26,608,782	\$ 22,604,344

Governmental Activities:

The City's governmental activities decreased the City's net position by \$3,633,114. Revenues were \$8,703,448 which represented a slight decrease of \$270,623 or 3.0 percent over the prior fiscal year. This slight decrease can be primarily attributed to the one-time recognition of revenues in the General Fund during FY 2021-22 for Fire and Public Works apparatus and equipment; offset by the closeout of the EDA/Basin Street Grant (used to pay Gap Loan) and the annual CalPERS Liability (GASB 68) adjustment. Governmental activities highlights include the following:

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2023

- Discretionary revenue sources including all taxes, franchise fees, and interest and other revenues in the amount of \$5,366,368 represent 61.7 percent of the total governmental activity revenue of the City. This amount is up from the \$3,996,262 recognized in the prior fiscal year mainly due to one-time intergovernmental revenues and increases in property and sales taxes.
- Charges for services, operating grants, and capital grants provided \$3,337,080 or 38.3 percent of the total governmental activity revenue of the City. This amount represents a decrease of \$1,640,729 from the prior fiscal year amount of \$4,977,809. One-time grants received in the prior fiscal year (CDBG OTC represents the largest source) make up the majority of this decrease.

Business-Type Activities:

The City's business-type activities decreased the City's net position by \$371,324. This decrease is mainly due to the receipt of two years of sewer use fees from the Northeast Willows Community Services District offset by a one-time increase in GASB 68 pension unfunded liability costs. Revenues were \$1,976,777 which represents an increase of \$475,181, primarily due to the of Northeast Willows Community Services District sewer use fees noted above. Business-type activities highlights include the following:

- Charges for services provided \$1,859,537 or 94.0 percent of the total business-type activities revenue of the City (these are rates charged to users of both the sewer and water enterprises).

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements. The City's governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. The City's governmental funds reported combined fund balance on June 30, 2023, of \$11,500,380. The General Fund decreased \$422,014 and other Governmental Funds decreased by \$353,995. The General Fund decrease was mainly due to the need to use reserves towards operating activities and the increase in the Glenn County public safety contract. The Other Governmental Funds decrease of \$353,995 was primarily due to the use of close-out funding available in the EDA and Basin Street Funds originally used towards the South Willows Infrastructure Projects to pay down the City's Gap Loan.

Analysis of the General Fund

The General Fund is the primary operating fund of the City. It accounts for revenues and expenditures associated with fire services, public works, engineering, planning, building inspections, finance, parks, city clerk, city attorney, and city administration; and a contract for police services.

General fund revenues totaled \$6,268,508 in fiscal year 2022-23, an increase of \$1,089,783 over the prior fiscal year. This was primarily due to the receipt of one-time funding to purchase Fire and Public Works equipment and apparatus; and increases in property and sales tax revenues.

General fund expenditures totaled \$7,053,467 in fiscal year 2022-23 an increase of \$2,004,698 over last fiscal year. This increase was primarily related to purchase of Fire and Public Works equipment and apparatus (as previously discussed) and an increase in the Glenn County public safety contract.

CITY OF WILLOWS
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For the Year Ended June 30, 2023

At the end of fiscal year 2022-23, the fund balance for the City's General Fund was \$2,020,444, a decrease of \$442,014 from the prior fiscal year. The fund balance in the General Fund was comprised of \$158,941 which is non-spendable for long-term receivables and prepaid items; \$205,000 which is committed for contingencies and future capital; and \$1,656,503 which is unassigned. The unassigned portion of the fund balance in the General Fund increased \$480,703 when compared to the FY 2021-22 unassigned balance.

Analysis of Major Proprietary Funds

Water

- The Water Fund is financed and operated in a manner similar to that of a private business. The Fund's net position went from \$59,430 in fiscal year 2021-22 to \$41,652 in fiscal year 2022-23 representing a decrease of \$17,778. Operating revenues were \$7,680, a 26.8 percent decrease due mainly to the timing of receipt of payment. Operating expenses were \$25,459, a 9.3 percent increase over the prior fiscal year mainly due to operating and permit costs incurred in FY 2022-23. The Fund's net investment in capital assets went from \$66,099 in fiscal year 2021-22 to \$61,981 in fiscal year 2022-23. The Fund ended the fiscal year with a negative unrestricted net position of (\$20,329). This fund may be ultimately be reviewed for sustainability as a going concern.

Wastewater

- The Wastewater fund is financed and operated in a manner similar to that of a private business. The Fund's fiscal year 2021-22 net position of \$3,814,240 decreased \$353,546 in fiscal year 2022-23 to \$3,460,694. Operating revenues were \$1,852,272, a 24.1 percent increase over the prior fiscal year mainly due to receiving two years of sewer use fees from the Northeast Willows Community Services District. Operating expenses were \$2,045,870, a 110.7 percent increase over the prior fiscal year mainly due to a one-time CalPERS expenditure adjustment related to the recognition of a net pension liability from CalPERS in FY 2022-23. The Fund's net investment in capital assets went from a negative (\$747,603) in fiscal year 2021-22 to a negative (\$939,712) in fiscal year 2022-23, recognizing the refunding of the USDA debt and issuance of new debt to upgrade the City's Sewer infrastructure. The Fund ended the fiscal year with an unrestricted net position of \$4,400,406.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At the end of fiscal year 2022-23, the City had invested \$31.0 million (net of depreciation = \$2.5 million) in a broad range of capital assets, including fire equipment, buildings, park facilities, street and storm drainage improvements and water and wastewater facilities. Additional detailed information on the City's capital assets is presented Note 4 to the financial statements on pages 38 and 39.

The financial statements summarize the City's accounting policies regarding capital assets in Note 1 of the note disclosures. In general terms, the city capitalizes assets in governmental funds at the \$500 level. These capital assets are depreciated on a straight-line basis varied from 3 years to 75 years.

CITY OF WILLOWS
Management’s Discussion and Analysis
For the Year Ended June 30, 2023

City of Willows
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2023	2022	2023	2022	2023
Construction in progress	\$ 16,017	\$ 1,869,181	\$ -	\$ -	\$ 16,017	\$ 1,869,181
Infrastructure	9,965,200	9,731,141	515,213	500,597	10,480,413	10,231,738
Buildings and improvements	725,860	687,734	8,582,929	8,328,732	9,308,789	9,016,466
Equipment and vehicles	1,009,132	1,385,485	-	-	1,009,132	1,385,485
Totals	\$ 11,716,209	\$ 13,673,541	\$ 9,098,142	\$ 8,829,329	\$ 20,814,351	\$ 22,502,870

Long-Term Debt

At fiscal year-end, the City had \$17,705,059 in loans and leases payable, and compensated absences outstanding compared to \$18,520,881 outstanding on June 30, 2022. Governmental activities long-term debt decreased \$698,146 due to a decrease in capital lease and compensated absences obligations; payment on the CalPERS Pension Obligation Bonds and payment on the UMPQUA “Gap” Loan. Business-type activities long-term debt decreased \$117,676 mainly due to debt service payments made towards the wastewater bonds and payment on the CalPERS Pension Obligation Bonds. Additional detailed information on the City’s long-term debt is presented Note 6 to the financial statements on pages 40 through 43.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

While the City has mostly recovered from the effects of the COVID-19 pandemic; management is cognizant of the recent increases in operations costs that could impact near- and long-term budgets. Costs for the Glenn County public safety contract are expected to rise significantly in FY 2023-24, without the benefit of a commensurate revenue increase. Staff will continue to monitor fiscal activity and make adjustment as appropriate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any information provided in this report or request for additional financial information should be directed to:

City of Willows Finance Department
201 N. Lassen Street, Willows, CA 95988
(530) 934-7041
mbrown@cityofwillows.org

Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF WILLOWS
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 5,226,316	\$ 940,358	\$ 6,166,674
Receivables:			
Accounts	85,753	58,937	144,690
Interest	2,234	307	2,541
Taxes	503,767	-	503,767
Intergovernmental	193,826	-	193,826
Investment in JPA	141,003	-	141,003
Prepaid costs	17,938	-	17,938
Internal balances	20,118	(20,118)	-
Due from external agencies	163	-	163
Restricted cash and investments	-	4,015,154	4,015,154
Loans receivable	7,010,053	-	7,010,053
Capital assets:			
Non-depreciable	1,869,181	-	1,869,181
Depreciable, net	11,804,360	8,829,329	20,633,689
Total capital assets	<u>13,673,541</u>	<u>8,829,329</u>	<u>22,502,870</u>
Total Assets	<u>26,874,712</u>	<u>13,823,967</u>	<u>40,698,679</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	6,045,963	550,833	6,596,796
Deferred OPEB adjustments	10,569	2,981	13,550
Total Deferred Outflows of Resources	<u>6,056,532</u>	<u>553,814</u>	<u>6,610,346</u>
LIABILITIES			
Accounts payable	408,968	16,899	425,867
Salaries and benefits payable	52,969	-	52,969
Retention payable	40,151	-	40,151
Unearned revenue	1,092,048	-	1,092,048
Other liabilities	64,570	-	64,570
Interest payable	3,052	75,662	78,714
Long-term liabilities:			
Due within one year	766,975	261,851	1,028,826
Due in more than one year	6,610,227	10,066,006	16,676,233
Net pension liability	762,392	69,460	831,852
Net OPEB liability	41,044	11,577	52,621
Total Liabilities	<u>9,842,396</u>	<u>10,501,455</u>	<u>20,343,851</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	3,930,561	358,103	4,288,664
Deferred OPEB adjustments	56,289	15,877	72,166
Total Deferred Inflows of Resources	<u>3,986,850</u>	<u>373,980</u>	<u>4,360,830</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, 2023

NET POSITION	Governmental Activities	Business-Type Activities	Totals
Net investment in capital assets	13,189,034	(877,731)	12,311,303
Restricted for:			
General government	270,716	-	270,716
Public protection	65,228	-	65,228
Public ways and facilities	1,521,826	-	1,521,826
Community development	7,186,046	-	7,186,046
Recreation and culture	415,005	-	415,005
Education	372,267	-	372,267
Unrestricted	(3,918,124)	4,380,077	461,953
Total Net Position	\$ 19,101,998	\$ 3,502,346	\$ 22,604,344

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

Continued (Page 2 of 2)

CITY OF WILLOWS
Statement of Activities
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 7,302,236	\$ 111,622	\$ 30,752	\$ -
Public protection	3,141,007	166,529	1,217,023	-
Public ways and facilities	1,226,007	94,737	1,290,442	-
Community development	28,205	-	332,146	-
Recreation and culture	176,325	28,719	-	-
Education	256,146	605	64,505	-
Interest on long-term debt	188,922	-	-	-
Total Governmental Activities	<u>12,318,848</u>	<u>402,212</u>	<u>2,934,868</u>	<u>-</u>
Business-type activities:				
Water	25,459	7,680	-	-
Sewer	2,045,870	1,851,857	-	-
Interest on long-term debt	276,772	-	-	-
Total Business-Type Activities	<u>2,348,101</u>	<u>1,859,537</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 14,666,949</u>	<u>\$ 2,261,749</u>	<u>\$ 2,934,868</u>	<u>\$ -</u>

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
\$ (7,159,862)	\$ -	\$ (7,159,862)
(1,757,455)	-	(1,757,455)
159,172	-	159,172
303,941	-	303,941
(147,606)	-	(147,606)
(191,036)	-	(191,036)
(188,922)	-	(188,922)
(8,981,768)	-	(8,981,768)
-	(17,779)	(17,779)
-	(194,013)	(194,013)
-	(276,772)	(276,772)
-	(488,564)	(488,564)
(8,981,768)	(488,564)	(9,470,332)
1,648,725	-	1,648,725
21,425	-	21,425
1,811,320	-	1,811,320
707,395	-	707,395
369,287	-	369,287
79,870	116,825	196,695
728,346	415	728,761
5,366,368	117,240	5,483,608
(3,615,400)	(371,324)	(3,986,724)
22,735,112	3,873,670	26,608,782
(17,714)	-	(17,714)
22,717,398	3,873,670	26,591,068
\$ 19,101,998	\$ 3,502,346	\$ 22,604,344

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF WILLOWS
Balance Sheet
Governmental Funds
June 30, 2023

	General	CDBG OTC	CDBG HOME Grant	COVID-19 Fisc Rec
ASSETS				
Cash and investments	\$ 1,715,593	\$ 128,132	\$ 19,317	\$ 1,092,048
Receivables:				
Accounts	85,753	-	-	-
Interest	1,187	38	8	-
Taxes	503,767	-	-	-
Intergovernmental	-	-	-	-
Investment in JPA	141,003	-	-	-
Prepaid costs	17,938	-	-	-
Due from other funds	27,797	-	-	-
Loans receivable	-	1,760,975	5,000,000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 2,493,038	\$ 1,889,145	\$ 5,019,325	\$ 1,092,048
LIABILITIES				
Accounts payable	\$ 312,970	\$ 500	\$ -	\$ -
Salaries and benefits payable	52,969	-	-	-
Retention payable	-	-	-	-
Other liabilities	64,570	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	1,092,048
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	430,509	500	-	1,092,048
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	42,085	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	42,085	-	-	-
FUND BALANCES				
Nonspendable	158,941	1,760,975	5,000,000	-
Restricted	-	127,670	19,325	-
Committed	205,000	-	-	-
Unassigned	1,656,503	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	2,020,444	1,888,645	5,019,325	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,493,038	\$ 1,889,145	\$ 5,019,325	\$ 1,092,048

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

Other Governmental Funds	Totals
\$ 2,271,226	\$ 5,226,316
-	85,753
1,001	2,234
-	503,767
193,826	193,826
-	141,003
-	17,938
134,361	162,158
249,078	7,010,053
<u>\$ 2,849,492</u>	<u>\$ 13,343,048</u>
\$ 95,498	\$ 408,968
-	52,969
40,151	40,151
-	64,570
141,877	141,877
-	1,092,048
<u>277,526</u>	<u>1,800,583</u>
-	42,085
-	42,085
249,078	7,168,994
2,473,014	2,620,009
-	205,000
(150,126)	1,506,377
<u>2,571,966</u>	<u>11,500,380</u>
<u>\$ 2,849,492</u>	<u>\$ 13,343,048</u>

CITY OF WILLOWS
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2023

Total Fund Balance - Total Governmental Funds	\$ 11,500,380
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.	13,673,541
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	42,085
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.	6,056,532
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(3,986,850)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Loans payable	(416,334)
Pension obligation bonds	(6,824,203)
Capital leases payable	(68,173)
Compensated absences payable	(68,492)
Net pension liability	(762,392)
Net OPEB liability	(41,044)
Net Position of Governmental Activities	<u>\$ 19,101,998</u>

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

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CITY OF WILLOWS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	CDBG OTC	CDBG HOME Grant	COVID-19 Fisc Rec
REVENUES				
Taxes	\$ 4,516,067	\$ -	\$ -	\$ -
Licenses and permits	137,782	-	-	-
Fines and forfeitures	6,370	-	-	-
Intergovernmental revenues	1,212,321	36,060	10,794	285,292
Use of money and property	61,514	628	139	-
Charges for services	247,446	-	-	-
Other revenues	87,008	-	-	-
Total Revenues	6,268,508	36,688	10,933	285,292
EXPENDITURES				
Current:				
General government	1,662,729	-	-	-
Public protection	2,977,644	-	-	15,500
Public ways and facilities	855,413	-	-	-
Community development	-	4,750	485	-
Education	237,635	-	-	-
Recreation and culture	128,145	-	-	-
Debt service:				
Principal	494,910	-	-	-
Interest and other charges	168,213	-	-	-
Capital outlay	528,778	-	-	-
Total Expenditures	7,053,467	4,750	485	15,500
Excess of Revenues Over (Under) Expenditures	(784,959)	31,938	10,448	269,792
OTHER FINANCING SOURCES (USES)				
Transfers in	426,437	-	-	-
Transfers out	(45,778)	-	-	(269,792)
Total Other Financing Sources (Uses)	380,659	-	-	(269,792)
Net Change in Fund Balances	(404,300)	31,938	10,448	-
Fund Balances - Beginning	2,442,458	1,856,707	5,008,877	-
Prior period adjustment	(17,714)	-	-	-
Fund Balances - Beginning, Restated	2,424,744	1,856,707	5,008,877	-
Fund Balances - Ending	\$ 2,020,444	\$ 1,888,645	\$ 5,019,325	\$ -

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

Other Governmental Funds	Totals
\$ -	\$ 4,516,067
-	137,782
-	6,370
1,390,401	2,934,868
17,589	79,870
10,614	258,060
641,338	728,346
<u>2,059,942</u>	<u>8,661,363</u>
59,303	1,722,032
83,592	3,076,736
108,809	964,222
22,970	28,205
18,511	256,146
15,242	143,387
219,366	714,276
20,709	188,922
1,796,954	2,325,732
<u>2,345,456</u>	<u>9,419,658</u>
<u>(285,514)</u>	<u>(758,295)</u>
228,827	655,264
<u>(339,694)</u>	<u>(655,264)</u>
<u>(110,867)</u>	<u>-</u>
<u>(396,381)</u>	<u>(758,295)</u>
2,968,347	12,276,389
-	(17,714)
<u>2,968,347</u>	<u>12,258,675</u>
<u>\$ 2,571,966</u>	<u>\$ 11,500,380</u>

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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (758,295)

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	2,325,732
Less current year depreciation	(368,400)

Some revenues reported in the Statement of Activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.

Change in unavailable revenues	42,085
--------------------------------	--------

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	714,276
-----------------------	---------

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	(1,943,740)
Change in deferred inflows of resources related to pension and OPEB	1,129,351

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	(16,130)
Change in net pension liability	(4,783,564)
Change in net OPEB liability	43,285

Change in Net Position of Governmental Activities \$ (3,615,400)

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

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CITY OF WILLOWS
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and investments	\$ 667,929	\$ 272,429	\$ -	\$ 940,358
Receivables:				
Accounts	58,754	-	183	58,937
Interest	191	116	-	307
Total Current Assets	<u>726,874</u>	<u>272,545</u>	<u>183</u>	<u>999,602</u>
Noncurrent Assets:				
Restricted cash and investments	4,015,154	-	-	4,015,154
Depreciable, net	8,328,732	438,616	61,981	8,829,329
Total Noncurrent Assets	<u>12,343,886</u>	<u>438,616</u>	<u>61,981</u>	<u>12,844,483</u>
Total Assets	<u>13,070,760</u>	<u>711,161</u>	<u>62,164</u>	<u>13,844,085</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	550,833	-	-	550,833
Deferred OPEB adjustments	2,981	-	-	2,981
Total Deferred Outflows of Resources	<u>553,814</u>	<u>-</u>	<u>-</u>	<u>553,814</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	16,505	-	394	16,899
Due to other funds	-	-	20,118	20,118
Interest payable	75,662	-	-	75,662
Certificates of participation payable	212,586	-	-	212,586
Bonds payable	49,265	-	-	49,265
Total Current Liabilities	<u>354,018</u>	<u>-</u>	<u>20,512</u>	<u>374,530</u>
Noncurrent Liabilities:				
Certificates of participation payable	9,494,474	-	-	9,494,474
Bonds payable	571,532	-	-	571,532
Net pension liability	69,460	-	-	69,460
Net OPEB liability	11,577	-	-	11,577
Total Noncurrent Liabilities	<u>10,147,043</u>	<u>-</u>	<u>-</u>	<u>10,147,043</u>
Total Liabilities	<u>10,501,061</u>	<u>-</u>	<u>20,512</u>	<u>10,521,573</u>

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, 2023

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	358,103	-	-	358,103
Deferred OPEB adjustments	15,877	-	-	15,877
Total Deferred Inflows of Resources	<u>373,980</u>	<u>-</u>	<u>-</u>	<u>373,980</u>
NET POSITION				
Net investment in capital assets	(1,378,328)	438,616	61,981	(877,731)
Unrestricted	4,127,861	272,545	(20,329)	4,380,077
Total Net Position	<u>\$ 2,749,533</u>	<u>\$ 711,161</u>	<u>\$ 41,652</u>	<u>\$ 3,502,346</u>

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

CITY OF WILLOWS
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 1,850,607	\$ 1,250	\$ 7,680	\$ 1,859,537
Other revenues	415	-	-	415
Total Operating Revenues	<u>1,851,022</u>	<u>1,250</u>	<u>7,680</u>	<u>1,859,952</u>
OPERATING EXPENSES				
Salaries and benefits	516,960	-	-	516,960
Contractual services	837,264	-	15,386	852,650
Insurance	310	-	3	313
Other expenses	106,893	-	5,728	112,621
Permits	13,676	-	-	13,676
Repairs and maintenance	3,209	-	11	3,220
Utilities	302,863	-	213	303,076
Depreciation	254,197	10,498	4,118	268,813
Total Operating Expenses	<u>2,035,372</u>	<u>10,498</u>	<u>25,459</u>	<u>2,071,329</u>
Operating Income (Loss)	<u>(184,350)</u>	<u>(9,248)</u>	<u>(17,779)</u>	<u>(211,377)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	114,953	1,871	1	116,825
Interest expense	(276,772)	-	-	(276,772)
Total Non-Operating Revenues (Expenses)	<u>(161,819)</u>	<u>1,871</u>	<u>1</u>	<u>(159,947)</u>
Change in Net Position	<u>(346,169)</u>	<u>(7,377)</u>	<u>(17,778)</u>	<u>(371,324)</u>
Total Net Position - Beginning	<u>3,095,702</u>	<u>718,538</u>	<u>59,430</u>	<u>3,873,670</u>
Total Net Position - Ending	<u>\$ 2,749,533</u>	<u>\$ 711,161</u>	<u>\$ 41,652</u>	<u>\$ 3,502,346</u>

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

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CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,850,734	\$ 1,250	\$ 7,497	\$ 1,859,481
Payments to suppliers	(1,249,147)	-	(23,923)	(1,273,070)
Payments to employees	(12,094)	-	-	(12,094)
Net Cash Provided (Used) by Operating Activities	<u>589,493</u>	<u>1,250</u>	<u>(16,426)</u>	<u>574,317</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund loans repaid	-	-	(3,693)	(3,693)
Interfund loans received	-	-	20,118	20,118
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>16,425</u>	<u>16,425</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on debt	(117,676)	-	-	(117,676)
Interest paid on debt	(277,514)	-	-	(277,514)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(395,190)</u>	<u>-</u>	<u>-</u>	<u>(395,190)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	114,843	1,817	1	116,661
Net Cash Provided (Used) by Investing Activities	<u>114,843</u>	<u>1,817</u>	<u>1</u>	<u>116,661</u>
Net Increase (Decrease) in Cash and Cash Equivalents	309,146	3,067	-	312,213
Balances - Beginning	<u>4,373,937</u>	<u>269,362</u>	<u>-</u>	<u>4,643,299</u>
Balances - Ending	<u>\$ 4,683,083</u>	<u>\$ 272,429</u>	<u>\$ -</u>	<u>\$ 4,955,512</u>

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

CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	<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)	\$ (184,350)	\$ (9,248)	\$ (17,779)	\$ (211,377)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	254,197	10,498	4,118	268,813
Decrease (increase) in:				
Accounts receivable	(288)	-	(183)	(471)
Pension adjustments - deferred outflows	177,281	-	-	177,281
OPEB adjustments - deferred outflows	(596)	-	-	(596)
Increase (decrease) in:				
Accounts payable	15,068	-	(2,582)	12,486
Salaries and benefits payable	(582)	-	-	(582)
Net pension liability	435,819	-	-	435,819
Net OPEB liability	(12,208)	-	-	(12,208)
Pension adjustments - deferred inflows	(106,732)	-	-	(106,732)
OPEB adjustments - deferred inflows	11,884	-	-	11,884
Net Cash Provided (Used) by Operating Activities	<u>\$ 589,493</u>	<u>\$ 1,250</u>	<u>\$ (16,426)</u>	<u>\$ 574,317</u>

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

CITY OF WILLOWS
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds	Total
ASSETS		
Cash and investments	\$ -	\$ -
Total Assets	-	-
LIABILITIES		
Due to other funds	163	163
Total Liabilities	163	163
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	163	163
Total Net Position	\$ 163	\$ 163

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

CITY OF WILLOWS
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds	Total Fiduciary Funds
ADDITIONS		
Net investment income	\$ -	\$ -
Total Additions	-	-
DEDUCTIONS		
Distributions from pooled investments	-	-
Total Deductions	-	-
Total Change in Net Position	-	-
Net Position - Beginning	163	163
Net Position - Ending	\$ 163	\$ 163

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

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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, 2023

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, 2023

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 proprietary 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 CDBG OTC fund is a special revenue fund used to account for housing revenues and expenditures. Funding comes primarily from grant revenues.
- 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 COVID-19 Fisc Rec fund is a special revenue fund used to account for coronavirus relief revenues and expenditures.

The City reports the following major proprietary funds:

- The Sewer Maintenance fund is an enterprise fund used to account for activity related to providing customers with sewer service and billing provided by the City.
- The Sewer Construction fund is an enterprise fund used to account for activity related to capital projects related to the sewer system.
- 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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

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.

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, 2023, 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 \$7,010,053 was recorded as loans receivable at June 30, 2023. 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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Glenn 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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Transactions (Continued)

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.

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, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Other Postemployment Benefits (OPEB) (Continued)

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, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

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.

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 three items which qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. The other two 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. 91, Conduit Debt Obligations. This statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The definition and uniform guidance will result in greater consistency in practice.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Statement No. 99, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

S. Future Accounting Pronouncements

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

Statement No. 99 “Omnibus 2022” The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” The requirements of this statement are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

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 a prior period adjustment to correct a prior year understatement of other liabilities.

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, 2022 as previously reported	\$ 22,735,112
Adjustment associated with:	
Correction of prior year understatement of other liabilities	(17,714)
Total Adjustments	(17,714)
Net Position, July 1, 2022 as restated	\$ 22,717,398

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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:

	Other Governmental Funds
Fund Balance, June 30, 2022 as previously reported	\$ 2,442,458
Adjustment associated with:	
Correction of prior year understatement of other liabilities	(17,714)
Total Adjustments	(17,714)
Fund Balance, July 1, 2022 as restated	\$ 2,424,744

B. Deficit Fund Balance

The following non-major governmental funds had deficit fund balances at June 30, 2023:

RSTP Gas Tax	\$ 76,393
Gas Tax 2106	52,668
Home PI	4,469
Gas Tax 2103	13,549
USDA RDBG Grant	2,767

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, 2023, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 5,226,316
Business-type activities	4,955,512
Total Cash and Investments	\$ 10,181,828

As of June 30, 2023, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 319
Deposits (less outstanding checks)	4,467,930
Deposits with fiscal agent	5,408,743
Total Cash	9,876,992
Investments:	
LAIF	304,836
Total Investments	304,836
Total Cash and Investments	\$ 10,181,828

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash

At year end, the carrying amount of the City's cash deposits (including amounts in checking, savings, and money market accounts) was \$9,876,673 and the bank balance was \$10,029,823. 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 \$319.

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.

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

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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, 2023, 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				
None	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total Investments Measured at Fair Value	-	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>
Investments in External Investment Pools				
LAIF	<u>304,836</u>			
Total Investments	<u>\$ 304,836</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.

As of June 30, 2023, the City had the following investments, all of which had a maturity of 5 years or less:

<u>Investment Type</u>	<u>Interest Rates</u>	<u>Maturities</u>		<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
		<u>0-1 year</u>	<u>1-5 years</u>		
LAIF	Variable	\$ 304,836	\$ _____ -	\$ 304,836	_____ -
Total Investments		<u>\$ 304,836</u>	<u>\$ _____ -</u>	<u>\$ 304,836</u>	<u>_____ -</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. As of June 30, 2023, the City's investments were all held in LAIF, which is not rated by a nationally recognized statistical rating organization.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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. As of June 30, 2023, all investments of the City were in LAIF, which contains a diversification of investments.

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, 2023, the City's investment in LAIF valued at amortized cost was \$304,836 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 \$234.4 billion. Of that amount, 97.22 percent is invested in non-derivative financial products and 2.78 percent in structured notes and asset-backed securities.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	\$ 16,017	\$ 1,853,164	\$ -	\$ 1,869,181
Total Capital Assets, Not Being Depreciated	16,017	1,853,164	-	1,869,181
Capital Assets, Being Depreciated				
Infrastructure	11,273,444	-	-	11,273,444
Buildings and improvements	2,324,716	-	-	2,324,716
Equipment	2,611,644	472,568	-	3,084,212
Total Capital Assets, Being Depreciated	16,209,804	472,568	-	16,682,372
Less Accumulated Depreciation For:				
Infrastructure	(1,308,244)	(234,059)	-	(1,542,303)
Buildings and improvements	(1,598,856)	(38,126)	-	(1,636,982)
Equipment	(1,602,512)	(96,215)	-	(1,698,727)
Total Accumulated Depreciation	(4,509,612)	(368,400)	-	(4,878,012)
Total Capital Assets, Being Depreciated, Net	11,700,192	104,168	-	11,804,360
Governmental Activities Capital Assets, Net	<u>\$ 11,716,209</u>	<u>\$ 1,957,332</u>	<u>\$ -</u>	<u>\$ 13,673,541</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Business-Type Activities				
Capital Assets, Being Depreciated				
Infrastructure	\$ 687,030	\$ -	-	\$ 687,030
Buildings and improvements	13,629,260	-	-	13,629,260
Total Capital Assets, Being Depreciated	<u>14,316,290</u>	<u>-</u>	<u>-</u>	<u>14,316,290</u>
Less Accumulated Depreciation For:				
Infrastructure	(171,817)	(14,616)	-	(186,433)
Buildings and improvements	(5,046,331)	(254,197)	-	(5,300,528)
Total Accumulated Depreciation	<u>(5,218,148)</u>	<u>(268,813)</u>	<u>-</u>	<u>(5,486,961)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,098,142</u>	<u>(268,813)</u>	<u>-</u>	<u>8,829,329</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,098,142</u>	<u>(\$ 268,813)</u>	<u>\$ -</u>	<u>\$ 8,829,329</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 9,406
Public protection	64,271
Public ways and facilities	261,785
Recreation and culture	<u>32,938</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 368,400</u>

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

Sewer maintenance	\$ 254,197
Sewer construction	10,498
Water	<u>4,118</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 268,813</u>

Construction in Progress

Construction in progress for governmental activities related primarily to work performed on City street improvement projects.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 27,797	\$ -
Water	-	20,118
Nonmajor governmental funds	59,386	66,902
Fiduciary funds	-	163
Total	<u>\$ 87,183</u>	<u>\$ 87,183</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, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 426,437	\$ 45,778
COVID-19 Fisc Rec fund	-	269,792
Nonmajor governmental funds	228,827	339,694
Total	<u>\$ 655,264</u>	<u>\$ 655,264</u>

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Loans payable	\$ 573,500	\$ -	(\$ 157,166)	\$ 416,334	\$ 162,428
Pension obligation bonds	7,319,113	-	(494,910)	6,824,203	540,735
Capital leases	130,373	-	(62,200)	68,173	63,812
Compensated absences	52,362	74,683	(58,553)	68,492	-
Total Governmental Activities	<u>\$ 8,075,348</u>	<u>\$ 74,683</u>	<u>(\$ 772,829)</u>	<u>\$ 7,377,202</u>	<u>\$ 766,975</u>
Business-Type Activities					
Certificates of Participation	\$ 9,465,000	-	(\$ 60,000)	9,405,000	200,000
Premium on Issuance	314,646	-	(12,586)	302,060	12,586
Certificates of Participation, net	<u>9,779,646</u>	<u>-</u>	<u>(72,586)</u>	<u>9,707,060</u>	<u>212,586</u>
Pension obligation bonds	665,887	-	(45,090)	620,797	49,265
Total Business-Type Activities	<u>\$ 10,445,533</u>	<u>\$ -</u>	<u>(\$ 117,676)</u>	<u>\$ 10,327,857</u>	<u>\$ 261,851</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

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.

Individual issues of debt payable outstanding at June 30, 2023, 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.	<u>\$ 416,334</u>
Total Loans	<u>416,334</u>

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.	<u>6,824,203</u>
Total Pension Obligation Bonds	<u>6,824,203</u>
Total Governmental Activities	<u>\$ 7,240,537</u>

Business-Type Activities

Certificates of Participation:

2021 Sewer System Financing Project, dated December 14, 2021, in the amount of \$9,465,000, payable in annual installments of \$70,000 to \$152,000, with an interest rate of 4.000%, and maturity on October 1, 2046. The loan proceeds were used to finance certain improvements to the City's sewer treatment plant system and refinance a USDA Rural Development loan.	<u>\$ 9,405,000</u>
Total Certificates of Participation	<u>9,405,000</u>

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.	<u>620,797</u>
Total Pension Obligation Bonds	<u>620,797</u>
Total Business-Type Activities	<u>\$ 10,025,797</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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
2024	\$ 162,428	\$ 12,485	\$ 174,913
2025	167,865	7,047	174,912
2026	<u>86,041</u>	<u>1,413</u>	<u>87,454</u>
Total	<u>\$ 416,334</u>	<u>\$ 20,945</u>	<u>\$ 437,279</u>

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Total
2024	\$ 540,735	\$ 164,418	\$ 705,153
2025	421,590	160,291	581,881
2026	348,270	155,809	504,079
2027	371,183	150,271	521,454
2028	398,678	143,046	541,724
2029-2033	2,410,395	553,967	2,964,362
2034-2038	2,052,960	190,448	2,243,408
2039-2041	<u>280,392</u>	<u>12,399</u>	<u>292,791</u>
Total	<u>\$ 6,824,203</u>	<u>\$ 1,530,649</u>	<u>\$ 8,354,852</u>

Business-Type Activities

Year Ended June 30	Certificates of Participation		
	Principal	Interest	Total
2024	\$ 200,000	\$ 270,319	\$ 470,319
2025	240,000	261,519	501,519
2026	285,000	251,019	536,019
2027	295,000	239,419	534,419
2028	310,000	227,319	537,319
2029-2033	1,735,000	937,495	2,672,495
2034-2038	2,025,000	646,674	2,671,674
2039-2043	2,280,000	395,062	2,675,062
2044-2047	<u>2,035,000</u>	<u>103,438</u>	<u>2,138,438</u>
Total	<u>\$ 9,405,000</u>	<u>\$ 3,332,264</u>	<u>\$ 12,737,264</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Total
2024	\$ 49,265	\$ 14,980	\$ 64,245
2025	38,410	14,604	53,014
2026	31,730	14,195	45,925
2027	33,818	13,691	47,509
2028	36,323	13,033	49,356
2029-2033	219,605	50,471	270,076
2034-2038	187,040	17,351	204,391
2039-2041	24,606	1,996	26,602
Total	<u>\$ 620,797</u>	<u>\$ 140,321</u>	<u>\$ 761,118</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, 2023
Governmental activities	2.576%	\$ <u>68,173</u>
Total		\$ <u>68,173</u>

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

	Governmental Activities
Equipment	\$ 501,423
Less: accumulated depreciation	(<u>66,856</u>)
Net Value	<u>\$ 434,567</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 7: LEASES (CONTINUED)

Capital Leases (Continued)

As of June 30, 2023, capital lease annual amortization is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Governmental</u> <u>Activities</u>
2024	\$ 65,163
2025	<u>4,418</u>
Total Requirements	69,581
Less: interest	<u>(1,408)</u>
Present Value of Remaining Payments	<u>\$ 68,173</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 \$9,831,088 of restricted net position, of which \$2,157,750 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, 2023

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. Fund balances for governmental funds can be 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, 2023, were distributed as follows:

	General Fund	CDBG OTC	CDBG HOME Grant	COVID-19 Fisc Rec	Other Governmental Funds	Totals
Nonspendable:						
Investment in JPA	\$ 141,003	\$ -	\$ -	\$ -	\$ -	\$ 141,003
Prepaid costs	17,938	-	-	-	-	17,938
Loans receivable	-	1,760,975	5,000,000	-	249,078	7,010,053
Subtotal	158,941	1,760,975	5,000,000	-	249,078	7,168,994
Restricted for:						
Community development	-	127,670	19,325	-	-	146,995
GT repay	-	-	-	-	54	54
Cert access	-	-	-	-	11,668	11,668
STIP	-	-	-	-	1,051	1,051
SBIEPMT gas tax	-	-	-	-	356,870	356,870
Willows lighting	-	-	-	-	49,265	49,265
Gas tax 2105	-	-	-	-	212,603	212,603

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 9: FUND BALANCES (CONTINUED)

	General Fund	CDBG OTC	CDBG HOME Grant	COVID-19 Fisc Rec	Other Governmental Funds	Totals
Restricted for						
(Continued):						
Gas tax 2107	-	-	-	-	134,163	134,163
Gas tax 2107.5	-	-	-	-	2,003	2,003
Recreation & culture	-	-	-	-	77,900	77,900
Basin street	-	-	-	-	6,969	6,969
EDA grant	-	-	-	-	661	661
Community	-	-	-	-	21,368	21,368
Mall maintenance	-	-	-	-	22,971	22,971
County library	-	-	-	-	153,248	153,248
ZIP books state	-	-	-	-	3,215	3,215
SB 2 grant	-	-	-	-	58,022	58,022
Northnet train	-	-	-	-	1,773	1,773
CLSA delivery	-	-	-	-	25,726	25,726
Fire dif	-	-	-	-	1,714	1,714
Police dif	-	-	-	-	61,741	61,741
LIT passthru	-	-	-	-	46,877	46,877
Storm drainage dif	-	-	-	-	155,478	155,478
Street development dif	-	-	-	-	185,290	185,290
Park facilities dif	-	-	-	-	337,105	337,105
I-5 interchange dif	-	-	-	-	393,109	393,109
Library dif	-	-	-	-	143,201	143,201
State recycle grant	-	-	-	-	8,969	8,969
Subtotal	-	127,670	19,325	-	2,473,014	2,620,009
Committed:						
General	205,000	-	-	-	-	205,000
Subtotal	205,000	-	-	-	-	205,000
Unassigned	1,656,503	-	-	-	(150,126)	1,506,377
Total	\$ 2,020,444	\$ 1,888,645	\$ 5,019,325	-	\$ 2,571,966	\$ 11,500,380

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, 2023

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, 2023

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, 2023, 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	50-60	2.000% to 3.000%
Miscellaneous PEPRA	2.0% @ 62	52-67	1.000% to 2.500%
Safety	3.0% @ 50	50	3.000%
Safety Police PEPRA	2.7% @ 57	50-57	2.000% to 2.700%
Safety Fire PEPRA	2.7% @ 57	50-57	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	14.530%	8.000%	0.000%
Miscellaneous PEPRA	7.470%	6.750%	0.000%
Safety	22.470%	9.000%	0.000%
Safety Police PEPRA	0.000%	11.500%	0.000%
Safety Fire PEPRA	12.780%	13.000%	0.000%

For the year ended June 30, 2023, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 51,127	\$ -
Safety	30,900	-

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2023

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, 2022 and 2023 was as follows:

	<u>Proportion June 30, 2022</u>	<u>Proportion June 30, 2023</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.10079%	-0.08113%	(0.18192%)
Safety	0.07049%	0.00007%	(0.07042%)

As of June 30, 2023, 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 (Asset)</u>
Miscellaneous	\$ 335,623
Safety	<u>496,229</u>
Total Net Pension Liability	<u>\$ 831,852</u>

For the year ended June 30, 2023, the City recognized pension expense of \$6,193,357. At June 30, 2023, 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	\$ 129,056	\$ -
Change of assumptions	84,427	-
Difference between expected and actual experience	27,277	(9,903)
Difference between projected and actual earnings on pension plan investments	139,838	-
Difference between City contributions and proportionate share of contributions	3,459,772	(1,258,604)
Amortization due to differences in proportions	<u>2,756,426</u>	<u>(3,020,157)</u>
Total	<u>\$ 6,596,796</u>	<u>(\$ 4,288,664)</u>

\$129,056 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, 2024. 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>	
2024	\$ 856,246
2025	809,129
2026	428,296
2027	85,405
Thereafter	<u>-</u>
Total	<u>\$ 2,179,076</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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 liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Investment Rate of Return	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the CalPERS 2021 experience study that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERFC was 6.90 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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long-term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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 expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (1, 2)</u>
Global Equity – Cap-Weighted	30.0%	4.54%
Global Equity – Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)
Total	<u>100.0%</u>	

(1) An expected price inflation of 2.30% used for this period

(2) Figures are based on the 2021 Asset Liability Management Study

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 5.90%</u>	<u>Discount Rate 6.90%</u>	<u>1% Increase 7.90%</u>
Miscellaneous	\$ 2,075,407	\$ 335,623	(\$ 1,095,789)
Safety	2,865,236	496,229	(1,439,900)

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, 2023

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Active employees	<u>12</u>
Total	<u><u>14</u></u>

B. Net OPEB Liability

The City's net OPEB liability of \$52,621 was measured as of June 30, 2023, and was determined by the actuarial valuation as of July 1, 2022.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2022 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, 2022
Measurement Date	Last day of the current fiscal year (June 30, 2023)
Actuarial Cost Method	Entry Age, level of percent of pay
Asset Valuation Method	No assets held in irrevocable trust of measurement date
Discount Rates	3.86% as of June 30, 2023, 3.69% as of June 30, 2022
Salary Increase	3.00%
Inflation Rate	2.50% per year
Healthcare cost trend rates	6.00% for 2023, 5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069 and 4.00% for 2070 and later years.
Mortality rates	Postretirement mortality rates from 2000-2019 CalPERS experience study

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

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, 2023 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, 2022	\$ 108,114	\$ -	\$ 108,114
Changes during the period:			
Service cost	3,500	-	3,500
Interest cost	1,962	-	1,962
Difference between expected and actual experience	(63,695)	-	(63,695)
Changes in assumptions	6,375	-	6,375
Contributions – employer	-	3,635	(3,635)
Benefit payments	(3,635)	(3,635)	-
Net Changes	(55,493)	-	(55,493)
Balances at fiscal year ending June 30, 2023	\$ 52,621	\$ -	\$ 52,621

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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> 2.86%	<u>Current Rate</u> 3.86%	<u>1% Increase</u> 4.86%
Net OPEB liability	\$ 56,743	\$ 52,621	\$ 48,921

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	\$ 47,851	\$ 52,621	\$ 58,182

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

For the year ended June 30, 2023, the City recognized an OPEB credit of (\$549). At June 30, 2023, 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	\$ 13,550	(\$ 9,476)
Differences between expected and actual experience	<u>-</u>	<u>(62,690)</u>
Total	<u>\$ 13,550</u>	<u>(\$ 72,166)</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>	
2024	(\$ 6,011)
2025	(6,518)
2026	(7,567)
2027	(7,560)
2028	(7,360)
Thereafter	<u>(23,600)</u>
	<u>(\$ 58,616)</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023

NOTE 12: RISK MANAGEMENT (CONTINUED)

The participants as of June 30, 2023 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 \$141,003 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

At June 30, 2023, the City had construction commitments outstanding of approximately \$45,751.

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, 2023 through February 16, 2024, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**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, 2023
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%
Measurement Date	2020/2021	2021/2022		
Miscellaneous				
Proportion of the net pension liability	0.10079%			
Proportionate share of the net pension liability	\$ (1,913,729)	\$ 335,623		
Covered payroll	430,096	523,670		
Proportionate share of the net pension liability as a percentage of covered payroll	-444.95%	64.09%		
Plan fiduciary net position as a percentage of the total pension liability	98.97%	78.19%		
Safety				
Proportion of the net pension liability	0.07049%			
Proportionate share of the net pension liability	\$ (2,473,802)	\$ 496,229		
Covered payroll	211,764	209,254		
Proportionate share of the net pension liability as a percentage of covered payroll	-1168.19%	237.14%		
Plan fiduciary net position as a percentage of the total pension liability	97.09%	75.53%		

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only nine 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, 2023
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>	<u>2021/2022</u>	<u>2022/2023</u>	
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 341,575	\$ 51,127	\$ 80,048	
Contributions in relation to the actuarially determined contributions	<u>(3,965,575)</u>	<u>(51,127)</u>	<u>(80,048)</u>	
Contribution deficiency (excess)	<u>\$ (3,624,000)</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 430,096	\$ 523,670	\$ 410,203	
Contributions as a percentage of covered payroll	922.02%	9.76%	19.51%	
Safety				
Contractually required contributions (actuarially determined)	\$ 486,198	\$ 30,900	\$ 49,008	
Contributions in relation to the actuarially determined contributions	<u>(5,146,198)</u>	<u>(30,900)</u>	<u>(49,008)</u>	
Contribution deficiency (excess)	<u>\$ (4,660,000)</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 211,764	\$ 209,254	\$ 253,088	
Contributions as a percentage of covered payroll	229.59%	14.77%	19.36%	

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only nine 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, 2023

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

Summary of Changes 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, 2021
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll (Pre-2019 basis). Level Dollar
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%

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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, 2023
Last 10 Years*

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

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

<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
\$ 3,166	\$ 3,524	\$ 3,500
2,898	2,343	1,962
(9,734)	-	(63,695)
9,650	(13,344)	6,375
<u>(8,811)</u>	<u>(5,777)</u>	<u>(3,635)</u>
(2,831)	(13,254)	(55,493)
124,199	121,368	108,114
<u>\$ 121,368</u>	<u>\$ 108,114</u>	<u>\$ 52,621</u>
\$ 8,811	\$ 5,777	\$ 3,635
<u>(8,811)</u>	<u>(5,777)</u>	<u>(3,635)</u>
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 121,368</u>	<u>\$ 108,114</u>	<u>\$ 52,621</u>
0.00%	0.00%	0.00%
\$ 759,702	\$ 833,805	\$ 833,805
15.98%	12.97%	6.31%

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2023
Last 10 Years*

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

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

<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
\$ 8,811 (8,811)	\$ 5,777 (5,777)	\$ 3,635 (3,635)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 759,702 1.16%	\$ 833,805 0.69%	\$ 833,805 0.44%

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Note to City OPEB Plan
For the Year Ended June 30, 2023

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

Discount Rate:	Increased from 3.69 percent to 3.86 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:	2.50 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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 4,107,363	\$ 4,060,588	\$ 4,516,067	\$ 455,479
Licenses, permits and franchises	369,188	390,095	137,782	(252,313)
Fines and forfeitures	5,133	6,000	6,370	370
Intergovernmental revenues	188,741	2,134,582	1,212,321	(922,261)
Use of money and property	53,000	53,000	61,514	8,514
Charges for services	147,590	211,750	247,446	35,696
Other revenues	6,000	69,000	87,008	18,008
Total Revenues	<u>4,877,015</u>	<u>6,925,015</u>	<u>6,268,508</u>	<u>(656,507)</u>
EXPENDITURES				
Current:				
General government	1,296,440	1,546,979	1,662,729	(115,750)
Public protection	2,062,167	3,118,224	2,977,644	140,580
Public ways and facilities	702,602	751,172	855,413	(104,241)
Education	225,973	234,180	237,635	(3,455)
Recreation and culture	92,123	108,464	128,145	(19,681)
Debt service	663,191	663,191	663,123	68
Capital outlay	659,000	885,820	528,778	357,042
Total Expenditures	<u>5,701,496</u>	<u>7,308,030</u>	<u>7,053,467</u>	<u>254,563</u>
Excess of Revenues Over (Under) Expenditures	<u>(824,481)</u>	<u>(383,015)</u>	<u>(784,959)</u>	<u>(401,944)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	756,744	105,139	426,437	321,298
Transfers out	-	-	(45,778)	(45,778)
Total Other Financing Sources (Uses)	<u>756,744</u>	<u>105,139</u>	<u>380,659</u>	<u>275,520</u>
Net Change in Fund Balances	<u>(67,737)</u>	<u>(277,876)</u>	<u>(404,300)</u>	<u>(126,424)</u>
Fund Balances - Beginning	2,442,458	2,442,458	2,442,458	-
Prior period adjustment	-	-	(17,714)	(17,714)
Fund Balances - Beginning, Restated	<u>2,442,458</u>	<u>2,442,458</u>	<u>2,424,744</u>	<u>(17,714)</u>
Fund Balances - Ending	<u>\$ 2,374,721</u>	<u>\$ 2,164,582</u>	<u>\$ 2,020,444</u>	<u>\$ (144,138)</u>

The City of Willows budgets for debt service principal and interest expenditures as one item. For purposes of the budgetary comparison schedule, the debt service principal and interest expenditures have been combined.

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
CDBG OTC Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ 221,136	\$ 36,060	\$ (185,076)
Use of money	-	-	628	628
Total Revenues	-	221,136	36,688	(184,448)
EXPENDITURES				
Current:				
Community development	-	5,000	4,750	250
Total Expenditures	-	5,000	4,750	250
Excess of Revenues Over (Under) Expenditures	-	216,136	31,938	(184,198)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(127,468)	-	127,468
Total Other Financing Sources (Uses)	-	(127,468)	-	127,468
Net Change in Fund Balances	-	88,668	31,938	(56,730)
Fund Balances - Beginning	1,856,707	1,856,707	1,856,707	-
Fund Balances - Ending	\$ 1,856,707	\$ 1,945,375	\$ 1,888,645	\$ (56,730)

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
CDBG HOME Grant Fund
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ 10,794	\$ 10,794	\$ -
Use of money	-	-	139	139
Total Revenues	<u>-</u>	<u>10,794</u>	<u>10,933</u>	<u>139</u>
EXPENDITURES				
Current:				
Community development	8,878	8,878	485	8,393
Total Expenditures	<u>8,878</u>	<u>8,878</u>	<u>485</u>	<u>8,393</u>
Net Change in Fund Balances	(8,878)	1,916	10,448	8,532
Fund Balances - Beginning	<u>5,008,877</u>	<u>5,008,877</u>	<u>5,008,877</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,999,999</u>	<u>\$ 5,010,793</u>	<u>\$ 5,019,325</u>	<u>\$ 8,532</u>

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
COVID-19 Fisc Rec Fund
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 726,276	\$ 726,276	\$ 285,292	\$ (440,984)
Total Revenues	<u>726,276</u>	<u>726,276</u>	<u>285,292</u>	<u>(440,984)</u>
EXPENDITURES				
Current:				
Public protection	-	-	15,500	(15,500)
Capital outlay	30,000	-	-	-
Total Expenditures	<u>30,000</u>	<u>-</u>	<u>15,500</u>	<u>(15,500)</u>
Excess of Revenues Over (Under) Expenditures	<u>696,276</u>	<u>726,276</u>	<u>269,792</u>	<u>(456,484)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(700,000)	(544,500)	(269,792)	274,708
Total Other Financing Sources (Uses)	<u>(700,000)</u>	<u>(544,500)</u>	<u>(269,792)</u>	<u>274,708</u>
Net Change in Fund Balances	<u>(3,724)</u>	<u>181,776</u>	<u>-</u>	<u>(181,776)</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ (3,724)</u></u>	<u><u>\$ 181,776</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (181,776)</u></u>

CITY OF WILLOWS
Required Supplementary Information
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2023

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, 2023, the City incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures Over Appropriations</u>
COVID-19 Fisc Rec fund	\$ -	\$ 15,500	\$ 15,500

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Combining Nonmajor Fund Financial Statements

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Nonmajor Governmental Funds

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CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds	Totals
ASSETS		
Cash and investments	\$ 2,271,226	\$ 2,271,226
Receivables:		
Interest	1,001	1,001
Intergovernmental	193,826	193,826
Due from other funds	134,361	134,361
Loans receivable	249,078	249,078
	\$ 2,849,492	\$ 2,849,492
LIABILITIES		
Accounts payable	\$ 95,498	\$ 95,498
Retention payable	40,151	40,151
Due to other funds	141,877	141,877
	277,526	277,526
FUND BALANCES		
Nonspendable	249,078	249,078
Restricted	2,473,014	2,473,014
Unassigned	(150,126)	(150,126)
	2,571,966	2,571,966
Total Fund Balances	2,571,966	2,571,966
Total Liabilities and Fund Balances	\$ 2,849,492	\$ 2,849,492

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds	Totals
REVENUES		
Intergovernmental revenues	\$ 1,390,401	\$ 1,390,401
Use of money and property	17,589	17,589
Charges for services	10,614	10,614
Other revenues	641,338	641,338
Total Revenues	2,059,942	2,059,942
EXPENDITURES		
Current:		
General government	59,303	59,303
Public protection	83,592	83,592
Public ways and facilities	108,809	108,809
Community development	22,970	22,970
Education	18,511	18,511
Recreation and culture	15,242	15,242
Debt Service:		
Principal	219,366	219,366
Interest	20,709	20,709
Capital outlay	1,796,954	1,796,954
Total Expenditures	2,345,456	2,345,456
Excess of Revenues Over (Under) Expenditures	(285,514)	(285,514)
OTHER FINANCING SOURCES (USES)		
Transfers in	228,827	228,827
Transfers out	(339,694)	(339,694)
Total Other Financing Sources (Uses)	(110,867)	(110,867)
Net Change in Fund Balances	(396,381)	(396,381)
Fund Balances - Beginning	2,968,347	2,968,347
Fund Balances - Ending	\$ 2,571,966	\$ 2,571,966

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	<u>GT 2103 Repay</u>	<u>Cert Access</u>	<u>STIP</u>	<u>RSTP Gas Tax</u>	<u>SB1EPMT Gas Tax</u>
ASSETS					
Cash and investments	\$ 54	\$ 11,603	\$ 1,051	\$ -	\$ 256,590
Receivables:					
Interest	-	-	-	-	171
Intergovernmental	-	65	-	114,253	25,134
Due from other funds	-	-	-	-	74,975
Loans receivable	-	-	-	-	-
Total Assets	<u>\$ 54</u>	<u>\$ 11,668</u>	<u>\$ 1,051</u>	<u>\$ 114,253</u>	<u>\$ 356,870</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 75,520	\$ -
Retention payable	-	-	-	40,151	-
Due to other funds	-	-	-	74,975	-
Unearned revenue	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,646</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	54	11,668	1,051	-	356,870
Unassigned	-	-	-	(76,393)	-
Total Fund Balances (Deficits)	<u>54</u>	<u>11,668</u>	<u>1,051</u>	<u>(76,393)</u>	<u>356,870</u>
Total Liabilities and Fund Balances	<u>\$ 54</u>	<u>\$ 11,668</u>	<u>\$ 1,051</u>	<u>\$ 114,253</u>	<u>\$ 356,870</u>

CDBG Housing Loans	Willows Lighting	Gas Tax 2105	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	Recreation Reimb	Recreation & Culture
\$ -	\$ 49,829	\$ 152,451	\$ -	\$ 129,718	\$ 2,003	\$ -	\$ 77,891
-	23	57	-	41	-	-	9
-	-	3,207	1,855	4,404	-	-	-
-	-	59,386	-	-	-	-	-
249,078	-	-	-	-	-	-	-
<u>\$ 249,078</u>	<u>\$ 49,852</u>	<u>\$ 215,101</u>	<u>\$ 1,855</u>	<u>\$ 134,163</u>	<u>\$ 2,003</u>	<u>\$ -</u>	<u>\$ 77,900</u>
\$ -	\$ 587	\$ 2,498	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
280	-	-	54,523	-	-	-	-
-	-	-	-	-	-	-	-
280	587	2,498	54,523	-	-	-	-
249,078	-	-	-	-	-	-	-
-	49,265	212,603	-	134,163	2,003	-	77,900
(280)	-	-	(52,668)	-	-	-	-
248,798	49,265	212,603	(52,668)	134,163	2,003	-	77,900
<u>\$ 249,078</u>	<u>\$ 49,852</u>	<u>\$ 215,101</u>	<u>\$ 1,855</u>	<u>\$ 134,163</u>	<u>\$ 2,003</u>	<u>\$ -</u>	<u>\$ 77,900</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	USDA Biomass	Basin Street	EDA Grant	Community	Mall Maintenance
ASSETS					
Cash and investments	\$ -	\$ 6,968	\$ 621	\$ 21,368	\$ 22,971
Receivables:					
Interest	-	1	40	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	\$ -	\$ 6,969	\$ 661	\$ 21,368	\$ 22,971
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	6,969	661	21,368	22,971
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	-	6,969	661	21,368	22,971
Total Liabilities and Fund Balances	\$ -	\$ 6,969	\$ 661	\$ 21,368	\$ 22,971

<u>County Library</u>	<u>ZIP Books State</u>	<u>SB 2 Grant</u>	<u>HOME-PI</u>	<u>Northnet Train</u>	<u>CLSA Delivery</u>	<u>Fire DIF</u>	<u>Police DIF</u>
\$ 154,142	\$ 4,857	\$ 17,754	\$ -	\$ 2,715	\$ 25,726	\$ 1,699	\$ 61,715
65	-	-	-	-	-	15	26
-	-	40,268	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 154,207</u>	<u>\$ 4,857</u>	<u>\$ 58,022</u>	<u>\$ -</u>	<u>\$ 2,715</u>	<u>\$ 25,726</u>	<u>\$ 1,714</u>	<u>\$ 61,741</u>
\$ 959	\$ 1,642	\$ -	\$ -	\$ 942	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	4,469	-	-	-	-
-	-	-	-	-	-	-	-
<u>959</u>	<u>1,642</u>	<u>-</u>	<u>4,469</u>	<u>942</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
153,248	3,215	58,022	-	1,773	25,726	1,714	61,741
-	-	-	(4,469)	-	-	-	-
<u>153,248</u>	<u>3,215</u>	<u>58,022</u>	<u>(4,469)</u>	<u>1,773</u>	<u>25,726</u>	<u>1,714</u>	<u>61,741</u>
<u>\$ 154,207</u>	<u>\$ 4,857</u>	<u>\$ 58,022</u>	<u>\$ -</u>	<u>\$ 2,715</u>	<u>\$ 25,726</u>	<u>\$ 1,714</u>	<u>\$ 61,741</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	LIT Passthru	Storm Drainage DIF	Street Development DIF	Park Facilities DIF	I-5 Interchange DIF
ASSETS					
Cash and investments	\$ 46,865	\$ 155,412	\$ 185,211	\$ 336,961	\$ 392,942
Receivables:					
Interest	12	66	79	144	167
Intergovernmental	-	-	-	-	-
Due from other funds	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	\$ 46,877	\$ 155,478	\$ 185,290	\$ 337,105	\$ 393,109
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	-	-	-	-	-
FUND BALANCES					
Restricted	-	-	-	-	-
Restricted	46,877	155,478	185,290	337,105	393,109
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	46,877	155,478	185,290	337,105	393,109
Total Liabilities and Fund Balances	\$ 46,877	\$ 155,478	\$ 185,290	\$ 337,105	\$ 393,109

Library DIF	State Recycle Grant	Gas Tax 2103	USDA RDBG Grant	Total
\$ 143,140	\$ 8,969	\$ -	\$ -	\$ 2,271,226
61	-	24	-	1,001
-	-	4,640	-	193,826
-	-	-	-	134,361
-	-	-	-	249,078
<u>\$ 143,201</u>	<u>\$ 8,969</u>	<u>\$ 4,664</u>	<u>-</u>	<u>2,849,492</u>
\$ -	\$ -	\$ 13,350	-	95,498
-	-	-	-	40,151
-	-	4,863	2,767	141,877
-	-	-	-	-
-	-	18,213	2,767	277,526
-	-	-	-	249,078
143,201	8,969	-	-	2,473,014
-	-	(13,549)	(2,767)	(150,126)
<u>143,201</u>	<u>8,969</u>	<u>(13,549)</u>	<u>(2,767)</u>	<u>2,571,966</u>
<u>\$ 143,201</u>	<u>\$ 8,969</u>	<u>\$ 4,664</u>	<u>\$ -</u>	<u>\$ 2,849,492</u>

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	GT 2103 Repay	Cert Access	STIP	RSTP Gas Tax	SB1EPMT Gas Tax
REVENUES					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 958,046	\$ 143,435
Use of money and property	1	-	7	(81)	2,791
Charges for services	-	-	-	-	-
Other revenue	-	2,117	-	201,825	-
Total Revenues	1	2,117	7	1,159,790	146,226
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	-	-	-	-	83,592
Public ways and facilities	-	-	-	-	-
Community development	-	-	-	-	-
Education	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	1,681,600	-
Total Expenditures	-	-	-	1,681,600	83,592
Excess of Revenues Over (Under) Expenditures	1	2,117	7	(521,810)	62,634
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	100,000	-
Transfers out	-	-	-	-	(60,710)
Total Other Financing Sources (Uses)	-	-	-	100,000	(60,710)
Net Change in Fund Balances	1	2,117	7	(421,810)	1,924
Fund Balances - Beginning (Deficits)	53	9,551	1,044	345,417	354,946
Fund Balances - Ending (Deficits)	\$ 54	\$ 11,668	\$ 1,051	\$ (76,393)	\$ 356,870

CDBG Housing Loans	Willows Lighting	Gas Tax 2105	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	Recreation Reimb	Recreation & Culture
\$ -	\$ -	\$ 37,271	\$ 23,793	\$ 49,300	\$ -	\$ -	\$ -
1,517	363	927	-	668	3	-	143
-	-	-	-	-	-	-	10,009
-	3,154	-	-	-	2,000	-	66,670
1,517	3,517	38,198	23,793	49,968	2,003	-	76,822
280	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	9,963	2,771	44,090	181	-	-	-
399	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,481
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
679	9,963	2,771	44,090	181	-	-	5,481
838	(6,446)	35,427	(20,297)	49,787	2,003	-	71,341
-	-	-	-	-	-	-	-
(5,890)	-	-	-	-	-	(1,408)	(747)
(5,890)	-	-	-	-	-	(1,408)	(747)
(5,052)	(6,446)	35,427	(20,297)	49,787	2,003	(1,408)	70,594
253,850	55,711	177,176	(32,371)	84,376	-	1,408	7,306
\$ 248,798	\$ 49,265	\$ 212,603	\$ (52,668)	\$ 134,163	\$ 2,003	\$ -	\$ 77,900

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	<u>USDA Biomass</u>	<u>Basin Street</u>	<u>EDA Grant</u>	<u>Community</u>	<u>Mall Maintenance</u>
REVENUES					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	(15)	661	-	-
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Revenues	<u>-</u>	<u>(15)</u>	<u>661</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	-	-	-	-	-
Public ways and facilities	-	-	-	-	2
Community development	-	-	-	19,171	-
Education	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Debt Service:					
Principal	-	157,166	-	-	-
Interest	-	17,746	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>174,912</u>	<u>-</u>	<u>19,171</u>	<u>2</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(174,927)</u>	<u>661</u>	<u>(19,171)</u>	<u>(2)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	122,937	-	5,890	-
Transfers out	(71)	-	(122,937)	-	-
Total Other Financing Sources (Uses)	<u>(71)</u>	<u>122,937</u>	<u>(122,937)</u>	<u>5,890</u>	<u>-</u>
Net Change in Fund Balances	<u>(71)</u>	<u>(51,990)</u>	<u>(122,276)</u>	<u>(13,281)</u>	<u>(2)</u>
Fund Balances - Beginning (Deficits)	<u>71</u>	<u>58,959</u>	<u>122,937</u>	<u>34,649</u>	<u>22,973</u>
Fund Balances - Ending (Deficits)	<u>\$ -</u>	<u>\$ 6,969</u>	<u>\$ 661</u>	<u>\$ 21,368</u>	<u>\$ 22,971</u>

County Library	ZIP Books State	SB 2 Grant	HOME-PI	Northnet Train	CLSA Delivery	Fire DIF	Police DIF
\$ -	\$ -	\$ 30,752	\$ -	\$ -	\$ 20,225	\$ -	\$ -
1,049	-	-	-	-	-	221	424
605	-	-	-	-	-	-	-
240,344	7,527	112,512	-	1,500	-	511	249
241,998	7,527	143,264	-	1,500	20,225	732	673
-	-	23,102	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,718	-	-	-
-	-	-	3,400	-	-	-	-
-	10,927	-	-	-	10,182	-	-
9,761	-	-	-	-	-	-	-
-	-	-	-	-	-	62,200	-
-	-	-	-	-	-	2,963	-
-	-	-	-	-	-	-	-
9,761	10,927	23,102	3,400	1,718	10,182	65,163	-
232,237	(3,400)	120,162	(3,400)	(218)	10,043	(64,431)	673
-	-	-	-	-	-	-	-
(102,982)	-	-	-	-	-	-	-
(102,982)	-	-	-	-	-	-	-
129,255	(3,400)	120,162	(3,400)	(218)	10,043	(64,431)	673
23,993	6,615	(62,140)	(1,069)	1,991	15,683	66,145	61,068
\$ 153,248	\$ 3,215	\$ 58,022	\$ (4,469)	\$ 1,773	\$ 25,726	\$ 1,714	\$ 61,741

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	LIT Passthru	Storm Drainage DIF	Street Development DIF	Park Facilities DIF	I-5 Interchange DIF
REVENUES					
Intergovernmental revenues	\$ 44,280	\$ -	\$ -	\$ -	\$ -
Use of money and property	202	1,068	1,273	2,322	2,707
Charges for services	-	-	-	-	-
Other revenue	-	1,082	1,202	-	645
Total Revenues	44,482	2,150	2,475	2,322	3,352
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	-	-	-	-	-
Public ways and facilities	-	-	-	-	-
Community development	-	-	-	-	-
Education	(2,598)	-	-	-	-
Recreation and culture	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	(2,598)	-	-	-	-
Excess of Revenues Over (Under) Expenditures	47,080	2,150	2,475	2,322	3,352
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(5,659)	-	-	-	-
Total Other Financing Sources (Uses)	(5,659)	-	-	-	-
Net Change in Fund Balances	41,421	2,150	2,475	2,322	3,352
Fund Balances - Beginning (Deficits)	5,456	153,328	182,815	334,783	389,757
Fund Balances - Ending (Deficits)	\$ 46,877	\$ 155,478	\$ 185,290	\$ 337,105	\$ 393,109

Library DIF	State Recycle Grant	Gas Tax 2103	USDA RDBG Grant	Total
\$ -	\$ -	\$ 50,145	\$ 33,154	\$ 1,390,401
986	-	352	-	17,589
-	-	-	-	10,614
-	-	-	-	641,338
986	-	50,497	33,154	2,059,942
-	-	-	35,921	59,303
-	-	-	-	83,592
-	-	50,084	-	108,809
-	-	-	-	22,970
-	-	-	-	18,511
-	-	-	-	15,242
-	-	-	-	219,366
-	-	-	-	20,709
-	-	115,354	-	1,796,954
-	-	165,438	35,921	2,345,456
986	-	(114,941)	(2,767)	(285,514)
-	-	-	-	228,827
-	-	(39,290)	-	(339,694)
-	-	(39,290)	-	(110,867)
986	-	(154,231)	(2,767)	(396,381)
142,215	8,969	140,682	-	2,968,347
\$ 143,201	\$ 8,969	\$ (13,549)	\$ (2,767)	\$ 2,571,966

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