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**CITY OF WILLIAMS, CALIFORNIA
ANNUAL FINANCIAL REPORT
INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**CITY OF WILLIAMS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Williams, California

Report on the Financial Statements

I 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 Williams, California as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Williams's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Williams, California as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 19, 2020, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 and budgetary comparison information on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williams, California's basic financial statements. The supplementary information, introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.


Don Cole & Company
Sacramento, California

February 19, 2020

**CITY OF WILLIAMS
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2019**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

INTRODUCTION

As management of the City of Williams (the City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2019. 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 increased by \$1,510,602 for the year ending June 30, 2019. Governmental activities increased the City's net position by \$1,466,821 and business-type activities increased the City's net position by \$43,781.
- Government-wide *governmental revenues* include program revenues of \$1,607,628, general revenues of \$4,767,418 and transfers in of \$106,744 for a total of \$6,481,790.
- Government-wide *governmental expenses* were \$5,014,969.
- Government-wide Business-type revenues include program revenues of \$3,194,913, general revenues of \$62,317 and transfers out of \$106,744 for a total of \$3,150,486.
- Government-wide Business-type expenses were \$3,106,705.

Fund Level:

- Governmental fund balance increased to \$8,203,422 in fiscal year 2018-19, up \$1,658,796 from \$6,544,626 in the prior year. This is primarily attributed to the \$1,211,921 increase in the Development impact fee fund which saw a large increase in projects that were completed in fiscal year 2018-19.
- Governmental Fund revenues were \$6,334,558 in fiscal year 2018-19, up \$1,733,900 from \$4,600,658 in the prior year. This increase was primarily attributed to \$950k increases in Development impact fees and \$697k increases in sales and local taxes and highway user taxes. The increased revenues is attributed to an increase in development and new businesses contributing to our tax base. The revenues generated from sales taxes will fluctuate from year to year depending on the price of gasoline.
- Governmental Fund expenditures decreased to \$4,612,084 in fiscal year 2018-19, down \$447,183 from the \$5,059,267 in the prior year. This decrease was primarily attributed to a decrease of \$368,771 in Street Fund Expenditures caused by the large amount of street capital improvements undertaken in fiscal year 2017-18.

General Fund:

- General Fund revenues of \$4,450,808 increased by \$632,967 from \$3,817,841 in the prior year. This increase was primarily attributed to a \$559,252 increase in sales and local taxes. The large one year increase is attributed to new businesses contributing to our tax base. The revenues generated from sales taxes will fluctuate from year to year depending on the price of gasoline.
- General Fund expenditures of \$3,775,290 increased by \$210,349 from \$3,564,941 in the prior year. This was primarily attributed to lower vacancy savings combined with a \$64k increase in capital outlay expenditures.
- The fund balance of the General Fund totaled \$3,431,334, increased by \$616,923 from the prior year balance of \$2,814,411. This increase in fund balance was attributed to growth in sales taxes.

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 to be governmental activities including public safety, community development, public works, parks and recreation, 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 Sewer 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 Williams 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 13 and 15 of this report.

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 Williams, 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 Williams 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 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 reconciliation at the bottom of the fund financial statements.

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 Sewer 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.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents the following required supplementary information: budgetary comparisons for the City's General Fund and major special revenue funds as well as a description of the City's accounting policies with regard to the annual budget.

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.

Following is a summary of net position:

Summary of Net Position Fiscal Years 2018-19 and 2017-18

	Governmental Activities		Business-type Activities		TOTALS	
	2019	2018	2019	2018	2019	2018
ASSETS:						
Current and other assets	\$ 9,298,285	\$ 7,970,229	\$ 3,237,706	\$ 2,926,208	\$12,535,991	\$10,896,437
Capital assets, net	11,970,842	11,937,255	21,103,826	21,802,609	33,074,668	33,739,864
Deferred outflows of resources	<u>3,485,625</u>	<u>3,622,507</u>	<u>370,114</u>	<u>395,795</u>	<u>3,855,739</u>	<u>4,018,302</u>
Total assets & deferred outflows	<u>\$24,754,752</u>	<u>\$23,529,991</u>	<u>\$24,711,646</u>	<u>\$25,124,612</u>	<u>\$49,466,398</u>	<u>\$48,654,603</u>
LIABILITIES:						
Current liabilities	\$ 416,283	\$ 636,497	\$ 534,397	\$ 568,904	\$ 950,680	\$ 1,205,401
Other liabilities	1,749,918	1,748,926	10,841,634	11,256,193	12,591,552	13,005,119
Deferred inflows of resources	<u>50,309</u>	<u>73,147</u>	<u>23,701</u>	<u>31,382</u>	<u>74,010</u>	<u>104,529</u>
Total liabilities & deferred inflow	<u>\$ 2,216,510</u>	<u>\$ 2,458,570</u>	<u>\$11,399,732</u>	<u>\$11,856,479</u>	<u>\$13,616,242</u>	<u>\$14,315,049</u>
NET POSITION:						
Invested in capital assets, net of related debt	\$11,970,842	\$11,937,255	\$10,446,536	\$10,742,755	\$22,417,378	\$22,680,010
Restricted	5,168,016	3,933,523	371,153	367,829	5,539,169	4,301,352
Unrestricted	<u>5,399,384</u>	<u>5,200,643</u>	<u>2,494,225</u>	<u>2,157,549</u>	<u>7,893,609</u>	<u>7,358,192</u>
Total net position	<u>\$22,538,242</u>	<u>\$21,071,421</u>	<u>\$13,311,914</u>	<u>\$13,268,133</u>	<u>\$35,850,156</u>	<u>\$34,339,554</u>

Net position represents the difference between the City's resources and its obligations. The largest portion of the City's total net position reflects the investment in capital assets, less related debt outstanding. This component of net position, which reflects the total amount of funds used to acquire those assets less any outstanding debt used for such acquisition, was \$22.4 million at June 30, 2019. These capital assets are used by the City to provide services to the citizens.

Restricted net position of \$5.5 million represents resources subject to external restrictions as to how they may be used. The Governmental Activities Unrestricted net position of \$5.4 million represents amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers, and creditors. The Business-type Activities Unrestricted net position of \$2.5 million reflects the resources available for capital replacement.

Following is a summary of changes in net position:

Summary of Change in Net Position
Fiscal Years 2018-18 and 2016-17

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>TOTALS</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
PROGRAM REVENUES:						
Charges for services	\$ 1,453,882	\$ 448,605	\$ 2,964,503	\$ 2,788,187	\$ 4,418,385	\$ 3,236,792
Grants & contributions	153,746	289,615	230,410	269,590	384,156	559,205
GENERAL REVENUES:						
Taxes	4,353,266	3,540,060	-	-	4,353,266	3,540,060
Other revenues	414,152	357,892	62,317	35,961	476,469	393,853
Transfers	<u>106,744</u>	<u>103,636</u>	<u>(106,744)</u>	<u>(103,636)</u>	<u>-</u>	<u>-</u>
Total revenues & transfers	<u>6,481,790</u>	<u>4,739,808</u>	<u>3,150,486</u>	<u>2,990,102</u>	<u>9,632,276</u>	<u>7,729,910</u>
TOTAL EXPENSES	<u>5,014,969</u>	<u>5,410,889</u>	<u>3,106,705</u>	<u>3,056,923</u>	<u>8,121,674</u>	<u>8,467,812</u>
Change in net position	<u>1,466,821</u>	<u>(671,081)</u>	<u>43,781</u>	<u>(66,821)</u>	<u>1,510,602</u>	<u>(737,902)</u>
Net position, July 1	21,071,421	21,742,502	13,268,133	13,334,954	34,339,554	35,077,456
Prior period adjustment	-	-	-	-	-	-
Net position, July 1 restated	<u>21,071,421</u>	<u>21,742,502</u>	<u>13,268,133</u>	<u>13,334,954</u>	<u>34,339,554</u>	<u>35,077,456</u>
NET POSITION, June 30	<u>\$22,538,242</u>	<u>\$21,071,421</u>	<u>\$13,311,914</u>	<u>\$13,268,133</u>	<u>\$35,850,156</u>	<u>\$34,339,554</u>

Governmental Activities:

The City's governmental activities increased the City's net position by \$1,466,821. Revenues were \$6,481,790 which represented an increase of \$1,741,982. This is primarily attributed to the \$1,211,921 increase in the Development impact fees and the and the \$559,252 increase in the sales and local tax revenues. This was attributed to new development and business growth in fiscal year 2018-19.

Expenses were \$5,014,969 which represented a decrease of 7.3% totaling \$395,920 from the prior fiscal year. This decrease was primarily attributed to a decrease of \$368,771 in Street Fund Expenditures caused by the large amount of street capital improvements undertaken in prior fiscal year.

Governmental activities highlights include the following:

- Taxes provided \$4,353,266 or 67.2 percent of the total governmental activities revenue of the City. This amount is an increase of \$813,206 from the prior year. This growth was attributed to new business growth in the City.
- Charges for services, operating grants and capital grants provided \$1,607,628 or 24.8 percent of the total governmental activities revenue of the City. This amount is an increase of \$869,408 from the prior year. This increase was primarily attributed to \$950k increases in Development impact fee revenues.

Business Type Activities:

The City's business type activities increased the city's net position slightly by \$43,781. Revenues were \$3,150,486 which represents an increase of \$160,384 primarily attributed to increases in charges for services. Charges for services totaled \$2,964,503, an increase of \$176,316 or 6.3% from the prior year. This increase was attributed to a combination of utility rate increases and increased consumption from existing and new accounts.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to assure 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 at June 30, 2019 of \$8,203,422, an increase of \$1,658,796 from the June 30, 2018 balance of \$6,544,626. The General Fund increased by \$616,923 and the Development Fund increased by \$1,211,921. These increases were offset by a decrease to the Street Fund of \$185,895 which was attributed to street related capital outlay expenditures made in the current fiscal year.

Analysis of the General Fund

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

General Fund revenues of \$4,450,808 increased by \$632,967 from \$3,817,841 in the prior year. This increase was primarily attributed to a \$559,252 increase in sales and local taxes. The large one year increase is attributed to new businesses contributing to our tax base. The revenues generated from sales taxes will fluctuate from year to year depending on the price of gasoline.

General Fund expenditures of \$3,775,290 increased by \$210,349 from \$3,564,941 in the prior year. This was primarily attributed to lower vacancy savings combined with a \$64k increase in capital outlay expenditures.

The fund balance of the General Fund totaled \$3,431,334, increased by \$616,923 from the prior year balance of \$2,814,411. This increase in fund balance was attributed to growth in sales taxes.

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 totaled \$2,753,440, a slight decrease of \$52,085 from the prior year. Operating revenues were \$937,677, an increase of \$26,555 over the prior year due to increased charges for services. Operating expenses were \$895,430, a \$63,605 increase over the prior year. At the end of fiscal year 2018-19, the Fund's investment in capital assets net of related debt totaled \$2,470,141 and its unrestricted net position totaled \$283,299.

Sewer

The Sewer fund is financed and operated in a manner similar to that of a private business. The Fund's net position totaled \$10,558,474, an increase of \$95,866 over the prior year. Operating revenues were \$2,051,031, an increase of \$157,666 over the prior year due to increased charges for services. Operating expenses were \$2,139,684, a slight decrease of \$12,400 over the prior year. At the end of fiscal year 2018-19, the Fund's investment in capital assets net of related debt totaled \$7,976,395 and its unrestricted net position totaled \$2,210,926. The Fund's restricted net position totaling \$371,153 is to be maintained in the fund until its long term debt is paid off.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets

The City has recorded all of its capital assets including infrastructure that were not recorded in prior years. At the end of fiscal year 2018-19, the City had invested \$11,970,842 in a broad range of capital assets, including police, buildings, park facilities, street and storm drainage improvements. Additional detailed information on the City's capital assets is presented Note 3 to the financial statements on pages 28 through 29.

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 \$30,000 level. These capital assets are depreciated on a straight-line basis varied from 5 years to 50 years.

Following is a summary of capital assets:

CAPITAL ASSETS, NET OF DEPRECIATION AS OF JUNE 30,						
	Governmental Activities		Business-type Activities		TOTALS	
	2019	2018	2019	2018	2019	2018
Capital assets, not being depreciated:	\$ 5,375,900	\$ 5,375,900	\$ 514,123	\$ 484,887	\$ 5,890,023	\$ 5,860,787
Depreciable capital assets:						
Buildings and improvements	30,239,756	29,846,104	25,742,657	25,742,657	55,982,413	55,588,761
Machinery and equipment	<u>1,040,317</u>	<u>889,943</u>	<u>3,929,077</u>	<u>3,862,182</u>	<u>4,969,394</u>	<u>4,752,125</u>
Total depreciable assets	31,280,073	30,736,047	29,671,734	29,604,839	60,951,807	60,340,886
Accumulated depreciation	<u>(24,685,131)</u>	<u>(24,174,692)</u>	<u>(9,082,031)</u>	<u>(8,287,177)</u>	<u>(33,767,162)</u>	<u>(32,461,809)</u>
Net depreciable capital assets	6,594,942	6,561,355	20,589,703	21,317,722	27,184,645	27,879,077
Net capital assets	<u>\$11,970,842</u>	<u>\$11,937,255</u>	<u>\$21,103,826</u>	<u>\$21,802,609</u>	<u>\$33,074,668</u>	<u>\$33,739,864</u>

Long-term Debt:

The City had \$10,657,290 in loans and leases payable outstanding as of June 30, 2019 compared to \$11,059,854 at June 30, 2018. Business-type activities long-term debt decreased \$402,564.

OUTSTANDING DEBT
AS OF JUNE 30,

	Business-type Activities	
	2019	2018
2010 SRF Funds	\$ 8,371,190	\$ 8,735,154
2013 USDA Water Loan	<u>2,286,100</u>	<u>2,324,700</u>
TOTAL	<u>\$ 10,657,290</u>	<u>\$ 11,059,854</u>

General Fund Budgetary Summary

Following is a summary of current year budgetary changes and actual results for the City's General Fund revenues and expenditures.

BUDGET TO ACTUAL COMPARISON
JUNE 30, 2019

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues	\$ 3,698,160	\$ 3,698,160	\$ 4,450,808	\$ 752,648
Expenditures	(3,490,716)	(3,490,716)	(3,775,290)	(284,574)
Other financing sources	<u>(162,326)</u>	<u>(162,326)</u>	<u>(58,595)</u>	<u>103,731</u>
Change in fund balance	<u>\$ 45,118</u>	<u>\$ 45,118</u>	<u>\$ 616,923</u>	<u>\$ 571,805</u>

Actual Amounts Compared with Final Budget Amounts

Actual revenues recognized by the City's General Fund were \$752,648 more than budget. The variance was largely due to higher than expected property taxes, sales taxes, motor vehicle in lieu taxes and transient occupancy taxes.

Actual expenditures of the City's General Fund were \$284,574 higher than budgeted. This attributed to City Council approved settlement expenditures and related legal and attorney costs.

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 Williams Finance Department
P.O. Box 310
810 E Street
Williams, California 95987

**CITY OF WILLIAMS
BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

CITY OF WILLIAMS, CALIFORNIA

GOVERNMENT-WIDE STATEMENT OF NET POSITION AS OF JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS:			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 3,561,773	\$ 2,468,759	\$ 6,030,532
Receivables:			
Accounts	447,332	768,947	1,216,279
Loans	1,164,223	-	1,164,223
Prepaid expenses	-	-	-
Restricted assets:			
Cash and cash equivalents	<u>4,124,957</u>	<u>-</u>	<u>4,124,957</u>
Total current assets	<u>9,298,285</u>	<u>3,237,706</u>	<u>12,535,991</u>
NONCURRENT ASSETS:			
Capital assets, net	<u>11,970,842</u>	<u>21,103,826</u>	<u>33,074,668</u>
Total noncurrent assets	<u>11,970,842</u>	<u>21,103,826</u>	<u>33,074,668</u>
Total assets	<u>\$ 21,269,127</u>	<u>\$ 24,341,532</u>	<u>\$ 45,610,659</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pensions	\$ 785,625	\$ 370,114	\$ 1,155,739
Loan for HOME	<u>2,700,000</u>	<u>-</u>	<u>2,700,000</u>
Total deferred outflows	<u>\$ 3,485,625</u>	<u>\$ 370,114</u>	<u>\$ 3,855,739</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	\$ 311,344	\$ 51,696	\$ 363,040
Compensated absences	104,939	79,037	183,976
Long-term debt, due within one year	<u>-</u>	<u>403,664</u>	<u>403,664</u>
Total current liabilities	<u>416,283</u>	<u>534,397</u>	<u>950,680</u>
NONCURRENT LIABILITIES:			
Net pension liability	1,749,918	588,008	2,337,926
Long-term debt, due after one year	<u>-</u>	<u>10,253,626</u>	<u>10,253,626</u>
Total noncurrent liabilities	<u>1,749,918</u>	<u>10,841,634</u>	<u>12,591,552</u>
Total liabilities	<u>\$ 2,166,201</u>	<u>\$ 11,376,031</u>	<u>\$ 13,542,232</u>
DEFERRED INFLOW OF RESOURCES:			
Pensions	\$ 50,309	\$ 23,701	\$ 74,010
Total deferred inflows	<u>\$ 50,309</u>	<u>\$ 23,701</u>	<u>\$ 74,010</u>
NET POSITION:			
Invested in capital assets, net of related debt	\$ 11,970,842	\$ 10,446,536	\$ 22,417,378
Restricted	5,168,016	371,153	5,539,169
Unrestricted	<u>5,399,384</u>	<u>2,494,225</u>	<u>7,893,609</u>
Total net position	<u>\$ 22,538,242</u>	<u>\$ 13,311,914</u>	<u>\$ 35,850,156</u>

See accompanying notes to basic financial statements

CITY OF WILLIAMS, CALIFORNIA

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Program Revenues				Net (Expenses) Revenue		
	Operating Expenses	Charges for Services	Grants and Other Contributions		Governmental Activities	Business-type Activities	Total
			Operating	Capital			
GOVERNMENTAL ACTIVITIES:							
General government	\$ 1,589,348	\$ 179,906	\$ 5,000	\$ -	\$ (1,404,442)	\$ -	\$ (1,404,442)
Public safety	2,204,076	39,672	148,746	-	(2,015,658)	-	(2,015,658)
Streets	344,903	-	-	-	(344,903)	-	(344,903)
Landscape and lighting	66,349	-	-	-	(66,349)	-	(66,349)
Parks & recreation	261,380	-	-	-	(261,380)	-	(261,380)
Storm drains	67,522	-	-	-	(67,522)	-	(67,522)
Public ways and facilities	332,542	-	-	-	(332,542)	-	(332,542)
Community development	32,597	1,234,304	-	-	1,201,707	-	1,201,707
Public utilities	116,252	-	-	-	(116,252)	-	(116,252)
Total governmental activities	5,014,969	1,453,882	153,746	-	(3,407,341)	-	(3,407,341)
BUSINESS-TYPE ACTIVITIES:							
Water	967,021	914,972	-	-	-	(52,049)	(52,049)
Sewer	2,139,684	2,049,531	-	230,410	-	140,257	140,257
Total business-type activities	3,106,705	2,964,503	-	230,410	-	88,208	88,208
Total government	\$ 8,121,674	\$ 4,418,385	\$ 153,746	\$ 230,410	(3,407,341)	88,208	(3,319,133)
GENERAL REVENUES:							
Taxes:							
					1,218,941	-	1,218,941
					1,435,178	-	1,435,178
					642,951	-	642,951
					468,013	-	468,013
					588,183	-	588,183
					205,603	-	205,603
					36,374	-	36,374
					154,600	38,112	192,712
					6,893	-	6,893
					10,682	24,205	34,887
					106,744	(106,744)	-
					4,874,162	(44,427)	4,829,735
					4,874,162	43,781	1,510,602
					21,071,421	13,268,133	34,339,554
					\$ 22,538,242	\$ 13,311,914	\$ 35,850,156

See accompanying notes to basic financial statements

CITY OF WILLIAMS, CALIFORNIA

BALANCE SHEET GOVERNMENTAL FUNDS AS OF JUNE 30, 2019

	Major				Non-major	Total Governmental Funds
	General Fund	Development Fund	Community Development Block Grant Fund	Street Fund	Aggregate Non-major Governmental Funds	
ASSETS:						
Cash and cash equivalents	\$ 2,594,768	\$ -	\$ -	\$ -	\$ 271,502	\$ 2,866,270
Receivables:						
Accounts	419,080	-	-	17,886	10,366	447,332
Loans	-	-	1,076,207	-	-	1,076,207
Prepaid expenses	-	-	-	-	-	-
Due from other funds	684,949	-	-	-	-	684,949
Restricted assets:						
Cash and cash equivalents	-	<u>3,260,626</u>	<u>864,331</u>	-	-	<u>4,124,957</u>
Total assets	<u>\$ 3,698,797</u>	<u>\$ 3,260,626</u>	<u>\$ 1,940,538</u>	<u>\$ 17,886</u>	<u>\$ 281,868</u>	<u>\$ 9,199,715</u>
LIABILITIES:						
Accounts payable	\$ 267,463	\$ 30,488	\$ 2,660	\$ 9,934	\$ 799	\$ 311,344
Due to other funds	-	-	-	<u>684,949</u>	-	<u>684,949</u>
Total liabilities	<u>267,463</u>	<u>30,488</u>	<u>2,660</u>	<u>694,883</u>	<u>799</u>	<u>996,293</u>
FUND BALANCES:						
Restricted	-	3,230,138	1,937,878	-	-	5,168,016
Unassigned	<u>3,431,334</u>	-	-	<u>(676,997)</u>	<u>281,069</u>	<u>3,035,406</u>
Total fund balances	<u>3,431,334</u>	<u>3,230,138</u>	<u>1,937,878</u>	<u>(676,997)</u>	<u>281,069</u>	<u>8,203,422</u>
Total liabilities and fund balances	<u>\$ 3,698,797</u>	<u>\$ 3,260,626</u>	<u>\$ 1,940,538</u>	<u>\$ 17,886</u>	<u>\$ 281,868</u>	<u>\$ 9,199,715</u>

See accompanying notes to basic financial statements

CITY OF WILLIAMS, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total fund balances, governmental funds		\$ 8,203,422
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds:		
Governmental capital assets	36,655,973	
Accumulated depreciation	<u>(24,685,131)</u>	11,970,842
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(104,939)	
Net pension liability	<u>(1,749,918)</u>	(1,854,857)
Deferred outflows and inflows of resources are not recognized in the current period and therefore not reported in the governmental funds:		
Deferred outflows	3,485,625	
Deferred inflows	<u>(50,309)</u>	3,435,316
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>783,519</u>
Total net position – governmental funds		<u>\$ 22,538,242</u>

See accompanying notes to basic financial statements

CITY OF WILLIAMS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Major				Non-major	Total Governmental Funds
	General Fund	Develop- ment Fund	Community Develop- ment Block Grant Fund	Street Fund	Aggregate Non-major Governmental Funds	
REVENUES:						
Property tax	\$ 1,115,849	\$ -	\$ -	\$ -	\$ 103,092	\$ 1,218,941
Sales tax	1,103,819	-	-	331,359	-	1,435,178
Local tax	642,951	-	-	-	-	642,951
Motor vehicle-in-lieu	468,013	-	-	-	-	468,013
Transient occupancy	588,183	-	-	-	-	588,183
Franchise fees	205,603	-	-	-	-	205,603
Business license fees	36,374	-	-	-	-	36,374
Interest	80,005	28,811	8,865	-	3,324	121,005
Program income	199,329	1,215,707	18,597	-	20,249	1,453,882
Subventions and grants	-	-	-	-	153,746	153,746
Sale of assets	100	-	-	-	-	100
Other income	10,582	-	-	-	-	10,582
Total revenues	<u>4,450,808</u>	<u>1,244,518</u>	<u>27,462</u>	<u>331,359</u>	<u>280,411</u>	<u>6,334,558</u>
EXPENDITURES:						
City council	592,264	-	-	-	-	592,264
City clerk	40,289	-	-	-	-	40,289
Administration	63,030	32,597	4,890	-	24,520	125,037
Finance	140,115	-	-	-	-	140,115
Police	1,659,493	-	-	-	125,548	1,785,041
Planning	151,954	-	-	-	-	151,954
Building	107,955	-	-	-	-	107,955
Parks	94,161	-	-	-	-	94,161
Recreation	56,225	-	-	-	-	56,225
Building and grounds	166,553	-	-	-	-	166,553
Public works	191,070	-	-	-	-	191,070
City pool	72,033	-	-	-	-	72,033
Streets	-	-	-	123,602	-	123,602
Landscape and lighting	-	-	-	-	86,665	86,665
Grant/contractual services	335,094	-	-	-	-	335,094
Professional services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	105,054	-	-	393,652	45,320	544,026
Total expenditures	<u>3,775,290</u>	<u>32,597</u>	<u>4,890</u>	<u>517,254</u>	<u>282,053</u>	<u>4,612,084</u>
Excess of revenues over (under) expenditures	<u>675,518</u>	<u>1,211,921</u>	<u>22,572</u>	<u>(185,895)</u>	<u>(1,642)</u>	<u>1,722,474</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	199,781	-	-	-	-	199,781
Transfers out	(258,376)	-	-	-	(5,083)	(263,459)
Total other financing sources	<u>(58,595)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,083)</u>	<u>(63,678)</u>
Net change in fund balance	616,923	1,211,921	22,572	(185,895)	(6,725)	1,658,796
Fund balance, July 1	<u>2,814,411</u>	<u>2,018,217</u>	<u>1,915,306</u>	<u>(491,102)</u>	<u>287,794</u>	<u>6,544,626</u>
FUND BALANCE, June 30	<u>\$ 3,431,334</u>	<u>\$ 3,230,138</u>	<u>\$ 1,937,878</u>	<u>\$ (676,997)</u>	<u>\$ 281,069</u>	<u>\$ 8,203,422</u>

See accompanying notes to basic financial statements

CITY OF WILLIAMS, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total net change in fund balance, governmental funds		\$ 1,658,796
Amounts reported for governmental activities in the statement of activities are different from amounts reported in government funds because:		
Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	544,026	
Depreciation expense	<u>(510,439)</u>	33,587
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 governmental funds:		
Compensated absences	3,900	
Pension expense	<u>(115,036)</u>	(111,136)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of the internal service funds is reported with the governmental activities.		<u>(114,426)</u>
Change in net position – governmental activities		<u>\$ 1,466,821</u>

See accompanying notes to basic financial statements

CITY OF WILLIAMS, CALIFORNIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS AS OF JUNE 30, 2019

	Business-type Activities – Enterprise Funds			Governmental Activities – Internal Service Funds
	Major Funds			
	Water	Sewer	Total	
ASSETS:				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 651,938	\$ 1,816,821	\$ 2,468,759	\$ 695,503
Accounts receivable	130,555	638,392	768,947	-
Loans receivable	-	-	-	88,016
Prepaid expenses	-	-	-	-
Due from other funds	-	386,974	386,974	-
Total current assets	782,493	2,842,187	3,624,680	783,519
NONCURRENT ASSETS:				
Capital assets	7,795,180	22,390,677	30,185,857	-
Accumulated depreciation	(3,038,939)	(6,043,092)	(9,082,031)	-
Total noncurrent assets	4,756,241	16,347,585	21,103,826	-
Total assets	\$ 5,538,734	\$ 19,189,772	\$ 24,728,506	\$ 783,519
DEFERRED OUTFLOWS OF RESOURCES	\$ 110,516	\$ 259,598	\$ 370,114	\$ -
LIABILITIES:				
CURRENT LIABILITIES:				
Accounts payable	\$ 22,464	\$ 29,232	\$ 51,696	\$ -
Due to other funds	386,974	-	386,974	-
Compensated absences	23,537	55,500	79,037	-
Long-term debt, due within one year	39,700	363,964	403,664	-
Total current liabilities	472,675	448,696	921,371	-
NONCURRENT LIABILITIES:				
Net pension liability	169,658	418,350	588,008	-
Long-term debt, due after one year	2,246,400	8,007,226	10,253,626	-
Total noncurrent liabilities	2,416,058	8,425,576	10,841,634	-
Total liabilities	\$ 2,888,733	\$ 8,874,272	\$ 11,763,005	\$ -
DEFERRED INFLOWS OF RESOURCES	\$ 7,077	\$ 16,624	\$ 23,701	\$ -
NET POSITION:				
Invested in capital assets, net of related debt	\$ 2,470,141	\$ 7,976,395	\$ 10,446,536	\$ -
Restricted	-	371,153	371,153	-
Unrestricted	283,299	2,210,926	2,494,225	783,519
Total net position	\$ 2,753,440	\$ 10,558,474	\$ 13,311,914	\$ 783,519

See accompanying notes to basic financial statements

CITY OF WILLIAMS, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities – Enterprise Funds			Governmental Activities – Internal Service Funds
	Major Funds			
	Water	Sewer	Total	
OPERATING REVENUES:				
Utility revenue	\$ 914,972	\$ 2,049,531	\$ 2,964,503	\$ -
Other revenue	<u>22,705</u>	<u>1,500</u>	<u>24,205</u>	<u>6,893</u>
Total operating revenues	<u>937,677</u>	<u>2,051,031</u>	<u>2,988,708</u>	<u>6,893</u>
OPERATING EXPENSES:				
Salaries and wages	322,256	744,333	1,066,589	-
Other fringe benefits	124,162	310,153	434,315	-
General administration	39,589	38,439	78,028	325,336
Maintenance operation expense	170,485	332,222	502,707	-
Professional and specialized services	27,291	32,862	60,153	-
Contracted services	20,182	78,227	98,409	-
Depreciation	<u>191,465</u>	<u>603,448</u>	<u>794,913</u>	<u>-</u>
Total operating expenses	<u>895,430</u>	<u>2,139,684</u>	<u>3,035,114</u>	<u>325,336</u>
Operating income	<u>42,247</u>	<u>(88,653)</u>	<u>(46,406)</u>	<u>(318,443)</u>
NONOPERATING INCOME (EXPENSE):				
Interest revenue	7,757	30,355	38,112	33,595
Intergovernmental grants / donations	-	230,410	230,410	-
Interest expense	<u>(71,591)</u>	<u>-</u>	<u>(71,591)</u>	<u>-</u>
Total nonoperating income (expenses)	<u>(63,834)</u>	<u>260,765</u>	<u>196,931</u>	<u>33,595</u>
TRANSFERS:				
Transfers in	-	-	-	350,203
Transfers out	<u>(30,498)</u>	<u>(76,246)</u>	<u>(106,744)</u>	<u>(179,781)</u>
Change in net position	(52,085)	95,866	43,781	(114,426)
Net position, July 1	<u>2,805,525</u>	<u>10,462,608</u>	<u>13,268,133</u>	<u>897,945</u>
NET POSITION, June 30	<u>\$ 2,753,440</u>	<u>\$ 10,558,474</u>	<u>\$ 13,311,914</u>	<u>\$ 783,519</u>

See accompanying notes to basic financial statements

CITY OF WILLIAMS, CALIFORNIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-type Activities – Enterprise Funds</u>			<u>Governmental Activities – Internal Service Funds</u>
	Major Funds			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 938,157	\$ 1,934,127	\$ 2,872,284	\$ (43,035)
Cash paid to suppliers	(267,973)	(508,597)	(776,570)	(286,070)
Cash paid to employees and benefits	(445,440)	(1,046,693)	(1,492,133)	-
Net cash provided by operating activities	<u>224,744</u>	<u>378,837</u>	<u>603,581</u>	<u>(329,105)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Purchase of capital assets	(29,235)	(66,895)	(96,130)	-
Payments on long-term debt	(38,600)	(363,964)	(402,564)	-
Interest paid	(71,591)	-	(71,591)	-
Net cash used by capital financing activities	<u>(139,426)</u>	<u>(430,859)</u>	<u>(570,285)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from grants and donations	-	230,410	230,410	-
Transfers in/(out)	(49,424)	(57,320)	(106,744)	170,422
Net cash provided by noncapital financing activities	<u>(49,424)</u>	<u>173,090</u>	<u>123,666</u>	<u>170,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	7,757	30,355	38,112	33,595
Increase (decrease) in cash and cash equivalents	43,651	151,423	195,074	(125,088)
Cash and cash equivalents, July 1	608,287	1,665,398	2,273,685	820,591
Cash and cash equivalents, June 30	<u>\$ 651,938</u>	<u>\$ 1,816,821</u>	<u>\$ 2,468,759</u>	<u>\$ 695,503</u>
Reconciliation of operating income to cash provided (used) by operating activities:				
Operating income	\$ 42,247	\$ (88,653)	\$ (46,406)	\$ (318,443)
Adjustments to reconcile operating income to cash provided (used) by operating activities:				
Non-cash items:				
Depreciation expense	191,465	603,448	794,913	-
Amortization of pension items	159	6,945	7,104	-
(Increase) decrease in assets:				
Accounts receivable	480	(116,904)	(116,424)	(49,928)
Prepaid expenses	-	-	-	46,050
Increase (decrease) in liabilities:				
Accounts payable	(10,426)	(26,847)	(37,273)	(6,784)
Compensated absences	819	848	1,667	-
Net cash provided by operating activities	<u>\$ 224,744</u>	<u>\$ 378,837</u>	<u>\$ 603,581</u>	<u>\$ (329,105)</u>

See accompanying notes to basic financial statements

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Williams (“the City”) operates under the City Council – Manager form of government and provides or contracts for the following services: public safety (Police and Fire), highways and streets, water, sewer, culture-recreation, public improvements, planning and zoning, and general administration. Authority and responsibility for operations is given to the City Council by the voters of the City of Williams. The City Council has the authority to employ administrative and support personnel to carry out its directives. The primary method used to monitor the performance of the City’s management is the financial budget which is adopted annually by the City Council. The City operates as a self-governing governmental unit within the State of California.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements.

The City’s main funding sources include property taxes, other inter-governmental revenue from state and federal sources, user fees, and federal and state financial assistance.

These financial statements are in compliance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments. The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations. This is required supplementary information.
- Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting for all of the City’s activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements including these notes to the financial statements.

Reporting Entity

The reporting entity for the City of Williams includes all the funds and operations under the jurisdiction of the City Council. There are no component or blended component units that are part of the City’s operations.

Basis of Accounting – Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City and the primary government as a whole. These statements distinguish between the governmental and business-type activities of the City. The City’s police and fire protection, parks, culture and recreation, public works, and general administrative services are classified as governmental activities. The City’s Sewer and water services are classified as business-type activities.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting – Government-wide Financial Statements (Continued)

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Revenues that are not classified as program revenues are presented as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenue. Taxes and other items properly not included in program revenues are reported as general revenues.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Accounting Policies

The City operates as a self-governing governmental unit within the State of California. The accounting policies of the City of Williams conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the Financial Accounting Standards Board.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements – Fund Financial Statements

The accounts of the City of Williams are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenue or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Funds

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds are used to account for revenues and expenditures restricted to the acquisition or construction of capital assets and are accounted for in a manner similar to the General Fund.

The City reports the following major governmental funds:

- General Fund
- Development Fund
- Community Development Block Grant Fund
- Street

Proprietary Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City reports the following major enterprise funds:

- Sewer Fund
- Water Fund

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measureable and available. "Available" means collectable within the current period or within 60 days after year end. Property taxes, franchise taxes, licenses, intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measureable and available only when cash is received by the government. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. The City has made improvements to its water and sewer system through a federal grant. Acquisition, construction, and installation costs incurred have been charged to (or capitalized in) capital assets.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation (Continued)

Depreciation of capital assets is computed using the straight-line method. The estimated useful lives for these depreciable assets are as follows:

- | | |
|---------------------------|----------------|
| • Buildings | 20 to 50 years |
| • Improvements | 20 years |
| • Machinery and equipment | 5 to 10 years |
| • Licenses and vehicles | 5 years |

Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide statements. The City's policy is to record sick leave as an operating expense in the period taken. The current memorandum of understanding between the City and its employees allows the payment of one third of unused sick leave upon termination of employment if employee meets defined longevity criteria. Otherwise, such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Deferred Revenues

Deferred revenue in governmental funds arise when a potential revenue does not meet both the "measureable" and "available" criteria for recognition in the current period. Deferred revenue also arise when resources are received by the City before it has legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

Fund Balance

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Operating Revenues and Expenses in Proprietary Funds

The City's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the City's water and Sewer funds consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the City not restricted for any project or other purpose.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Equity

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

- *Non-spendable* – includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors of amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- *Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance maybe assigned by the City Manager or Department Heads with City Council approval.
- *Unassigned* – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City uses restricted or committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditure/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Budgetary Policy and Data

The City Council annually adopts a city-wide budget for the City. The City Administrator is responsible for preparing estimated revenues and expenditure recommendations for the next year's budget. The City Council adopts the budget by resolution on or before June 30. Budget appropriations lapse at the end of the year.

Loans Receivable

As part of its participation in a Community Development Block Grant program, the City has loaned funds to qualifying property owners for the purpose of funding improvements to properties which have deteriorated significantly. In order to be eligible, property owners must meet certain income limitations. Loans bear no interest or nominal interest, and payment may be deferred for twenty to fifty years or until sale of the property.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 2 CASH AND CASH EQUIVALENTS

The City Treasurer is responsible for maintaining a cash and investment pool for all funds in accordance with the City investment policy that is updated as necessary. The City maintains two checking accounts with a bank and invests cash in excess of immediate needs with the State of California Local Agency Investment Fund (LAIF). Funds invested with LAIF are treated as cash equivalents since they are immediately available. Total cash and investments are allocated to the City's individual funds based on their equity in the pooled amount.

Interest income is allocated to those funds that are required by law or administrative action to receive interest. Interest is allocated based on the aggregate cash balances in each fund receiving interest.

Deposits at June 30, 2019 are:

	Statement Balance	Bank Balance
Pooled deposits:		
Pooled cash and cash equivalents	\$ 2,119,293	\$ 2,196,637
Local agency investment fund (uncategorized)	7,926,789	7,926,789
Non-pooled cash and cash equivalents:		
Business checking account	107,892	107,892
Petty cash	1,515	-
TOTAL DEPOSITS	\$ 10,155,489	\$ 10,231,318

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

	Government-wide Statement of Net Position		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 3,561,773	\$ 2,468,759	\$ 6,030,532
Restricted assets:			
Cash and cash equivalents	4,124,957	-	4,124,957
TOTAL	\$ 7,686,730	\$ 2,468,759	\$10,155,489

The restricted cash and cash equivalents are set aside for the Development and Community Development Block Grant Funds.

Investment policy

Investments are reported at fair value. California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The investment types that are authorized by the City's council resolution no. 09-09 adopted on July 16, 2009 include United States treasury notes, bonds, bills; securities of the U.S. government; local agency investment funds; certificates of deposit; passbook savings and money market accounts.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 2 CASH AND CASH EQUIVALENTS (Continued)

Custodial credit risk

The California Government Code requires California banks and savings and loan associations to collateralize a City's deposits by pledging government securities. The market value of pledged securities must equal at least 110 percent of a City's deposits. California law also allows financial institutions to collateralize City deposits by pledging first trust deed mortgage notes having a value of 150 percent of a City's total deposits. The City may waive collateral requirements for deposits which are fully insured up to \$250,000 by Federal Deposit insurance.

Differences between the bank balance and the carrying amount represents outstanding checks and deposits in transit. The bank balances are insured/collateralized as noted above.

Investment in Local Agency Investment Fund (LAIF)

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio.

The City's investment in LAIF and the money market fund are unrated.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 3 CAPITAL ASSETS AND DEPRECIATION

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Capital assets activity for the year ended June 30, 2019 was as follows:

GOVERNMENTAL ACTIVITIES:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Capital assets, not being depreciated:				
Land	\$ 5,375,900	\$ -	\$ -	\$ 5,375,900
Total capital assets, not being depreciated	<u>5,375,900</u>	<u>-</u>	<u>-</u>	<u>5,375,900</u>
Depreciable capital assets:				
Buildings and improvements	29,846,104	393,652	-	30,239,756
Machinery and equipment	<u>889,943</u>	<u>150,374</u>	<u>-</u>	<u>1,040,317</u>
Total capital assets, being depreciated	<u>30,736,047</u>	<u>544,026</u>	<u>-</u>	<u>31,280,073</u>
Less: accumulated depreciation				
Buildings and improvements	(23,464,432)	(419,407)	-	(23,883,839)
Machinery and equipment	<u>(710,260)</u>	<u>(91,032)</u>	<u>-</u>	<u>(801,292)</u>
Total accumulated depreciation	<u>(24,174,692)</u>	<u>(510,439)</u>	<u>-</u>	<u>(24,685,131)</u>
Net capital assets, being depreciated	<u>6,561,355</u>	<u>33,587</u>	<u>-</u>	<u>6,594,942</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 11,937,255</u>	<u>\$ 33,587</u>	<u>\$ -</u>	<u>\$ 11,970,842</u>

The depreciation and amortization expense has been charged to the following functions in the statement of activities:

Governmental Activities:	
General government	\$ 27,859
Public safety	83,941
Streets	262,997
Parks & recreation	54,825
Storm drains	67,522
Public ways & facilities	<u>13,295</u>
TOTAL	<u>\$ 510,439</u>

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 3 CAPITAL ASSETS AND DEPRECIATION (Continued)

BUSINESS-TYPE ACTIVITIES:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
WATER FUND:				
Capital assets, not being depreciated:				
Land	\$ 211,067	\$ 5,000	\$ -	\$ 216,067
Construction in progress	<u>273,820</u>	<u>24,236</u>	<u>-</u>	<u>298,056</u>
Total capital assets, not being depreciated	<u>484,887</u>	<u>29,236</u>	<u>-</u>	<u>514,123</u>
Depreciable capital assets:				
Water system	5,340,962	-	-	5,340,962
Machinery and equipment	<u>1,940,095</u>	<u>-</u>	<u>-</u>	<u>1,940,095</u>
Total capital assets, being depreciated	<u>7,281,057</u>	<u>-</u>	<u>-</u>	<u>7,281,057</u>
Less: accumulated depreciation				
Water system	(1,283,639)	(154,636)	-	(1,438,275)
Machinery and equipment	<u>(1,563,834)</u>	<u>(36,830)</u>	<u>-</u>	<u>(1,600,664)</u>
Total accumulated depreciation	<u>(2,847,473)</u>	<u>(191,466)</u>	<u>-</u>	<u>(3,038,939)</u>
Net capital assets, being depreciated	<u>4,433,584</u>	<u>(191,466)</u>	<u>-</u>	<u>4,242,118</u>
TOTAL WATER FUND, NET	<u>\$ 4,918,471</u>	<u>\$ (162,230)</u>	<u>\$ -</u>	<u>\$ 4,756,241</u>
SEWER FUND:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable capital assets:				
Sewer system	20,401,695	-	-	20,401,695
Machinery and equipment	<u>1,922,087</u>	<u>66,895</u>	<u>-</u>	<u>1,988,982</u>
Total capital assets, being depreciated	<u>22,323,782</u>	<u>66,895</u>	<u>-</u>	<u>22,390,677</u>
Less: accumulated depreciation				
Sewer system	(3,732,955)	(509,509)	-	(4,242,464)
Machinery and equipment	<u>(1,706,689)</u>	<u>(93,939)</u>	<u>-</u>	<u>(1,800,628)</u>
Total accumulated depreciation	<u>(5,439,644)</u>	<u>(603,448)</u>	<u>-</u>	<u>(6,043,092)</u>
Net capital assets, being depreciated	<u>16,884,138</u>	<u>(536,553)</u>	<u>-</u>	<u>16,347,585</u>
TOTAL SEWER FUND, NET	<u>\$ 16,884,138</u>	<u>\$ (536,553)</u>	<u>\$ -</u>	<u>\$ 16,347,585</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 21,802,609</u>	<u>\$ (698,783)</u>	<u>\$ -</u>	<u>\$ 21,103,826</u>

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 4 LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due in</u> <u>One Year</u>
GOVERNMENTAL ACTIVITIES:					
Compensated absences	\$ 108,839	\$ -	\$ (3,900)	\$ 104,939	\$ 104,939
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 108,839</u>	<u>\$ -</u>	<u>\$ (3,900)</u>	<u>\$ 104,939</u>	<u>\$ 104,939</u>
BUSINESS-TYPE ACTIVITIES:					
Water Enterprise Fund:					
Compensated absences	\$ 22,718	\$ 819	\$ -	\$ 23,537	\$ 23,537
2013 USDA Water Loan	<u>2,324,700</u>	<u>-</u>	<u>(38,600)</u>	<u>2,286,100</u>	<u>39,700</u>
TOTAL WATER ENTERPRISE FUND	<u>2,347,418</u>	<u>819</u>	<u>(38,600)</u>	<u>2,309,637</u>	<u>63,237</u>
Sewer Enterprise Fund:					
Compensated absences	54,652	848	-	55,500	55,500
2010 SRF Funds	<u>8,735,154</u>	<u>-</u>	<u>(363,964)</u>	<u>8,371,190</u>	<u>363,964</u>
TOTAL SEWER ENTERPRISE FUND	<u>8,789,806</u>	<u>848</u>	<u>(363,964)</u>	<u>8,426,690</u>	<u>419,464</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 11,137,224</u>	<u>\$ 1,667</u>	<u>\$ (402,564)</u>	<u>\$ 10,736,327</u>	<u>\$ 482,701</u>

Long-term debt as of June 30, 2019 is comprised of the following individual obligations:

BUSINESS-TYPE ACTIVITIES:

Water Enterprise Fund:

\$2,457,000 in loans was obtained from the United States Department of Agriculture for construction and improvement of water facilities. Annual principal and interest payments range from \$102,500 to \$102,600, with the final payment due September 1, 2053. The loan carries a 2.75% interest rate. \$ 2,286,100

Sewer Enterprise Fund:

Finance agreement with the Clean Water State Revolving Fund in the amount of \$16,918,943 for sewer construction project. The term of this note is from December 1, 2009 to December 31, 2041 at zero interest. \$ 8,371,190

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 4 LONG-TERM DEBT (Continued)

Debt service requirements for the long-term debt are due as follows:

Fiscal year ended June 30	Principal	Interest	Total
2020	\$ 403,664	\$ 62,322	\$ 465,986
2021	404,765	61,215	465,980
2022	405,865	60,078	465,943
2023	406,965	58,910	465,875
2024	408,164	57,711	465,875
2025 – 29	2,059,924	269,375	2,329,299
2030 – 34	2,094,824	234,011	2,328,835
2035 – 39	2,134,724	193,511	2,328,235
2040 – 44	1,452,594	147,135	1,599,729
2045 – 49	412,900	94,024	506,924
2050 – 53	<u>472,900</u>	<u>33,219</u>	<u>506,119</u>
	<u>\$ 10,657,289</u>	<u>\$ 1,271,511</u>	<u>\$ 11,928,800</u>

Note 5 PENSION PLAN

A. GENERAL INFORMATION ABOUT THE PLAN

Plan Description: The City's defined benefit pension plans, the Miscellaneous and Safety Plans of the City of Williams, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous and Safety Plans of the City of Williams are part of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street -Sacramento, California 95814.

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 50-55 with statutorily reduced benefits. Death benefits are the pre-retirement Optional Settlement 2W Death Benefit, and the post-retirement death benefit lump sum. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law.

Funding Policy: The City makes contributions required as the employer. Employee members are required to make contributions of their annual covered salary in an amount depending upon date of hire. The contribution requirements of the plans are established and may be amended by CalPERS. 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 the 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.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 5 PENSION PLAN (continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

As of June 30, 2019, the City reported net pension liabilities for its Proportionate Share of the Net Pension Liability of the Plan in the amount of \$2,337,926.

The City's net pension liability for its Plans with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2018, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2019 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.

The City's proportionate share of the Miscellaneous and Safety Plans' net pension liability as of June 30, 2018 and June 30, 2019 was as follows:

	Miscellaneous	Safety
June 30, 2018	0.02723%	0.02133%
June 30, 2019	0.02796%	0.02189%

The City's pension expense for the year ended June 30, 2019 is \$611,097.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 246,131	\$ 46,442
Differences between expected and actual experience	68,024	13,863
Differences between projected and actual investment earnings	13,903	-
Differences between City contributions and proportionate share of contributions	171,260	*
Change in City's proportion	167,463	13,705
Pension contributions subsequent to the measurement date	<u>488,958</u>	<u>-</u>
Totals	<u>\$ 1,155,739</u>	<u>\$ 74,010</u>

\$488,958 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension plan will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 382,652
2021	246,325
2022	(17,833)
2023	(18,373)
Thereafter	-

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 5 PENSION PLAN (continued)

C. ACTUARIAL ASSUMPTIONS

The total pension liability for this plan in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous Plans</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% ¹

¹ Net of pension plan investment expenses, including inflation

D. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2019. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2018-19 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 5 PENSION PLAN (continued)

D. DISCOUNT RATE (continued)

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1–10 ¹</u>	<u>Real Return Years 11+ ²</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

E. 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 each Plan, calculated using the discount rate for each 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:

	Discount Rate – 1% <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	Discount Rate + 1% <u>(8.15%)</u>
Plan's Net Pension Liability/(Asset)	\$ 3,881,050	\$ 2,337,926	\$ 1,069,371

Note 6 DEFICIT FUND BALANCE

The Street Fund had deficit fund balance at June 30, 2019 of \$676,997.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 7 INTERFUND BALANCES AND TRANSFERS

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.

Summaries of the interfund balances for the fiscal year ended June 30, 2019 are as follows:

Fund	Due From Other Funds	Due To Other Funds
Major governmental funds:		
General Fund	\$ 684,949	\$ -
Street Fund	-	684,949
Major business-type funds:		
Water Fund	-	386,974
Sewer Fund	386,974	-
	<u>\$ 1,071,923</u>	<u>\$ 1,071,923</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) subsidize various operations, and (3) reimburse various funds for services provided to other funds.

Interfund transfers for the year ended June 30, 2019 were as follows:

Fund	Transfers In	Transfers Out
Major governmental funds:		
General	\$ 199,781	\$ 258,376
Major business-type funds:		
Water Fund	-	30,498
Sewer Fund	-	76,246
Non-major governmental funds:		
Special Revenue funds	-	5,083
Internal Service funds	350,203	179,781
	<u>\$ 549,984</u>	<u>\$ 549,984</u>

Note 8 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these risk pools exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued.

Each risk pool is governed by a board consisting of representatives from member agencies. Each board controls the operations of the respective risk pool, including selection of management and approval of operation budgets, independent of any influence by member agencies. Obligations and liabilities of these risk pools are not the City's responsibility.

CITY OF WILLIAMS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 8 RISK MANAGEMENT (continued)

Golden State Risk Management Authority (GSRMA) covers general liability up to \$250,000 per occurrence. GSRMA purchases excess general liability coverage from the CSAC Excess Insurance Authority (EIA) that provides \$49,750,000 limits in excess of GSRMA's \$250,000 for total limits of \$50,000,000 per occurrence. The City has no deductible for general liability.

The City is a participant in the GSRMA workers' compensation risk pool, which provides \$300,000 per occurrence coverage. GSRMA participates in the EIA Excess Workers' Compensation program, which provides statutory limits in excess of GSRMA's \$300,000 limits for workers' compensation losses and \$5,000,000 in per occurrence limits for employers' liability.

During the fiscal year ended June 30, 2019, the City incurred cost of \$256,429 for coverage premiums including general liability, workers compensation, property, automobile, and crime bond.

Condensed audited financial information of GSRMA at and for the fiscal year ended June 30, 2019 is as follows:

Total assets	\$ 24,236,089
Total liabilities	<u>16,694,939</u>
Net assets	<u>\$ 7,541,150</u>
Total revenues	\$ 19,450,743
Total expenses	<u>17,987,319</u>
Net income (loss)	<u>\$ 1,463,424</u>

There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Note 9 SUBSEQUENT EVENT

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Such audits could generate expenditure disallowances under terms of the grants. Any change in funding could have a significant impact on City operations.

Management of the City has evaluated the events subsequent to June 30, 2019 for disclosure and has determined that as of February 19, 2020 there are no material subsequent events that should be disclosed. If events requiring disclosure have occurred between the balance sheet date and the date the financial statements were available to be issued they would be disclosed here.

**CITY OF WILLIAMS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**CITY OF WILLIAMS
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
JUNE 30, 2019**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property tax	\$ 984,841	\$ 984,841	\$ 1,115,849	\$ 131,008
Sales tax	820,533	820,533	1,103,819	283,286
Local tax	563,072	563,072	642,951	79,879
Motor vehicle-in-lieu	374,165	374,165	468,013	93,848
Transient occupancy	494,400	494,400	588,183	93,783
Franchise fees	224,713	224,713	205,603	(19,110)
Interest	2,500	2,500	80,005	77,505
Sale of assets	-	-	100	100
Program & other income	233,936	233,936	246,285	12,349
Total revenues	<u>3,698,160</u>	<u>3,698,160</u>	<u>4,450,808</u>	<u>752,648</u>
EXPENDITURES:				
City council	283,135	283,135	592,264	(309,129)
City clerk	48,272	48,272	40,289	7,983
Administration	62,662	62,662	63,030	(368)
Finance	189,427	189,427	140,115	49,312
Police	1,750,210	1,750,210	1,659,493	90,717
Planning	132,975	132,975	151,954	(18,979)
Building	116,452	116,452	107,955	8,497
Parks	103,588	103,588	94,161	9,427
Recreation	49,720	49,720	56,225	(6,505)
Building and grounds	216,731	216,731	166,553	50,178
Public works	149,728	149,728	191,070	(41,342)
City pool	52,721	52,721	72,033	(19,312)
Streets	-	-	-	-
Landscape and lighting	-	-	-	-
Grant/contractual services	335,095	335,095	335,094	1
Professional services	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	105,054	(105,054)
Total expenditures	<u>3,490,716</u>	<u>3,490,716</u>	<u>3,775,290</u>	<u>(284,574)</u>
Excess of revenues over (under) expenditures	<u>207,444</u>	<u>207,444</u>	<u>675,518</u>	<u>468,074</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	199,781	199,781
Transfers out	(162,326)	(162,326)	(258,376)	(96,050)
Total other financing sources	<u>(162,326)</u>	<u>(162,326)</u>	<u>(58,595)</u>	<u>103,731</u>
Net change in fund balance	<u>\$ 45,118</u>	<u>\$ 45,118</u>	<u>\$ 616,923</u>	<u>\$ 571,805</u>

**CITY OF WILLIAMS
DEFINED PENSION PLAN
JUNE 30, 2019**

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	<u>6/30/2019</u>	<u>6/30/2018</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.02426%	0.02367%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 2,337,926	\$ 2,347,830
Plan's Covered-Employee Payroll	\$ 2,472,304	\$ 2,343,484
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	94.56%	100.19%

The proportion (percentage) of the collective net pension liability represents the District's share of the cost-sharing plan assets offset against the actuarial determined collective pension liability.

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

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

The amounts presented for each fiscal year were determined as of the June 30, 2018 measurement date.

Schedule of Plan Contributions

	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially Determined Contribution	\$ 488,958	\$ 426,409
Contributions in Relation to the Actuarially Determined Contribution	<u>(488,958)</u>	<u>(429,409)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Contributions as a Percentage of Covered-Employee Payroll	19.78%	17.57%

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

**CITY OF WILLIAMS
SUPPLEMENTARY INFORMATION SECTION
JUNE 30, 2019**

**CITY OF WILLIAMS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019**

	Combined Special Revenue Funds	Capital Projects Fund	Total
ASSETS:			
Cash and cash equivalents	\$ 179,998	\$ 91,504	\$ 271,502
Accounts receivables	<u>10,366</u>	<u>-</u>	<u>10,366</u>
TOTAL ASSETS	<u>\$ 190,364</u>	<u>\$ 91,504</u>	<u>\$ 281,868</u>
LIABILITIES:			
Accounts payable	\$ 799	\$ -	\$ 799
TOTAL LIABILITIES	<u>799</u>	<u>-</u>	<u>799</u>
FUND BALANCES:			
Unassigned	<u>189,565</u>	<u>91,504</u>	<u>281,069</u>
TOTAL FUND BALANCES	<u>189,565</u>	<u>91,504</u>	<u>281,069</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 190,364</u>	<u>\$ 91,504</u>	<u>\$ 281,868</u>

**CITY OF WILLIAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2019**

	Combined Special Revenue Funds	Capital Projects Fund	Total
REVENUES:			
Property tax	\$ 103,092	\$ -	\$ 103,092
Sales tax	-	-	-
Interest	2,216	1,108	3,324
Program income	20,249	-	20,249
Subvention & grants	<u>153,746</u>	<u>-</u>	<u>153,746</u>
TOTAL REVENUES	<u>279,303</u>	<u>1,108</u>	<u>280,411</u>
EXPENDITURES:			
Administration	24,520	-	24,520
Public safety	125,548	-	125,548
Street	-	-	-
Landscape & lighting	86,665	-	86,665
Professional services	-	-	-
Other	-	-	-
Capital outlay	<u>45,320</u>	<u>-</u>	<u>45,320</u>
TOTAL EXPENDITURES	<u>282,053</u>	<u>-</u>	<u>282,053</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,750)</u>	<u>1,108</u>	<u>(1,642)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	<u>(5,083)</u>	<u>-</u>	<u>(5,083)</u>
TOTAL OTHER FINANCING	<u>(5,083)</u>	<u>-</u>	<u>(5,083)</u>
NET CHANGE IN FUND BALANCES	<u>(7,833)</u>	<u>1,108</u>	<u>(6,725)</u>
FUND BALANCE, July 1	<u>197,398</u>	<u>90,396</u>	<u>287,794</u>
FUND BALANCE, June 30	<u>\$ 189,565</u>	<u>\$ 91,504</u>	<u>\$ 281,069</u>

**CITY OF WILLIAMS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019**

	<u>Traffic Safety</u>	<u>Landscape and Lighting Assessment District</u>	<u>Museum Grant</u>	<u>Recycling Grant</u>
ASSETS:				
Cash and cash equivalents	\$ 10,893	\$ 86,428	\$ 3,380	\$ 13,149
Accounts receivables	<u>-</u>	<u>10,366</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 10,893</u>	<u>\$ 96,794</u>	<u>\$ 3,380</u>	<u>\$ 13,149</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 718	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>718</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Unassigned	<u>10,893</u>	<u>96,076</u>	<u>3,380</u>	<u>13,149</u>
TOTAL FUND BALANCES	<u>10,893</u>	<u>96,076</u>	<u>3,380</u>	<u>13,149</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,893</u>	<u>\$ 96,794</u>	<u>\$ 3,380</u>	<u>\$ 13,149</u>

	<u>Law Enforcement Grant</u>	<u>Indian Gaming Special Grant</u>	<u>Recreation</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 52,616	\$ 13,451	\$ 81	\$ 179,998
Accounts receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,366</u>
TOTAL ASSETS	<u>\$ 52,616</u>	<u>\$ 13,451</u>	<u>\$ 81</u>	<u>\$ 190,364</u>
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 81	\$ 799
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>81</u>	<u>799</u>
FUND BALANCES:				
Unassigned	<u>52,616</u>	<u>13,451</u>	<u>-</u>	<u>189,565</u>
TOTAL FUND BALANCES	<u>52,616</u>	<u>13,451</u>	<u>-</u>	<u>189,565</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 52,616</u>	<u>\$ 13,451</u>	<u>\$ 81</u>	<u>\$ 190,364</u>

**CITY OF WILLIAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Traffic Safety</u>	<u>Landscape and Lighting Assessment District</u>	<u>Museum Grant</u>	<u>Recycling Grant</u>
REVENUES:				
Property tax	\$ -	\$ 103,092	\$ -	\$ -
Sales tax	-	-	-	-
Interest	-	1,108	-	-
Program income	20,249	-	-	-
Subvention & grants	-	-	-	5,000
TOTAL REVENUES	<u>20,249</u>	<u>104,200</u>	<u>-</u>	<u>5,000</u>
EXPENDITURES:				
Administration	24,520	-	-	-
Public safety	-	-	-	-
Street	-	-	-	-
Landscape & lighting	-	86,665	-	-
Professional services	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>24,520</u>	<u>86,665</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,271)</u>	<u>17,535</u>	<u>-</u>	<u>5,000</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(5,083)	-	-
TOTAL OTHER FINANCING	<u>-</u>	<u>(5,083)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(4,271)</u>	<u>12,452</u>	<u>-</u>	<u>5,000</u>
FUND BALANCE, July 1	<u>15,164</u>	<u>83,624</u>	<u>3,380</u>	<u>8,149</u>
FUND BALANCE, June 30	<u>\$ 10,893</u>	<u>\$ 96,076</u>	<u>\$ 3,380</u>	<u>\$ 13,149</u>

**CITY OF WILLIAMS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED JUNE 30, 2019**

	Law Enforcement Grant	Indian Gaming Special Grant	Recreation	Total
REVENUES:				
Property tax	\$ -	\$ -	\$ -	\$ 103,092
Sales tax	-	-	-	-
Interest	1,108	-	-	2,216
Program income	-	-	-	20,249
Subvention & grants	<u>148,746</u>	<u>-</u>	<u>-</u>	<u>153,746</u>
TOTAL REVENUES	<u>149,854</u>	<u>-</u>	<u>-</u>	<u>279,303</u>
EXPENDITURES:				
Administration	-	-	-	24,520
Public safety	125,548	-	-	125,548
Street	-	-	-	-
Landscape & lighting	-	-	-	86,665
Professional services	-	-	-	-
Other	-	-	-	-
Capital outlay	<u>45,320</u>	<u>-</u>	<u>-</u>	<u>45,320</u>
TOTAL EXPENDITURES	<u>170,868</u>	<u>-</u>	<u>-</u>	<u>282,053</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,014)</u>	<u>-</u>	<u>-</u>	<u>(2,750)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,083)</u>
TOTAL OTHER FINANCING	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,083)</u>
NET CHANGE IN FUND BALANCES	<u>(21,014)</u>	<u>-</u>	<u>-</u>	<u>(7,833)</u>
FUND BALANCE, July 1	<u>73,630</u>	<u>13,451</u>	<u>-</u>	<u>197,398</u>
FUND BALANCE, June 30	<u>\$ 52,616</u>	<u>\$ 13,451</u>	<u>\$ -</u>	<u>\$ 189,565</u>

**CITY OF WILLIAMS
STATEMENT OF NET POSITION
NONMAJOR INTERNAL SERVICE FUNDS
JUNE 30, 2019**

	<u>Vehicle Internal Service</u>	<u>CalPERS Internal Service</u>	<u>Insurance Internal Service</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 94,100	\$ 92,356	\$ 509,047	\$ 695,503
Loans receivable	-	-	88,016	88,016
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 94,100</u>	<u>\$ 92,356</u>	<u>\$ 597,063</u>	<u>\$ 783,519</u>
LIABILITIES:				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION:				
Unrestricted	<u>\$ 94,100</u>	<u>\$ 92,356</u>	<u>\$ 597,063</u>	<u>\$ 783,519</u>
Total net position	<u>\$ 94,100</u>	<u>\$ 92,356</u>	<u>\$ 597,063</u>	<u>\$ 783,519</u>

**CITY OF WILLIAMS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Vehicle Internal Service</u>	<u>CalPERS Internal Service</u>	<u>Insurance Internal Service</u>	<u>Total</u>
OPERATING REVENUES:				
Insurance reimbursement	\$ -	\$ -	\$ 6,893	\$ 6,893
Total operating revenues	<u>-</u>	<u>-</u>	<u>6,893</u>	<u>6,893</u>
OPERATING EXPENSES:				
General administration	34,019	46,050	245,267	325,336
Other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>34,019</u>	<u>46,050</u>	<u>245,267</u>	<u>325,336</u>
Operating income/(loss)	<u>(34,019)</u>	<u>(46,050)</u>	<u>(238,374)</u>	<u>(318,443)</u>
NONOPERATING INCOME (EXPENSE):				
Interest revenue	<u>1,109</u>	<u>-</u>	<u>32,486</u>	<u>33,595</u>
Total nonoperating income (expenses)	<u>1,109</u>	<u>-</u>	<u>32,486</u>	<u>33,595</u>
TRANSFERS:				
Transfers in	50,000	46,050	254,153	350,203
Transfers out	<u>(179,781)</u>	<u>-</u>	<u>-</u>	<u>(179,781)</u>
Change in net position	(162,691)	-	48,265	(114,426)
Net position, July 1	<u>256,791</u>	<u>92,356</u>	<u>548,798</u>	<u>897,945</u>
NET POSITION, June 30	<u>\$ 94,100</u>	<u>\$ 92,356</u>	<u>\$ 597,063</u>	<u>\$ 783,519</u>

**CITY OF WILLIAMS
STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
JUNE 30, 2019**

	<u>Vehicle Internal Service</u>	<u>CalPERS Internal Service</u>	<u>Insurance Internal Service</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from reimbursement	\$ -	\$ -	\$ (43,035)	\$ (43,035)
Cash paid to suppliers	<u>(40,803)</u>	<u>-</u>	<u>(245,267)</u>	<u>(286,070)</u>
Net cash provided by operating activities	<u>(40,803)</u>	<u>-</u>	<u>(288,302)</u>	<u>(329,105)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from grants and donations	-	-	-	-
Transfers	<u>(129,781)</u>	<u>46,050</u>	<u>254,153</u>	<u>170,422</u>
Net cash provided by noncapital financing activities	<u>(129,781)</u>	<u>46,050</u>	<u>254,153</u>	<u>170,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	<u>1,109</u>	<u>-</u>	<u>32,486</u>	<u>33,595</u>
Increase (decrease) in cash and cash equivalents	(169,475)	46,050	(1,663)	(125,088)
Cash and cash equivalents, July 1	<u>263,575</u>	<u>46,306</u>	<u>510,710</u>	<u>820,591</u>
Cash and cash equivalents, June 30	<u>\$ 94,100</u>	<u>\$ 92,356</u>	<u>\$ 509,047</u>	<u>\$ 695,503</u>
Reconciliation of operating income to cash provided (used) by operating activities:				
Operating income	\$ (34,019)	\$ (46,050)	\$ (238,374)	\$ (318,443)
Adjustments to reconcile operating income to cash provided (used) by operating activities:				
(Increase) decrease in assets:				
Accounts receivable	-	-	(49,928)	(49,928)
Prepaid expenses	-	46,050	-	46,050
Increase (decrease) in liabilities:				
Accounts payable	<u>(6,784)</u>	<u>-</u>	<u>-</u>	<u>(6,784)</u>
Net cash provided by operating activities	<u>\$ (40,813)</u>	<u>\$ -</u>	<u>\$ (288,302)</u>	<u>\$ (329,105)</u>

**CITY OF WILLIAMS
OTHER REPORTS
JUNE 30, 2019**

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

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Williams, California

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Williams ("City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated February 19, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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


Don Cole & Company
Sacramento, California

February 19, 2020