

CITY OF BIGGS, CALIFORNIA



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2008**

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CITY OF BIGGS, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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FINANCIAL SECTION

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CITY OF BIGGS, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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CITY OF BIGGS, CALIFORNIA
CITY OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2008

| <u>Name</u> | <u>Office</u> |
|----------------|---------------|
| John G. Busch | Mayor |
| Roger L. Frith | Vice-Mayor |
| Jon Crawford | Member |
| Douglas Arnold | Member |
| Vacant | Member |

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Biggs, California (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

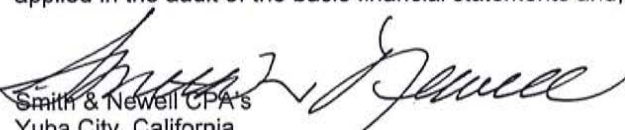
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 22, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 important for assessing the results of our audit.

The accompanying Required Supplementary Information, such as the Schedule of Funding Progress and the Budgetary Comparison Schedules as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented a Management Discussion and Analysis report that the Governmental Accounting Standards Board has determined is required supplementary information, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.


Smith & Newell CPA's
Yuba City, California
April 22, 2009

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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CITY OF BIGGS, CALIFORNIA
STATEMENT OF NET ASSETS
JUNE 30, 2008

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 789,855 | \$ 2,062,944 | \$ 2,852,799 |
| Accounts receivable (net of allowance) | 267,842 | 1,302,762 | 1,570,604 |
| Interest receivable | 15,108 | 4,384 | 19,492 |
| Internal balances | 492 | (492) | - |
| Prepaid costs | 950 | - | 950 |
| Deposits | - | 409,397 | 409,397 |
| Loans receivable | 862,842 | - | 862,842 |
| Capital assets: | | | |
| Non-depreciable | 152,124 | 958,133 | 1,110,257 |
| Depreciable, net | 2,478,539 | 6,280,110 | 8,758,649 |
| Total capital assets | <u>2,630,663</u> | <u>7,238,243</u> | <u>9,868,906</u> |
| Total Assets | <u>4,567,752</u> | <u>11,017,238</u> | <u>15,584,990</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 147,695 | 326,054 | 473,749 |
| Retention payable | - | 398,891 | 398,891 |
| Salaries and benefits payable | 17,125 | - | 17,125 |
| Accrued interest payable | 4,641 | - | 4,641 |
| Deposits payable | - | 49,040 | 49,040 |
| Unearned revenue | 644,572 | 62,140 | 706,712 |
| Long-term liabilities: | | | |
| Due within one year | 27,643 | 59,291 | 86,934 |
| Due in more than one year | 298,538 | 4,284,224 | 4,582,762 |
| Total Liabilities | <u>1,140,214</u> | <u>5,179,640</u> | <u>6,319,854</u> |
| <u>NET ASSETS</u> | | | |
| Invested in capital assets, net of related debt | 2,314,217 | 2,930,843 | 5,245,060 |
| Restricted for: | | | |
| Grants, taxes, and fees | 527,567 | - | 527,567 |
| Energy scheduling services | - | 409,397 | 409,397 |
| Unrestricted | 585,754 | 2,497,358 | 3,083,112 |
| Total Net Assets | <u>\$ 3,427,538</u> | <u>\$ 5,837,598</u> | <u>\$ 9,265,136</u> |

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

CITY OF BIGGS, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | |
|---------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 297,477 | \$ 35,733 | \$ 27,181 | \$ - |
| Public ways and facilities | 475,724 | 91,179 | 1,687,842 | 10,174 |
| Public protection | 865,048 | 1,118 | 100,000 | - |
| Culture and recreation | 101,158 | 3,060 | - | - |
| Community development | 55,403 | 19,237 | 76,282 | - |
| Interest on long-term debt | 16,924 | - | - | - |
| Total Governmental Activities | 1,811,734 | 150,327 | 1,891,305 | 10,174 |
| Business-type activities: | | | | |
| Sewer | 320,590 | 272,026 | - | - |
| Electric | 1,901,498 | 2,245,680 | - | - |
| Water | 1,245,289 | 366,718 | - | 1,000,002 |
| Solid Waste | 139,208 | 132,076 | - | - |
| Total Business-type Activities | 3,606,585 | 3,016,500 | - | 1,000,002 |
| Total | \$ 5,418,319 | \$ 3,166,827 | \$ 1,891,305 | \$ 1,010,176 |

General revenues:

Taxes:

Property taxes
Sales and use taxes
Franchise taxes
Property transfer taxes
Grants and contributions - unrestricted
Interest and investment earnings
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Prior period adjustment

Net Assets - Beginning, Restated

Net Assets - Ending

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

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

| Governmental Activities | Business- Type Activities | Total |
|------------------------------------|--|---------------------|
| \$ (234,563) | \$ - | \$ (234,563) |
| 1,313,471 | - | 1,313,471 |
| (763,930) | - | (763,930) |
| (98,098) | - | (98,098) |
| 40,116 | - | 40,116 |
| (16,924) | - | (16,924) |
| <u>240,072</u> | <u>-</u> | <u>240,072</u> |
| - | (48,564) | (48,564) |
| - | 344,182 | 344,182 |
| - | 121,431 | 121,431 |
| - | (7,132) | (7,132) |
| <u>-</u> | <u>409,917</u> | <u>409,917</u> |
| <u>240,072</u> | <u>409,917</u> | <u>649,989</u> |
| 139,391 | - | 139,391 |
| 10,189 | - | 10,189 |
| 11,726 | - | 11,726 |
| 2,409 | - | 2,409 |
| 182,202 | - | 182,202 |
| 90,897 | 45,021 | 135,918 |
| 197,461 | 2,174 | 199,635 |
| 470,189 | (470,189) | - |
| <u>1,104,464</u> | <u>(422,994)</u> | <u>681,470</u> |
| <u>1,344,536</u> | <u>(13,077)</u> | <u>1,331,459</u> |
| 2,141,535 | 6,113,775 | 8,255,310 |
| <u>(58,533)</u> | <u>(263,100)</u> | <u>(321,633)</u> |
| <u>2,083,002</u> | <u>5,850,675</u> | <u>7,933,677</u> |
| <u>\$ 3,427,538</u> | <u>\$ 5,837,598</u> | <u>\$ 9,265,136</u> |

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

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CITY OF BIGGS, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

| | General Fund | Prop 1B | HOME Grant | 2005 CDBG |
|---|-------------------|-------------------|-------------------|------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 315,199 | \$ 312,313 | \$ - | \$ - |
| Accounts receivable (net of allowance) | 4,793 | - | 1,545 | 94,093 |
| Interest receivable | 12,215 | 2,893 | - | - |
| Due from other funds | 90,079 | 67,995 | - | 491 |
| Prepaid costs | 950 | - | - | - |
| Loans receivable | - | - | 425,389 | - |
| Total Assets | \$ 423,236 | \$ 383,201 | \$ 426,934 | \$ 94,584 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 71,095 | \$ 23,824 | \$ - | \$ 12,444 |
| Salaries and benefits payable | 17,125 | - | - | - |
| Due to other funds | - | - | 53,663 | 43,832 |
| Deferred revenue | - | - | - | 94,093 |
| Unearned revenue | - | - | 425,389 | - |
| Total Liabilities | 88,220 | 23,824 | 479,052 | 150,369 |
| <u>FUND BALANCES</u> | | | | |
| Reserved for: | | | | |
| Loans receivable | - | - | - | - |
| Unreserved, reported in: | | | | |
| General fund | | | | |
| Designated | 58,926 | - | - | - |
| Undesignated | 276,090 | - | - | - |
| Special revenue funds | | | | |
| Undesignated | - | 359,377 | (52,118) | (55,785) |
| Total Fund Balances | 335,016 | 359,377 | (52,118) | (55,785) |
| Total Liabilities and Fund Balances | \$ 423,236 | \$ 383,201 | \$ 426,934 | \$ 94,584 |

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

| Other Governmental Funds | Total |
|--------------------------------|---------------------|
| \$ 162,343 | \$ 789,855 |
| 167,411 | 267,842 |
| - | 15,108 |
| 59,975 | 218,540 |
| - | 950 |
| 437,453 | 862,842 |
| <u>\$ 827,182</u> | <u>\$ 2,155,137</u> |

| | |
|----------------|------------------|
| \$ 40,332 | \$ 147,695 |
| - | 17,125 |
| 120,553 | 218,048 |
| 112,000 | 206,093 |
| 219,183 | 644,572 |
| <u>492,068</u> | <u>1,233,533</u> |

| | |
|-------------------|---------------------|
| 218,270 | 218,270 |
| - | 58,926 |
| - | 276,090 |
| 116,844 | 368,318 |
| <u>335,114</u> | <u>921,604</u> |
| <u>\$ 827,182</u> | <u>\$ 2,155,137</u> |

CITY OF BIGGS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF
NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

| | |
|---|---------------------|
| Total Fund Balance - Total Governmental Funds | \$ 921,604 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets. | 2,630,663 |
| Other long term assets are not available to pay for current period expenditures and therefore, are not reported in the funds or are reported as deferred in the governmental funds. Deferred revenue | 206,093 |
| Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds balance sheets. | (4,641) |
| Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. Loans payable | (280,000) |
| Capital leases payable | (36,446) |
| Compensated absences | (9,735) |
| Net Assets of Governmental Activities | \$ 3,427,538 |

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

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CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | General Fund | Prop 1B | HOME Grant | 2005 CDBG |
|---|-------------------|-------------------|--------------------|--------------------|
| <u>REVENUES</u> | | | | |
| Taxes and assessments | \$ 158,368 | \$ - | \$ - | \$ - |
| Licenses and permits | 7,108 | - | - | - |
| Fines and forfeitures | 237 | - | - | - |
| Use of money | 92,735 | 2,876 | - | - |
| Intergovernmental | 312,973 | 400,000 | 45,326 | 1,080,831 |
| Charges for services | 30,323 | - | - | - |
| Other revenues | 31,759 | - | - | - |
| Total Revenues | 633,503 | 402,876 | 45,326 | 1,080,831 |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| General government | 281,733 | - | - | - |
| Public ways and facilities | 181,043 | 43,499 | - | - |
| Public protection | 844,881 | - | - | - |
| Culture and recreation | 64,117 | - | - | - |
| Community development | - | - | 3,070 | - |
| Debt service: | | | | |
| Principal | 21,327 | - | - | - |
| Interest and other charges | 16,974 | - | - | - |
| Capital outlay | 6,415 | - | - | 1,167,700 |
| Total Expenditures | 1,416,490 | 43,499 | 3,070 | 1,167,700 |
| Excess of Revenues Over (Under) Expenditures | (782,987) | 359,377 | 42,256 | (86,869) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers in | 1,182,233 | - | - | 60,000 |
| Transfers out | (31,652) | - | - | - |
| Total Other Financing Sources (Uses) | 1,150,581 | - | - | 60,000 |
| Net Change in Fund Balances | 367,594 | 359,377 | 42,256 | (26,869) |
| Fund Balances - Beginning | (32,578) | - | (94,374) | (28,916) |
| Fund Balances - Ending | \$ 335,016 | \$ 359,377 | \$ (52,118) | \$ (55,785) |

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

| Other Governmental Funds | Total |
|--------------------------------|------------|
| \$ - | \$ 158,368 |
| - | 7,108 |
| - | 237 |
| (4,714) | 90,897 |
| 150,458 | 1,989,588 |
| 114,163 | 144,486 |
| 53,702 | 85,461 |
| 313,609 | 2,476,145 |

| | |
|---------|-----------|
| 1,300 | 283,033 |
| 220,146 | 444,688 |
| - | 844,881 |
| 839 | 64,956 |
| 55,018 | 58,088 |
| - | 21,327 |
| - | 16,974 |
| - | 1,174,115 |
| 277,303 | 2,908,062 |
| 36,306 | (431,917) |

| | |
|-------------|-------------|
| 668,810 | 1,911,043 |
| (1,409,202) | (1,440,854) |
| (740,392) | 470,189 |
| (704,086) | 38,272 |
| 1,039,200 | 883,332 |
| \$ 335,114 | \$ 921,604 |

CITY OF BIGGS, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances - Total Governmental Funds **\$ 38,272**

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

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

| | |
|---------------------------------|-----------|
| Expenditures for capital outlay | 1,174,115 |
| Depreciation expense | (100,342) |

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

| | |
|-----------------------|--------|
| Principal retirements | 21,327 |
|-----------------------|--------|

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

| | |
|----------------------------|---------|
| Change in deferred revenue | 204,589 |
|----------------------------|---------|

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

| | |
|--|---------|
| Change in accounts payable | 10,110 |
| Change in compensated absences | (3,585) |
| Change in accrued interest on long-term debt | 50 |

| | |
|--|----------------------------|
| Change in Net Assets of Governmental Activities | <u>\$ 1,344,536</u> |
|--|----------------------------|

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

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CITY OF BIGGS, CALIFORNIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

| | Business-Type Activities Enterprise Funds | | | |
|---|--|--------------|--------------|------------------------------|
| | Sewer | Electric | Water | Other Enterprise Funds |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and investments | \$ 289,542 | \$ 1,085,176 | \$ 573,681 | \$ 114,545 |
| Accounts receivable (net of allowance) | 35,317 | 264,523 | 984,983 | 17,939 |
| Interest receivable | 1,581 | - | 1,884 | 919 |
| Deposits | - | 409,397 | - | - |
| Total Current Assets | 326,440 | 1,759,096 | 1,560,548 | 133,403 |
| Noncurrent Assets | | | | |
| Capital assets: | | | | |
| Non-depreciable | 30,000 | 7,158 | 920,975 | - |
| Depreciable, net | 1,176,510 | 1,079,278 | 4,024,322 | - |
| Total Noncurrent Assets | 1,206,510 | 1,086,436 | 4,945,297 | - |
| Total Assets | 1,532,950 | 2,845,532 | 6,505,845 | 133,403 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable | 24,673 | 28,412 | 272,940 | 29 |
| Retention payable | - | - | 398,891 | - |
| Deposits payable | - | 49,040 | - | - |
| Due to other funds | 164 | 164 | 164 | - |
| Unearned revenue | - | 62,140 | - | - |
| Compensated absences | 2,919 | 5,853 | 4,035 | 884 |
| Loans payable | 10,600 | - | 35,000 | - |
| Total Current Liabilities | 38,356 | 145,609 | 711,030 | 913 |
| Noncurrent Liabilities | | | | |
| Compensated absences | 4,260 | 10,734 | 6,130 | 1,300 |
| Loans payable | 691,800 | - | 3,570,000 | - |
| Total Noncurrent Liabilities | 696,060 | 10,734 | 3,576,130 | 1,300 |
| Total Liabilities | 734,416 | 156,343 | 4,287,160 | 2,213 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 504,110 | 1,086,436 | 1,340,297 | - |
| Restricted for energy scheduling services | - | 409,397 | - | - |
| Unrestricted | 294,424 | 1,193,356 | 878,388 | 131,190 |
| Total Net Assets | \$ 798,534 | \$ 2,689,189 | \$ 2,218,685 | \$ 131,190 |

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

Total

\$ 2,062,944
1,302,762
4,384
409,397

3,779,487

958,133
6,280,110

7,238,243

11,017,730

326,054
398,891
49,040
492
62,140
13,691
45,600

895,908

22,424
4,261,800

4,284,224

5,180,132

2,930,843
409,397
2,497,358

\$ 5,837,598

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | Business-Type Activities Enterprise Funds | | | Other Enterprise Funds |
|---|--|---------------------|---------------------|------------------------------|
| | Sewer | Electric | Water | |
| <u>OPERATING REVENUES</u> | | | | |
| Charges for services | \$ 272,026 | \$ 2,245,680 | \$ 366,718 | \$ 132,076 |
| Total Operating Revenues | 272,026 | 2,245,680 | 366,718 | 132,076 |
| <u>OPERATING EXPENSES</u> | | | | |
| Personnel costs | 114,156 | 253,736 | 146,441 | 32,473 |
| Utilities | 16,596 | 1,066 | 24,817 | - |
| Supplies | 36,232 | 11,529 | 12,150 | 917 |
| Maintenance and operations | 2,062 | 212,732 | 980 | - |
| Contractual services | 35,862 | 1,345,781 | 861,108 | 104,701 |
| Depreciation | 44,829 | 46,566 | 82,083 | - |
| Other expense | 40,503 | 30,088 | 7,848 | 1,117 |
| Total Operating Expenses | 290,240 | 1,901,498 | 1,135,427 | 139,208 |
| Operating Income (Loss) | (18,214) | 344,182 | (768,709) | (7,132) |
| <u>NON-OPERATING REVENUES (EXPENSES)</u> | | | | |
| Interest income | 11,749 | 20,650 | 7,177 | 5,445 |
| Intergovernmental revenues | - | - | 1,000,002 | - |
| Other revenues | - | (12,040) | 14,214 | - |
| Interest expense | (30,350) | - | (109,862) | - |
| Total Non-Operating Revenues (Expenses) | (18,601) | 8,610 | 911,531 | 5,445 |
| Income (Loss) Before Transfers | (36,815) | 352,792 | 142,822 | (1,687) |
| Transfers in | 148,128 | - | 890,104 | 2,448 |
| Transfers out | (145,680) | (1,118,533) | (246,656) | - |
| Change in Net Assets | (34,367) | (765,741) | 786,270 | 761 |
| Total Net Assets - Beginning | 832,901 | 3,454,930 | 1,695,515 | 130,429 |
| Prior period adjustment | - | - | (263,100) | - |
| Total Net Assets - Beginning, Restated | 832,901 | 3,454,930 | 1,432,415 | 130,429 |
| Total Net Assets - Ending | \$ 798,534 | \$ 2,689,189 | \$ 2,218,685 | \$ 131,190 |

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

Total

\$ 3,016,500

3,016,500

546,806
42,479
60,828
215,774
2,347,452
173,478
79,556

3,466,373

(449,873)

45,021
1,000,002
2,174
(140,212)

906,985

457,112

1,040,680
(1,510,869)

(13,077)

6,113,775

(263,100)

5,850,675

\$ 5,837,598

CITY OF BIGGS, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | Business-Type Activities Enterprise Funds | | | Other Enterprise Funds |
|---|--|---------------------|-----------------------|------------------------------|
| | Sewer | Electric | Water | |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | | |
| Receipts from customers | \$ 270,730 | \$ 2,211,440 | \$ (569,166) | \$ 130,672 |
| Payments to suppliers | (112,375) | (1,986,315) | (1,152,369) | (106,822) |
| Payments to employees | (112,695) | (249,905) | (141,000) | (32,818) |
| Net Cash Provided (Used) by Operating Activities | 45,660 | (24,780) | (1,862,535) | (8,968) |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | | | | |
| Grants and other receipts | - | (12,040) | 1,014,216 | - |
| Transfers from other funds | 148,128 | - | 890,104 | 2,448 |
| Transfers to other funds | (145,680) | (1,118,533) | (246,656) | - |
| Interfund loan repayments received | - | 1,217,967 | - | - |
| Interfund loans repaid | (81,725) | - | (429,183) | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | (79,277) | 87,394 | 1,228,481 | 2,448 |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | | |
| Acquisition of capital assets | (6,827) | (26,182) | (909,730) | - |
| Principal paid on capital debt | (10,300) | - | (35,000) | - |
| Interest paid on capital debt | (30,350) | - | (109,862) | - |
| Proceeds from issuance of debt | - | - | 1,710,432 | - |
| Net Cash Provided (Used) for Capital and Related Financing Activities | (47,477) | (26,182) | 655,840 | - |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | | |
| Interest and dividends | 10,804 | 26,334 | 6,486 | 6,213 |
| Net Cash Provided (Used) by Investing Activities | 10,804 | 26,334 | 6,486 | 6,213 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (70,290) | 62,766 | 28,272 | (307) |
| Balances - Beginning of the Year | 359,832 | 1,022,410 | 545,409 | 114,852 |
| Balances - End of the Year | \$ 289,542 | \$ 1,085,176 | \$ 573,681 | \$ 114,545 |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u> | | | | |
| Operating income (loss) | (18,214) | 344,182 | (768,709) | (7,132) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 44,829 | 46,566 | 82,083 | - |
| Decrease (increase) in: | | | | |
| Accounts receivable | (1,296) | (34,584) | (935,884) | (1,404) |
| Deposits | - | (409,397) | - | - |
| Increase (decrease) in: | | | | |
| Accounts payable | 18,880 | 24,278 | (245,466) | (87) |
| Deposits payable | - | 344 | - | - |
| Compensated absences | 1,461 | 3,831 | 5,441 | (345) |
| Net Cash Provided (Used) by Operating Activities | \$ 45,660 | \$ (24,780) | \$ (1,862,535) | \$ (8,968) |

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

Total

\$ 2,043,676
(3,357,881)
(536,418)

(1,850,623)

1,002,176
1,040,680
(1,510,869)
1,217,967
(510,908)

1,239,046

(942,739)
(45,300)
(140,212)
1,710,432

582,181

49,837

49,837

20,441

2,042,503

\$ 2,062,944

(449,873)

173,478

(973,168)
(409,397)

(202,395)
344
10,388

\$ (1,850,623)

CITY OF BIGGS, CALIFORNIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

| | <u>Agency</u> |
|---------------------------|------------------------|
| <u>ASSETS</u> | |
| Cash and investments | \$ 6,296 |
| Interest receivable | 19 |
| Total Assets | <u><u>\$ 6,315</u></u> |
| <u>LIABILITIES</u> | |
| Agency obligations | <u>\$ 6,315</u> |
| Total Liabilities | <u><u>\$ 6,315</u></u> |

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

BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

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CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City operates under a Council form of government and provides the following services: public safety, highways and streets, health and sanitation, culture-recreation, public improvements, planning and zoning, general administrative services, electric, water, sewer and solid waste.

The accounting methods and procedures adopted by the City conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

The governmental reporting entity consists of the City (Primary Government) and its component units. Component units are legally separate organizations for which the City Council is financially accountable or other organizations whose component units nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the City's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City Council.

There are no component units of the City which meet the criteria for blended or discrete presentation.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information on all of the non fiduciary activities of the City, and its component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as public safety, community development, and recreation and culture services.
- The Prop 1B fund is a special revenue fund used to account for revenues and expenditures related to Prop 1B.
- The HOME Grant fund is a special revenue fund used to account for revenues and expenditures related to HOME program income.
- The 2005 CDBG fund is a special revenue fund used to account for revenues and expenditures for the community development block grant for the 2005 program year.

The City reports the following major proprietary funds:

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

The City reports the following additional fund types:

- Agency Funds account for assets held by the City as an agent for various local governments and for individuals.

C. Basis of Accounting and Measurement Focus

The government-wide, proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, because agency funds only report assets and liabilities, they do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues reported in the governmental funds to be available if they are collected within forty-five days after the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. Governmental capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, grants, entitlements, and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period when they meet the measurable and available criteria. Fines, licenses and permits, and charges for services are considered to be measurable and available only when the City receives cash.

For its business-type activities and enterprise funds, the City has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", to apply all applicable pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to follow subsequent private-sector guidance. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units.

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

D. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents. All cash and investments, except restricted cash with fiscal agent, of the proprietary funds are pooled with the City's pooled cash and investments.

E. Cash and Investments

The City pools cash and investments of all funds except for amounts held by fiscal agent. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. State statutes authorize the City to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund.

Investment transactions are recorded on the trade date. Investments are reported at fair value which is determined using selected bases annually. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

Income from pooled investments is allocated to the individual funds based on the fund's average daily cash balance at quarter end in relation to the total pool investments. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest, except for those funds which have a negative cash balance and are excluded from the interest apportionment.

F. Receivables

In the government-wide and proprietary fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, and interest. Business-type activities report user fees and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 45 days since they would be considered both measurable and available.

The City records an allowance for doubtful accounts based on past experience. The allowance for doubtful accounts at June 30, 2008 are General fund \$14,025, Sewer fund \$5,521, Electric fund \$19,047, Water fund \$3,869, and Solid Waste \$2,332.

G. Interfund Transactions

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

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

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.

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

See Note 3 for details of interfund transactions, including receivables and payables at year end.

H. Inventory and Prepaid Costs

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

Certain payments to vendors reflect costs applicable to future accounting periods and are accounted for as prepaid costs.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

I. Loans Receivable

For the purpose of the governmental fund financial statements, special revenue fund expenditures relating to long-term loans receivable arising from mortgage subsidy programs are charged to operations upon funding and the loans receivable are recorded. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

J. Capital Assets

Capital assets, which include property, plant, equipment, and certain infrastructure assets (roads, sidewalks, sewer and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as an asset with a cost greater than \$500 and a useful life of more than two years. Such assets are recorded at historical or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, property, plant, equipment, and infrastructure are accounted for as exhaustible capital assets. Equipment is reported at actual historical costs. Structures and improvements, and land, have been stated at actual cost when available or estimated historical cost. Estimated historical cost was arrived at by a variety of methods including comparative sales. Infrastructure assets, for the enterprise funds have been stated at estimated historical cost. The City is considered a phase 3 government for GASB 34 implementation and has elected to report general infrastructure prospectively only. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| <u>Depreciable Asset</u> | <u>Estimated Lives</u> |
|-----------------------------|------------------------|
| Equipment | 5-20 years |
| Structures and improvements | 60 years |
| Infrastructure | 30-60 years |

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

K. Unearned Revenue/Deferred Revenue

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete. Those assets are offset by a corresponding liability for unearned revenue. In addition, loans receivable for which repayment is deferred or for which the balance may be forgiven if certain terms and conditions of the loans are met have also been offset by unearned revenue.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Unearned Revenue/Deferred Revenue (Continued)

Deferred revenue is recorded under the modified accrual basis of accounting when revenue which has been earned during the current period has met the measurable criteria but has not met the available criteria.

See Note 3 for details of unearned/deferred revenues at year end.

L. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of loans payable, capital leases payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

M. Compensated Absences

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

N. Net Assets/Fund Balances

Government-Wide Financial Statements

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for special revenue fund purposes.
- Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted net assets are available, unrestricted resources are depleted first before the restricted resources are used.

Fund Financial Statements

In the governmental fund financial statements, reserves and designations segregate portions of fund balance. Reservations of fund balance are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are established by action of management and represent tentative plans that are subject to change. In the proprietary fund financial statements, equity is accounted for the same as in the government-wide financial statements.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

N. Net Assets/Fund Balances (Continued)

As of June 30, 2008, reservations of fund balance included:

Reserved for loans receivable - to reflect the portion of loans receivable which is long term in nature. Such amounts do not represent available spendable resources.

As of June 30, 2008, designations of fund balance included:

Contingencies - to reflect the funds the City has set aside to fund subsequent year expenditures and projects not yet approved.

At June 30, 2008, the City's designations are reported in the financial statements as follows:

| | <u>General</u> |
|-----------------|------------------|
| Designated for: | |
| Contingencies | \$ 58,926 |
| Total | <u>\$ 58,926</u> |

O. Property Tax

Butte County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1. Secured property taxes become a lien on real property on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1. Property taxes become delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

P. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

Q. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

| |
|--|
| Government Funds – By Character |
| Current (further classified by function) |
| Debt Service |
| Capital Outlay |
| Proprietary Fund – By Operating and Nonoperating |

R. Estimates

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

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Assets

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net assets. During the current year an adjustment to net assets was required to correct a prior year misstatement of capital assets. The capital assets adjustment in governmental activities was to capitalize assets acquired in a prior year that had not previously been capitalized, record the depreciation on those assets, and correct errors in the calculation of depreciation on the manual depreciation schedules used in prior years. The capital assets adjustment in business-type activities was to correct errors in the calculation of depreciation on the manual depreciation schedules used in prior years.

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

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---|------------------------------------|-------------------------------------|
| Net Assets, June 30, 2007, as previously reported | \$ 2,141,535 | \$ 6,113,775 |
| Adjustment associated with: Correction of capital assets | (58,533) | (263,100) |
| Total Adjustments | (58,533) | (263,100) |
| Net Assets, July 1, 2008, as restated | <u>\$ 2,083,002</u> | <u>\$ 5,850,675</u> |

The impact of the restatements on the net assets on the fund financial statements as previously reported is presented below:

| | <u>Water</u> |
|--|---------------------|
| Net Assets, June 30, 2007, as previously reported | \$ 1,695,515 |
| Adjustments associated with: Correction of capital assets | (263,100) |
| Total Adjustments | (263,100) |
| Net Assets, July 1, 2008, as restated | <u>\$ 1,432,415</u> |

B. Deficit Fund Balance/Net Assets

The following major governmental funds had deficit fund balances at June 30, 2008:

The HOME Grant fund had a deficit fund balance of \$52,118, which is expected to be eliminated in future years through grant revenues and loan repayments.

The 2005 CDBG fund had a deficit fund balance of \$55,785, which is expected to be eliminated in future years through loan repayments.

The following nonmajor governmental funds had deficit fund balances at June 30, 2008:

The TEA Grant fund had a deficit fund balance of \$23,701, which is expected to be eliminated in future years through grant revenues.

The SR2S Improvement fund had a fund balance deficit of \$23,188, which is expected to be eliminated in future years through grant revenues.

The Tea 2005 Grant fund had a fund balance deficit of \$16,882, which is expected to be eliminated in future years through grant revenues.

The HOME 2007 Grant fund had a fund balance deficit of \$1,090, which is expected to be eliminated in future years through grant revenues.

The 01-STBG-1797 fund had a fund balance deficit of \$14,133, which is expected to be eliminated in future years through grant revenues.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

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

B. Deficit Fund Balance/Net Assets (Continued)

The 2005 PTA fund had a fund balance deficit of \$2,500, which is expected to be eliminated in future years through grant revenues.

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

GASB Statement No. 50

The City implemented GASB Statement No. 50, Pension Disclosures. This statement, an amendment of GASB Statement No. 25 and No. 27, enhances the information disclosed in the notes to the financial statements or presented as required supplementary information (RSI). Statement No. 50 is intended to improve the transparency and decision usefulness of reported information about pensions by state and local governmental plans and employers, and conforms to the applicable changes adopted in Statement No. 45 which will be implemented by the City in fiscal year ending June 30, 2010.

NOTE 3: DETAILED NOTES

A. Cash and Investments

As of June 30, 2008, the City's cash and investments are reported in the financial statements as follows:

| | |
|----------------------------|---------------------|
| Primary government | \$ 2,852,799 |
| Agency funds | 6,296 |
| Total Cash and Investments | <u>\$ 2,859,095</u> |

As of June 30, 2008, the City's cash and investments consisted of the following:

| | |
|------------------------------------|---------------------|
| Cash: | |
| Cash on hand | \$ 400 |
| Deposits (less outstanding checks) | 161,442 |
| Total Cash | <u>161,842</u> |
| Investments: | |
| In City's pool | <u>2,697,253</u> |
| Total Investments | <u>2,697,253</u> |
| Total Cash and Investments | <u>\$ 2,859,095</u> |

Cash

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$161,442 and the bank balance was \$292,771. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit Risk For Deposits - Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$100,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$100,000 of the deposits are insured by the Federal Deposit Insurance Corporation and the balance in excess of \$100,000 is fully collateralized.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Investments

As of June 30, 2008, the City's investments consisted of the following

| | Interest Rates | Maturities | | | Fair Value | Weighted Average Maturity (Years) |
|-------------------------------------|-------------------|---------------------|-------------|--------------|---------------------|---|
| | | 0-1 year | 1-5 years | Over 5 years | | |
| Pooled Investments | | | | | | |
| Local Agency Investment Fund (LAIF) | Variable | \$ 2,697,253 | \$ - | \$ - | \$ 2,697,253 | - |
| Total Pooled Investments | | <u>\$ 2,697,253</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,697,253</u> | <u>-</u> |

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All investments of the City are invested in accordance with the investment policies of the City of Biggs. The City's investment policy generally limits investment maturities as needed to maintain adequate liquidity to meet the City's cash flow requirements and to limit its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and City investment policy limits investments in commercial paper to the rating of A by Standards & Poor's or P-1 by Moody's Investors Service. State law also limits investments in corporate bonds to the rating of A by Standards & Poor's or P-1 by Moody's Investors Service. The City does not have credit limits on U.S. government securities or U.S. government agency securities.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law restricts the City's investments in commercial paper to 40% of its investment pool and to 10% per issuer, corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer, and banker's acceptances to 15% of its investment pool and to 10% per issuer. The City has invested all cash, other than imprest cash and deposits held by fiscal agents, in the California Local Agency Investment Fund (LAIF). At June 30, 2008, the City's investments were in compliance with concentration of credit risk State law.

Investment in Local Agency Investment Fund - The City of Biggs is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At June 30, 2008, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$2,697,253, which approximates fair value and is the same as the value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$70,024,464,150. Of that amount, 85.28% is invested in non-derivative financial products and 14.72% in structured notes and asset-backed securities. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. The Local Investment Advisory Board, which consists of five members designated by the State statutes, has oversight responsibility for LAIF.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

| | Balance July 1, 2007 | Additions | Retirements | Adjustments/ Transfers | Balance June 30, 2008 |
|--|-------------------------|---------------------|-------------|---------------------------|--------------------------|
| Governmental Activities | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 152,124 | \$ - | \$ - | \$ - | \$ 152,124 |
| Construction in progress | 60,656 | 1,167,700 | - | (1,228,356) | - |
| Total Capital Assets, Not Being Depreciated | 212,780 | 1,167,700 | - | (1,228,356) | 152,124 |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings and improvements | 1,287,632 | - | - | 1,233,501 | 2,521,133 |
| Machinery and equipment | 399,988 | 6,415 | - | 92,874 | 499,277 |
| Total Capital Assets, Being Depreciated | 1,687,620 | 6,415 | - | 1,326,375 | 3,020,410 |
| Less Accumulated Depreciation For: | | | | | |
| Buildings and improvements | (109,370) | (65,351) | - | (47,093) | (221,814) |
| Machinery and equipment | (175,607) | (34,991) | - | (109,459) | (320,057) |
| Total Accumulated Depreciation | (284,977) | (100,342) | - | (156,552) | (541,871) |
| Total Capital Assets, Being Depreciated, Net | 1,402,643 | (93,927) | - | 1,169,823 | 2,478,539 |
| Total Governmental Activities, Net | \$ 1,615,423 | \$ 1,073,773 | \$ - | (\$ 58,533) | \$ 2,630,663 |
| | Balance July 1, 2007 | Additions | Retirements | Adjustments/ Transfers | Balance June 30, 2008 |
| Business-Type Activities | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 37,158 | \$ - | \$ - | \$ - | \$ 37,158 |
| Construction in progress | 3,226,697 | 920,874 | - | (3,226,596) | 920,975 |
| Total Capital Assets, Not Being Depreciated | 3,263,855 | 920,874 | - | (3,226,596) | 958,133 |
| Capital Assets, Being Depreciated: | | | | | |
| Structures and improvements | 167,000 | - | - | - | 167,000 |
| Machinery and equipment | 1,573,832 | 33,010 | - | 4,508 | 1,611,350 |
| Infrastructure | 2,832,258 | 163,156 | - | 3,222,088 | 6,217,502 |
| Total Capital Assets, Being Depreciated | 4,573,090 | 196,166 | - | 3,226,596 | 7,995,852 |
| Less Accumulated Depreciation For: | | | | | |
| Structures and improvements | (58,100) | (3,800) | - | - | (61,900) |
| Machinery and equipment | (444,840) | (55,201) | - | - | (500,041) |
| Infrastructure | (776,224) | (114,477) | - | (263,100) | (1,153,801) |
| Total Accumulated Depreciation | (1,279,164) | (173,478) | - | (263,100) | (1,715,742) |
| Total Capital Assets, Being Depreciated, Net | 3,293,926 | 22,688 | - | 2,963,496 | 6,280,110 |
| Total Business-type Activities, Net | \$ 6,557,781 | \$ 943,562 | \$ - | (\$ 263,100) | \$ 7,238,243 |

Depreciation

Depreciation expense was charged to governmental functions as follows:

| | |
|---|-------------------|
| General government | \$ 6,765 |
| Public ways and facilities | 37,152 |
| Public protection | 20,167 |
| Culture and recreation | 36,258 |
| Total Depreciation Expense – Governmental Functions | <u>\$ 100,342</u> |

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

| | |
|--|-------------------|
| Sewer | \$ 44,829 |
| Electric | 46,566 |
| Water | 82,083 |
| Total Depreciation Expense – Business-Type Functions | <u>\$ 173,478</u> |

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

Construction in Progress

Construction in progress for business-type activities relates primarily to work performed on water projects.

D. Unearned/Deferred Revenue

At June 30, 2008, the components of deferred revenue and of unearned revenue reported were as follows:

| | <u>Deferred</u> | <u>Unearned</u> | <u>Total</u> |
|--|-------------------|-------------------|-------------------|
| HOME Grant | | | |
| Loans receivable | \$ - | \$ 425,389 | \$ 425,389 |
| 2005 CDBG | | | |
| Federal grant revenue receivable (not available) | 94,093 | - | 94,093 |
| Non Major Governmental Funds | | | |
| Accounts receivable (not available) | 112,000 | - | 112,000 |
| Loans receivable | - | 219,183 | 219,183 |
| Electric | | | |
| Public benefit fees | - | 62,140 | 62,140 |
| Total | <u>\$ 206,093</u> | <u>\$ 706,712</u> | <u>\$ 912,805</u> |

E. Long-Term Liabilities

The following is a summary of all long-term liabilities transactions for the year ended June 30, 2008:

| <u>Type of Indebtedness</u> | <u>Balance July 1, 2007</u> | <u>Additions/ Adjustments</u> | <u>Retirements</u> | <u>Balance June 30, 2008</u> | <u>Amounts Due Within One Year</u> |
|---------------------------------------|---------------------------------|-----------------------------------|--------------------|------------------------------------|--|
| Governmental Activities | | | | | |
| Loans | \$ 283,000 | \$ - | \$ 3,000 | \$ 280,000 | \$ 4,000 |
| Capital leases (Note 3E) | 54,773 | - | 18,327 | 36,446 | 19,164 |
| Compensated Absences (Note 1M) | 6,150 | 7,054 | 3,469 | 9,735 | 4,479 |
| Total Governmental Activities | <u>\$ 343,923</u> | <u>\$ 7,054</u> | <u>\$ 24,796</u> | <u>\$ 326,181</u> | <u>\$ 27,643</u> |
| Business-Type Activities | | | | | |
| Loans | \$ 2,642,268 | \$ 1,710,432 | \$ 45,300 | \$ 4,307,400 | \$ 45,600 |
| Compensated Absences (Note 1M) | 25,727 | 22,738 | 12,350 | 36,115 | 13,691 |
| Total Business-Type Activities | <u>\$ 2,667,995</u> | <u>\$ 1,733,170</u> | <u>\$ 57,650</u> | <u>\$ 4,343,515</u> | <u>\$ 59,291</u> |
| | | | | <u>Governmental Activities</u> | <u>Business-type Activities</u> |

At June 30, 2008, loans consisted of the following:

United States Department of Agriculture Loan, issued in the amount of \$300,000, dated January 12, 2001, payable in annual installments of \$2,000 to \$17,000 with an interest rate of 5.00% and a maturity of September 1, 2040. Loan proceeds were used for the purchase of property for a public works facility.

\$ 280,000 \$ -

United States Department of Agriculture Loan, issued in the amount of \$480,000, dated February 9, 2000, payable in annual installments of \$4,500 to \$25,000 with an interest rate of 4.50% and maturity of September 1, 2039. Loan proceeds were used for wastewater system improvements.

- 438,000

United States Department of Agriculture Loan, issued in the amount of \$160,530, dated February 9, 2000, payable in annual installments of \$1,530 to \$8,400 with an interest rate of 4.50% and maturity of September 1, 2039. Loan proceeds were used for wastewater system improvements.

- 146,300

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

D. Long-Term Liabilities (Continued)

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|--|------------------------------------|-------------------------------------|
| At June 30, 2008, loans consisted of the following: (Continued) | | |
| United States Department of Agriculture Loan, issued in the amount of \$133,000, dated February 9, 2000, payable in annual installments of \$1,700 to \$5,900, with an interest rate of 3.25% and maturity of September 1, 2039. Loan proceeds were used for wastewater system improvements. | - | 118,100 |
| United States Department of Agriculture Loan, issued in the amount of \$3,675,000, dated November 9, 2006, payable in annual installments of \$35,000 to \$190,000 with an interest rate of 4.375% and a maturity of April 1, 2046. Loan proceeds were used for water infrastructure rehabilitation and replacement. | - | 3,605,000 |
| Total Loans | <u>\$ 280,000</u> | <u>\$ 4,307,400</u> |

The annual aggregate maturities for the years subsequent to June 30, 2008, are as follows:

| <u>Loans</u> | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | |
|-----------------------|--------------------------------|-------------------|---------------------------------|---------------------|---------------------|
| Year Ended June 30 | Principal | Interest | Principal | Interest | Total |
| 2009 | \$ 4,000 | \$ 13,900 | \$ 45,600 | \$ 192,131 | \$ 255,631 |
| 2010 | 4,000 | 13,700 | 51,100 | 190,095 | 258,895 |
| 2011 | 4,000 | 13,500 | 51,600 | 187,812 | 256,912 |
| 2012 | 4,000 | 13,300 | 57,100 | 185,509 | 259,909 |
| 2013 | 4,000 | 13,100 | 57,500 | 182,960 | 257,560 |
| 2014-2018 | 24,000 | 62,100 | 326,600 | 874,152 | 1,286,852 |
| 2019-2023 | 32,000 | 55,150 | 408,300 | 793,919 | 1,289,369 |
| 2024-2028 | 40,000 | 46,200 | 498,600 | 695,073 | 1,279,873 |
| 2029-2033 | 51,000 | 34,875 | 633,900 | 572,156 | 1,291,931 |
| 2034-2038 | 65,000 | 20,425 | 785,400 | 417,236 | 1,288,061 |
| 2039-2043 | 48,000 | 3,700 | 841,700 | 233,296 | 1,126,696 |
| 2044-2048 | - | - | 550,000 | 50,175 | 600,175 |
| Total | <u>\$ 280,000</u> | <u>\$ 289,950</u> | <u>\$ 4,307,400</u> | <u>\$ 4,574,514</u> | <u>\$ 9,451,864</u> |

E. Leases

Operating Leases

Rental expenses incurred under operating leases are not considered material.

Capital Leases

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

| | <u>Stated Interest Rate</u> | <u>Present Value of Remaining Payments at June 30, 2008</u> |
|-------------------------|---------------------------------|---|
| Governmental activities | 5.17 | \$ 36,446 |
| Total | | <u>\$ 36,446</u> |

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3: DETAILED NOTES (CONTINUED)

E. Leases (Continued)

Capital Leases (Continued)

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

| | Governmental Activities |
|--------------------------------|----------------------------|
| Equipment | \$ 196,879 |
| Less: Accumulated depreciation | (88,596) |
| Net Value | <u>\$ 108,283</u> |

As of June 30, 2008, capital lease annual amortization is as follows:

| Year Ended June 30 | Governmental Activities |
|-------------------------------------|----------------------------|
| 2009 | \$ 21,225 |
| 2010 | <u>18,692</u> |
| Total Requirements | 39,917 |
| Less Interest | (3,471) |
| Present Value of Remaining Payments | <u>\$ 36,446</u> |

F. Interfund Transactions

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2008:

| | Due from Other funds | Due to Other funds |
|-----------------------------|-------------------------|-----------------------|
| General fund | \$ 90,079 | \$ - |
| Prop 1B | 67,995 | - |
| Home Grant | - | 53,663 |
| 2005 CDBG | 491 | 43,832 |
| Nonmajor Governmental Funds | 59,975 | 120,553 |
| Sewer | - | 164 |
| Electric | - | 164 |
| Water | - | 164 |
| Total | <u>\$ 218,540</u> | <u>\$ 218,540</u> |

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2008:

| | Transfer In | Transfer Out |
|-----------------------------|---------------------|---------------------|
| General Fund | \$ 1,182,233 | \$ 31,652 |
| 2005 CDBG | 60,000 | - |
| Nonmajor Governmental Funds | 668,810 | 1,409,202 |
| Sewer | 148,128 | 145,680 |
| Electric | - | 1,118,533 |
| Water | 890,104 | 246,656 |
| Nonmajor Enterprise Funds | 2,448 | - |
| Total | <u>\$ 2,951,723</u> | <u>\$ 2,951,723</u> |

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 4: EMPLOYEES' RETIREMENT PLAN

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

Funding Policy

Miscellaneous plan members are required to contribute 8 percent of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2007/2008 was 8.588 percent for miscellaneous employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS. The City is required to contribute the remaining amounts necessary to fund the benefits of its members using the actuarial basis adopted by the PERS Board of Administrators.

Annual Pension Cost

For fiscal year 2007/2008, the City's annual pension cost of \$33,147 for the miscellaneous plan was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent, depending on age, service, and type of employment, and (c) 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets was determined using techniques that smooth the effect of short term volatility in the market value of investments over a three year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. The table below presents three-year trend information.

Miscellaneous

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------------------|--------------------------------------|--|-----------------------------------|
| June 30, 2006 | \$ 32,831 | 100% | - |
| June 30, 2007 | 24,752 | 100% | - |
| June 30, 2008 | 33,147 | 100% | - |

Funded Status and Funding Progress

Since the City has less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool and does not present individual plan funded status.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets for the risk pool is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 5: POST EMPLOYMENT BENEFITS

The City provided retiree benefits for one employee. These benefits are financed on a pay as you go basis. The cost of this coverage for the year ended June 30, 2008, was \$3,229.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6: 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; injuries to employees; and natural disaster. The City has joined together with other municipalities to participate in Small Cities Organized Risk Effort (SCORE) for general liability, vehicle liability, workers' compensation, crime, and errors and omissions purposes. SCORE is a public entity risk pool which serves as a common risk management and insurance program for member cities. The City pays an annual premium to SCORE for its insurance coverage. The agreements with SCORE provide that they will be self sustaining through member premiums and will reinsure through commercial companies for excess coverage.

The City continues to carry commercial insurance for all other risks of loss. Settled claims resulting from their risks have not exceeded commercial insurance in any of the past three fiscal years. There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 7: OTHER INFORMATION

A. Construction Commitments

The City has signed agreements to construct various capital improvement jobs subsequent to June 30, 2008. The balance owed on these commitments at June 30, 2008, was approximately \$28,660.

B. Contingent Liabilities

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

C. Joint Agencies

The Small Cities Organized Risk Effort (SCORE) is a joint powers authority organized to provide for a banking plan whereby the member cities can share in the administrative costs of providing liability and worker's compensation insurance. The SCORE is composed of 20 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budget and financing.

Complete audited financial statements can be obtained from SCORE offices at 3017 Gold Canal Drive #500, Rancho Cordova, California 95670-6129.

The California Joint Powers Risk Management Authority (CJPRMA) is a joint power authority organized to provide excess coverage for its members. The CJPRMA is governed by a board of directors representing its member cities. Complete audited financial statements can be obtained from the Claims Administrator at 574 Manzanita Avenue, Suite 12, Chico, California 95926.

D. Subsequent Events

As of June 30, 2008, the City's investment pool included investments in the Local Agency Investment Fund (LAIF). The fair market value of some investments in this pool may have declined since the June 30th value listed in these financial statements. Any decrease in fair market value will be reflected as a reduction in investment earnings as realized. The amount of this decrease is not expected to exceed investment earnings in any period.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 7: OTHER INFORMATION (CONTINUED)

E. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new standards:

GASB Statement No. 45, Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions (OPEB) addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. The statement generally requires that employers account for and report the annual cost of OPEB and outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. GASB Statement No. 45 is effective for the City's fiscal year ending June 30, 2010.

Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, issued in November 2006. This Statement establishes accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The Statement establishes once any of five specified obligating events occurs, that a government is required to estimate the components of the expected pollution remediation outlays and determine whether the outlays for those components should be recorded as a liability or, if appropriate, capitalized when goods and services are acquired. GASB Statement No. 49 is effective for financial statements for years beginning after December 15, 2007.

Statement No. 51, Accounting and Financial Reporting for Intangible Assets requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. GASB Statement No. 51 is effective for financial statements for years beginning after June 15, 2009.

Statement No. 52, Land and Other Real Estate Held as Investments by Endowments improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. GASB Statement No. 52 is effective for financial statements for years beginning after June 15, 2008.

Statement No. 53, Accounting and Financial Reporting for Derivative Instruments addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts and futures contracts. GASB Statement No. 53 is effective for financial statements for years beginning after June 15, 2009.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008

SCHEDULE OF FUNDING PROGRESS - PENSION

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2007, for the risk pool containing the City Miscellaneous Plan.

Miscellaneous Plan:

| Valuation Date | Entry Age Normal Accrued Liability | Unfunded Actuarial Value of Assets | Liability (Excess Assets) | Funded Ratios | | Annual Covered Payroll | UAAL as a % of Payroll |
|----------------|------------------------------------|------------------------------------|---------------------------|-----------------|--------------|------------------------|------------------------|
| | | | | Actuarial Value | Market Value | | |
| June 30, 2005 | \$ 484,351,523 | \$ 459,996,995 | \$ 24,354,528 | 95.0% | 97.5% | \$ 174,127,476 | 14.0% |
| June 30, 2006 | 478,122,215 | 454,602,459 | 23,519,756 | 95.1% | 100.4% | 170,458,082 | 13.8% |
| June 30, 2007 | 498,934,859 | 479,520,670 | 19,414,189 | 96.1% | 110.5% | 171,052,819 | 11.3% |

See the accompanying notes to the required supplementary information.

CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|---------------------|---|---|
| <u>REVENUES</u> | | | | |
| Taxes and assessments | \$ 107,500 | \$ 107,500 | \$ 158,368 | \$ 50,868 |
| Licenses and permits | 7,750 | 7,750 | 7,108 | (642) |
| Fines and forfeitures | - | - | 237 | 237 |
| Use of money | 39,580 | 39,580 | 92,735 | 53,155 |
| Intergovernmental | 275,500 | 275,500 | 312,973 | 37,473 |
| Charges for services | 48,550 | 48,550 | 30,323 | (18,227) |
| Other revenues | - | - | 31,759 | 31,759 |
| Total Revenues | 478,880 | 478,880 | 633,503 | 154,623 |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| General government | 108,308 | 117,508 | 281,733 | (164,225) |
| Public ways and facilities | 62,057 | 69,057 | 181,043 | (111,986) |
| Public protection | 790,751 | 871,751 | 844,881 | 26,870 |
| Culture and recreation | 34,570 | 34,570 | 64,117 | (29,547) |
| Community development | 133,479 | 134,479 | - | 134,479 |
| Debt service | 38,376 | 38,376 | 38,301 | 75 |
| Capital outlay | 11,750 | 11,750 | 6,415 | 5,335 |
| Total Expenditures | 1,179,291 | 1,277,491 | 1,416,490 | (138,999) |
| Excess of Revenues Over (Under) Expenditures | (700,411) | (798,611) | (782,987) | 15,624 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers in | 720,057 | - | 1,182,233 | 1,182,233 |
| Transfers out | - | - | (31,652) | (31,652) |
| Total Other Financing Sources (Uses) | 720,057 | - | 1,150,581 | 1,150,581 |
| Net Change in Fund Balance | 19,646 | (798,611) | 367,594 | 1,166,205 |
| Fund Balance - Beginning | (32,578) | (32,578) | (32,578) | - |
| Fund Balance - Ending | \$ (12,932) | \$ (831,189) | \$ 335,016 | \$ 1,166,205 |

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

See the accompanying notes to the required supplementary information.

CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
HOME GRANT - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008

| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|---|---|
| <u>REVENUES</u> | | | | |
| Intergovernmental | \$ 149,600 | \$ 149,600 | \$ 45,326 | \$ (104,274) |
| Total Revenues | <u>149,600</u> | <u>149,600</u> | <u>45,326</u> | <u>(104,274)</u> |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| Community development | 53,500 | 53,500 | 3,070 | 50,430 |
| Total Expenditures | <u>53,500</u> | <u>53,500</u> | <u>3,070</u> | <u>50,430</u> |
| Excess of Revenues Over (Under) Expenditures | <u>96,100</u> | <u>96,100</u> | <u>42,256</u> | <u>(53,844)</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>96,100</u> | <u>96,100</u> | <u>42,256</u> | <u>(53,844)</u> |
| Fund Balance - Beginning | <u>(94,374)</u> | <u>(94,374)</u> | <u>(94,374)</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 1,726</u> | <u>\$ 1,726</u> | <u>\$ (52,118)</u> | <u>\$ (53,844)</u> |

See the accompanying notes to the required supplementary information.

CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
2005 CDBG - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008

| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|---|---|
| <u>REVENUES</u> | | | | |
| Intergovernmental | \$ 1,497,721 | \$ 1,497,721 | \$ 1,080,831 | \$ (416,890) |
| Total Revenues | 1,497,721 | 1,497,721 | 1,080,831 | (416,890) |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| Community development | 454,758 | 454,758 | - | 454,758 |
| Capital outlay | 1,049,521 | 1,049,521 | 1,167,700 | (118,179) |
| Total Expenditures | 1,504,279 | 1,504,279 | 1,167,700 | 336,579 |
| Excess of Revenues Over (Under) Expenditures | (6,558) | (6,558) | (86,869) | (80,311) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers in | - | - | 60,000 | 60,000 |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | 60,000 | 60,000 |
| Net Change in Fund Balance | (6,558) | (6,558) | (26,869) | (20,311) |
| Fund Balance - Beginning | (28,916) | (28,916) | (28,916) | - |
| Fund Balance - Ending | \$ (35,474) | \$ (35,474) | \$ (55,785) | \$ (20,311) |

See the accompanying notes to the required supplementary information.

CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

A. SCHEDULE OF FUNDING PROGRESS - PENSION

The City of Biggs' Miscellaneous Plan had less than 100 active members and is required to participate in a risk pool. Therefore, the schedule of funding progress is for the entire pool, not just the City employees.

B. BUDGETARY BASIS OF ACCOUNTING

The approved City procedures for establishing the budgetary data reflected in the financial statements is as follows:

1. In May of each year, the Finance Department is to submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and estimated revenues.

Public hearings are to be conducted at City Hall to obtain taxpayer comments.

Generally by the first of July, after adjustment as appropriate by the City Council, the budget is to be legally enacted through council motion.
2. Council approval is required for transfers between funds, or for an increase in total appropriations. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Formal budgetary integration is employed as a management control device during the year for the General fund, and Special Revenue funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant adjustments. The Prob 1B major special revenue fund did not have a legally adopted budget.
4. All unused appropriations for budgeted amounts lapse at the end of the year.
5. Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate document presenting this information is available.

The City does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

For the fiscal year ended June 30, 2008, the City incurred expenditures over appropriations in individual funds as follows:

| | <u>Appropriations</u> | <u>Expenditures/ Transfers Out</u> | <u>Excess of Expenditures Over Appropriations</u> |
|--------------|-----------------------|--|---|
| General Fund | \$ 1,277,491 | \$ 1,416,490 | \$ 138,999 |

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**COMBINING FUND STATEMENTS
AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

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CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

| | Gas Tax | Development Impact Fees | Parks | CalTrans SR2S #4 Grant | TEA Grant |
|---|------------------|-------------------------------|-------------|------------------------------|-----------------|
| <u>ASSETS</u> | | | | | |
| Cash and investments | \$ 2,024 | \$ 24,027 | \$ - | \$ - | \$ - |
| Accounts receivable (net of allowance) | 14,667 | - | - | 22,306 | 2,750 |
| Due from other funds | - | - | - | - | - |
| Loans receivable | - | - | - | - | - |
| Total Assets | \$ 16,691 | \$ 24,027 | \$ - | \$ 22,306 | \$ 2,750 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 731 | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | 9,459 | 26,451 |
| Deferred revenue | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total Liabilities | 731 | - | - | 9,459 | 26,451 |
| FUND BALANCES | | | | | |
| Reserved for: | | | | | |
| Loans receivable | - | - | - | - | - |
| Unreserved: | | | | | |
| Undesignated | 15,960 | 24,027 | - | 12,847 | (23,701) |
| Total Fund Balances | 15,960 | 24,027 | - | 12,847 | (23,701) |
| Total Liabilities and Fund Balances | \$ 16,691 | \$ 24,027 | \$ - | \$ 22,306 | \$ 2,750 |

| CalTrans SR2S #6 Grant | SR2S Improvement | SB-325 TDA Funds | SB-620 STA Funds | STIP Exchange | TEA Exchange | TEA 2005 Grant | CLEP |
|------------------------------|---------------------|------------------------|------------------------|------------------|-----------------|-------------------|-------------|
| \$ - | \$ - | \$ - | \$ 6,129 | \$ 10,174 | \$ 6,035 | \$ - | \$ - |
| - | - | 11,662 | - | - | - | - | - |
| - | - | - | 3,812 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,662</u> | <u>\$ 9,941</u> | <u>\$ 10,174</u> | <u>\$ 6,035</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | | | | |
| \$ - | \$ 7,809 | \$ 77 | \$ 9,940 | \$ - | \$ - | \$ 177 | \$ - |
| - | 15,379 | 3,812 | - | - | - | 16,705 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 23,188 | 3,889 | 9,940 | - | - | 16,882 | - |
| - | - | - | - | - | - | - | - |
| - | (23,188) | 7,773 | 1 | 10,174 | 6,035 | (16,882) | - |
| - | (23,188) | 7,773 | 1 | 10,174 | 6,035 | (16,882) | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,662</u> | <u>\$ 9,941</u> | <u>\$ 10,174</u> | <u>\$ 6,035</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

| | HOME 2007 Grant | OES/FEMA Grant | Sixth St Bridge | Prop 50 Grant | 1982 CDBG |
|---|--------------------|-------------------|--------------------|------------------|------------------|
| <u>ASSETS</u> | | | | | |
| Cash and investments | \$ - | \$ - | \$ 8,603 | \$ - | \$ 3,700 |
| Accounts receivable (net of allowance) | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Loans receivable | - | - | - | - | 18,189 |
| Total Assets | \$ - | \$ - | \$ 8,603 | \$ - | \$ 21,889 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,090 | \$ - | \$ 576 | \$ - | \$ - |
| Due to other funds | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - |
| Unearned revenue | - | - | - | - | 11,931 |
| Total Liabilities | 1,090 | - | 576 | - | 11,931 |
| FUND BALANCES | | | | | |
| Reserved for: | | | | | |
| Loans receivable | - | - | - | - | 6,258 |
| Unreserved: | | | | | |
| Undesignated | (1,090) | - | 8,027 | - | 3,700 |
| Total Fund Balances | (1,090) | - | 8,027 | - | 9,958 |
| Total Liabilities and Fund Balances | \$ - | \$ - | \$ 8,603 | \$ - | \$ 21,889 |

| 1986 HUD | CDBG Miscellaneous | 1994 CDBG | 06-07 CDBG PTA | 07-CDGB PTA DOW | 1988 Water STBG | 2001 Sewer PTA | 2001 PFG |
|------------------|-----------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------|
| \$ 17,379 | \$ 24,260 | \$ 1,752 | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 2,851 | - | - | - |
| - | - | 53,663 | - | - | - | - | - |
| 24,145 | - | 155,550 | - | - | - | - | - |
| <u>\$ 41,524</u> | <u>\$ 24,260</u> | <u>\$ 210,965</u> | <u>\$ -</u> | <u>\$ 2,851</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 1,672 | \$ - | \$ - | \$ - |
| - | - | - | - | 1,179 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 2,851 | - | - | - |
| 24,145 | - | 155,550 | - | - | - | - | - |
| 17,379 | 24,260 | 55,415 | - | - | - | - | - |
| 41,524 | 24,260 | 210,965 | - | - | - | - | - |
| <u>\$ 41,524</u> | <u>\$ 24,260</u> | <u>\$ 210,965</u> | <u>\$ -</u> | <u>\$ 2,851</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

| | <u>01-STBG-1797</u> | <u>2005 PTA</u> | <u>2005 PTA ED</u> | <u>Developer Fees</u> | <u>Totals</u> |
|---|---------------------|-----------------|--------------------|---------------------------|-------------------|
| <u>ASSETS</u> | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ 58,260 | \$ 162,343 |
| Accounts receivable (net of allowance) | - | - | - | 113,175 | 167,411 |
| Due from other funds | - | - | 2,500 | - | 59,975 |
| Loans receivable | 239,569 | - | - | - | 437,453 |
| Total Assets | <u>\$ 239,569</u> | <u>\$ -</u> | <u>\$ 2,500</u> | <u>\$ 171,435</u> | <u>\$ 827,182</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 18,260 | \$ 40,332 |
| Due to other funds | 45,068 | 2,500 | - | - | 120,553 |
| Deferred revenue | - | - | - | 112,000 | 112,000 |
| Unearned revenue | 207,252 | - | - | - | 219,183 |
| Total Liabilities | <u>252,320</u> | <u>2,500</u> | <u>-</u> | <u>130,260</u> | <u>492,068</u> |
| <u>FUND BALANCES</u> | | | | | |
| Reserved for: | | | | | |
| Loans receivable | 32,317 | - | - | - | 218,270 |
| Unreserved: | | | | | |
| Undesignated | (45,068) | (2,500) | 2,500 | 41,175 | 116,844 |
| Total Fund Balances | <u>(12,751)</u> | <u>(2,500)</u> | <u>2,500</u> | <u>41,175</u> | <u>335,114</u> |
| Total Liabilities and Fund Balances | <u>\$ 239,569</u> | <u>\$ -</u> | <u>\$ 2,500</u> | <u>\$ 171,435</u> | <u>\$ 827,182</u> |

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CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | Gas Tax | Development Impact Fees | Parks | CalTrans SR2S #4 Grant | TEA Grant |
|---|------------------|-------------------------------|-----------------|------------------------------|--------------------|
| <u>REVENUES</u> | | | | | |
| Use of money | \$ 2,020 | \$ 748 | \$ (1,436) | \$ (2,344) | \$ (4,170) |
| Intergovernmental | 43,348 | - | - | 19,754 | (24,018) |
| Charges for services | - | 7,970 | - | - | - |
| Other revenues | - | - | - | - | - |
| Total Revenues | 45,368 | 8,718 | (1,436) | 17,410 | (28,188) |
| <u>EXPENDITURES</u> | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public ways and facilities | 74,220 | - | - | 2,270 | 1,518 |
| Culture and recreation | - | - | 839 | - | - |
| Community development | - | - | - | - | - |
| Total Expenditures | 74,220 | - | 839 | 2,270 | 1,518 |
| Excess of Revenues Over (Under) Expenditures | (28,852) | 8,718 | (2,275) | 15,140 | (29,706) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers in | 176,497 | - | 34,176 | 52,462 | 85,561 |
| Transfers out | (182,649) | - | - | - | - |
| Total Other Financing Sources (Uses) | (6,152) | - | 34,176 | 52,462 | 85,561 |
| Net Change in Fund Balances | (35,004) | 8,718 | 31,901 | 67,602 | 55,855 |
| Fund Balances - Beginning | 50,964 | 15,309 | (31,901) | (54,755) | (79,556) |
| Fund Balances - Ending | \$ 15,960 | \$ 24,027 | \$ - | \$ 12,847 | \$ (23,701) |

| CalTrans SR2S #6 Grant | SR2S Improvement | SB-325 TDA Funds | SB-620 STA Funds | STIP Exchange | TEA Exchange | TEA 2005 Grant | CLEEP |
|------------------------------|---------------------|------------------------|------------------------|------------------|-----------------|-------------------|---------|
| \$ (1,246) | \$ (1,306) | \$ - | \$ - | \$ - | \$ - | \$ 1 | \$ - |
| - | - | 57,414 | 14,229 | 10,174 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| (1,246) | (1,306) | 57,414 | 14,229 | 10,174 | - | 1 | - |
| - | - | - | - | - | - | - | - |
| - | 29,682 | 15,481 | 14,485 | - | - | 16,883 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 29,682 | 15,481 | 14,485 | - | - | 16,883 | - |
| (1,246) | (30,988) | 41,933 | (256) | 10,174 | - | (16,882) | - |
| 34,402 | 31,150 | - | 9,940 | - | - | 20,242 | 9,989 |
| - | - | (349,227) | (13,081) | (21,539) | - | - | - |
| 34,402 | 31,150 | (349,227) | (3,141) | (21,539) | - | 20,242 | 9,989 |
| 33,156 | 162 | (307,294) | (3,397) | (11,365) | - | 3,360 | 9,989 |
| (33,156) | (23,350) | 315,067 | 3,398 | 21,539 | 6,035 | (20,242) | (9,989) |
| \$ - | \$ (23,188) | \$ 7,773 | \$ 1 | \$ 10,174 | \$ 6,035 | \$ (16,882) | \$ - |

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | HOME 2007 Grant | OES/FEMA Grant | Sixth St Bridge | Prop 50 Grant | 1982 CDBG |
|---|--------------------|-------------------|--------------------|------------------|-----------------|
| <u>REVENUES</u> | | | | | |
| Use of money | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | (1,401) | - | - | - |
| Charges for services | - | - | - | - | 793 |
| Other revenues | - | - | - | - | - |
| Total Revenues | - | (1,401) | - | - | 793 |
| <u>EXPENDITURES</u> | | | | | |
| Current: | | | | | |
| General government | - | - | - | 1,300 | - |
| Public ways and facilities | - | - | 576 | - | - |
| Culture and recreation | - | - | - | - | - |
| Community development | 1,090 | - | - | - | - |
| Total Expenditures | 1,090 | - | 576 | 1,300 | - |
| Excess of Revenues Over (Under) Expenditures | (1,090) | (1,401) | (576) | (1,300) | 793 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers in | - | - | 8,603 | 1,355 | - |
| Transfers out | - | (14,110) | - | - | (4,576) |
| Total Other Financing Sources (Uses) | - | (14,110) | 8,603 | 1,355 | (4,576) |
| Net Change in Fund Balances | (1,090) | (15,511) | 8,027 | 55 | (3,783) |
| Fund Balances - Beginning | - | 15,511 | - | (55) | 13,741 |
| Fund Balances - Ending | \$ (1,090) | \$ - | \$ 8,027 | \$ - | \$ 9,958 |

| 1986 HUD | CDBG Miscellaneous | 1994 CDBG | 06-07 CDBG PTA | 07-CDBG PTA DOW | 1988 Water STBG | 2001 Sewer PTA | 2001 PFG |
|------------|-----------------------|------------|-------------------|--------------------|--------------------|-------------------|----------|
| \$ (1,063) | \$ 1,358 | \$ (120) | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 2,851 | - | - | - |
| 18,443 | - | - | - | - | - | 1,504 | - |
| - | - | 53,142 | 560 | - | - | - | - |
| 17,380 | 1,358 | 53,022 | 560 | 2,851 | - | 1,504 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 18,443 | - | 18,009 | 1,235 | 3,201 | - | - | - |
| 18,443 | - | 18,009 | 1,235 | 3,201 | - | - | - |
| (1,063) | 1,358 | 35,013 | (675) | (350) | - | 1,504 | - |
| - | 161,309 | 22,268 | 3,631 | 350 | 529 | - | 14,446 |
| (26,019) | (572,595) | (189,682) | - | - | - | (1,578) | - |
| (26,019) | (411,286) | (167,414) | 3,631 | 350 | 529 | (1,578) | 14,446 |
| (27,082) | (409,928) | (132,401) | 2,956 | - | 529 | (74) | 14,446 |
| 68,606 | 434,188 | 343,366 | (2,956) | - | (529) | 74 | (14,446) |
| \$ 41,524 | \$ 24,260 | \$ 210,965 | \$ - | \$ - | \$ - | \$ - | \$ - |

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | 01-STBG-1797 | 2005 PTA | 2005 PTA ED | Developer Fees | Totals |
|---|--------------------|-------------------|-----------------|------------------|-------------------|
| <u>REVENUES</u> | | | | | |
| Use of money | \$ 1,382 | \$ - | \$ - | \$ 1,462 | \$ (4,714) |
| Intergovernmental | - | 1,727 | 26,380 | - | 150,458 |
| Charges for services | - | - | - | 85,453 | 114,163 |
| Other revenues | - | - | - | - | 53,702 |
| Total Revenues | 1,382 | 1,727 | 26,380 | 86,915 | 313,609 |
| <u>EXPENDITURES</u> | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 1,300 |
| Public ways and facilities | - | - | - | 65,031 | 220,146 |
| Culture and recreation | - | - | - | - | 839 |
| Community development | - | 39 | 13,001 | - | 55,018 |
| Total Expenditures | - | 39 | 13,001 | 65,031 | 277,303 |
| Excess of Revenues Over (Under) Expenditures | 1,382 | 1,688 | 13,379 | 21,884 | 36,306 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers in | - | - | - | 1,900 | 668,810 |
| Transfers out | (3,840) | (10,886) | (3,286) | (16,134) | (1,409,202) |
| Total Other Financing Sources (Uses) | (3,840) | (10,886) | (3,286) | (14,234) | (740,392) |
| Net Change in Fund Balances | (2,458) | (9,198) | 10,093 | 7,650 | (704,086) |
| Fund Balances - Beginning | (10,293) | 6,698 | (7,593) | 33,525 | 1,039,200 |
| Fund Balances - Ending | \$ (12,751) | \$ (2,500) | \$ 2,500 | \$ 41,175 | \$ 335,114 |

NONMAJOR PROPRIETARY FUNDS
Enterprise Funds

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CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2008

| | <u>Solid Waste</u> | <u>Totals</u> |
|--|------------------------|-------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and investments | \$ 114,545 | \$ 114,545 |
| Accounts receivable (net of allowance) | 17,939 | 17,939 |
| Interest receivable | 919 | 919 |
| Total Current Assets | <u>133,403</u> | <u>133,403</u> |
| Total Assets | <u>133,403</u> | <u>133,403</u> |
| <u>LIABILITIES</u> | | |
| Current Liabilities | | |
| Accounts payable | 29 | 29 |
| Compensated absences | 884 | 884 |
| Total Current Liabilities | <u>913</u> | <u>913</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 1,300 | 1,300 |
| Total Noncurrent Liabilities | <u>1,300</u> | <u>1,300</u> |
| Total Liabilities | <u>2,213</u> | <u>2,213</u> |
| <u>NET ASSETS</u> | | |
| Unrestricted | 131,190 | 131,190 |
| Total Net Assets | <u>\$ 131,190</u> | <u>\$ 131,190</u> |

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | <u>Solid Waste</u> | <u>Totals</u> |
|---|------------------------|-------------------|
| <u>OPERATING REVENUES</u> | | |
| Charges for services | \$ 132,076 | \$ 132,076 |
| Total Operating Revenues | <u>132,076</u> | <u>132,076</u> |
| <u>OPERATING EXPENSES</u> | | |
| Personnel cost | 32,473 | 32,473 |
| Supplies | 917 | 917 |
| Contractual services | 104,701 | 104,701 |
| Other expense | 1,117 | 1,117 |
| Total Operating Expenses | <u>139,208</u> | <u>139,208</u> |
| Operating Income (Loss) | <u>(7,132)</u> | <u>(7,132)</u> |
| <u>NON-OPERATING REVENUES (EXPENSES)</u> | | |
| Interest income | 5,445 | 5,445 |
| Total Non-Operating Revenues (Expenses) | <u>5,445</u> | <u>5,445</u> |
| Income (Loss) Before Transfers | <u>(1,687)</u> | <u>(1,687)</u> |
| Transfers in | 2,448 | 2,448 |
| Transfers out | - | - |
| Change in Net Assets | <u>761</u> | <u>761</u> |
| Total Net Assets - Beginning | <u>130,429</u> | <u>130,429</u> |
| Total Net Assets - Ending | <u>\$ 131,190</u> | <u>\$ 131,190</u> |

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | <u>Solid Waste</u> | <u>Totals</u> |
|---|------------------------|-------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Receipts from customers | \$ 130,672 | \$ 130,672 |
| Payments to suppliers | (106,822) | (106,822) |
| Payments to employees | (32,818) | (32,818) |
| Net Cash Provided (Used) by Operating Activities | <u>(8,968)</u> | <u>(8,968)</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | | |
| Transfers from other funds | <u>2,448</u> | <u>2,448</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>2,448</u> | <u>2,448</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Interest and dividends | <u>6,213</u> | <u>6,213</u> |
| Net Cash Provided (Used) by Investing Activities | <u>6,213</u> | <u>6,213</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (307) | (307) |
| Balances - Beginning of the Year | <u>114,852</u> | <u>114,852</u> |
| Balances - End of the Year | <u>\$ 114,545</u> | <u>\$ 114,545</u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u> | | |
| Operating income (loss) | \$ (7,132) | \$ (7,132) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Decrease (increase) in: | | |
| Accounts receivable | (1,404) | (1,404) |
| Increase (decrease) in: | | |
| Accounts payable | (87) | (87) |
| Compensated absences | (345) | (345) |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (8,968)</u> | <u>\$ (8,968)</u> |

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FIDUCIARY FUNDS

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CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

| | <u>'39 Fire Truck</u> | <u>Total Agency Funds</u> |
|---------------------------|---------------------------|-------------------------------|
| <u>ASSETS</u> | | |
| Cash and investments | \$ 6,296 | \$ 6,296 |
| Interest receivable | 19 | 19 |
| Total Assets | <u>\$ 6,315</u> | <u>\$ 6,315</u> |
| <u>LIABILITIES</u> | | |
| Agency obligations | \$ 6,315 | \$ 6,315 |
| Total Liabilities | <u>\$ 6,315</u> | <u>\$ 6,315</u> |

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | Balance June 30, 2007 | Additions | Deductions | Balance June 30, 2008 |
|------------------------------|--------------------------|-----------------|----------------|--------------------------|
| <u>'39 Fire Truck</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 4,079 | \$ 2,217 | \$ - | \$ 6,296 |
| Interest receivable | 35 | - | (16) | 19 |
| Total Assets | \$ 4,114 | \$ 2,217 | \$ (16) | \$ 6,315 |
| <u>LIABILITIES</u> | | | | |
| Agency obligations | \$ 4,114 | \$ 2,217 | \$ (16) | \$ 6,315 |
| Total Liabilities | \$ 4,114 | \$ 2,217 | \$ (16) | \$ 6,315 |