

**CITY OF BIGGS,
CALIFORNIA**



**MANAGEMENT REPORT
FOR THE YEAR ENDED
JUNE 30, 2010**

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**CITY OF BIGGS, CALIFORNIA
MANAGEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2010**

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

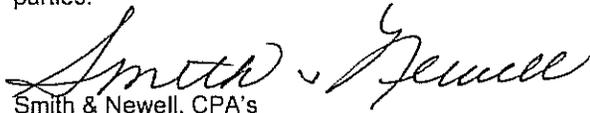
We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Biggs, Biggs, California (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Professional standards require that independent auditors communicate with the City about matters that are important to the City's oversight role. We previously reported on internal control and compliance in our 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 dated February 11, 2011.

However, during our audit we became aware of certain other matters that are opportunities for strengthening internal controls and operating efficiency. The following report summarizes our comments and suggestions including immaterial noncompliance and control deficiencies that are not considered significant deficiencies or material weaknesses.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, the City Council and its regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.


Smith & Newell, CPA's
Yuba City, California
February 11, 2011

**CITY OF BIGGS, CALIFORNIA
MANAGEMENT REPORT
CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

10-MC-01 ACCOUNT BALANCES

Condition

During our audit, we noted that the allowance for bad debt balances in funds 30, 40, 50 and 60 had remained the same for the last five years. This is a repeat of a prior year finding.

Cause

We noted that accounts were not being reconciled or adjusted as necessary to accurately reflect current balances.

Criteria

Generally accepted accounting principles require that a methodology be adopted and consistently followed in calculating amounts such as allowance for bad debts.

Effect of Condition

Account balances for bad debt were not adjusted prior to the start of the annual audit and may not accurately reflect the potential liability.

Recommendation

We recommend that the City analyze the allowance for bad debts balances to determine the items recorded are accurate.

Corrective Action Plan

City management and finance department staff will evaluate the allowance for bad debts and will make adjustments as deemed necessary.

**CITY OF BIGGS, CALIFORNIA
MANAGEMENT REPORT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
09-MC-01	<p>FUND CLASSIFICATION</p> <p>Recommendation</p> <p>We recommend that the City analyze fund 145, '39 Fire Truck, to determine the proper classification.</p> <p>Status</p> <p>Implemented</p>

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