

CITY OF BIGGS,

CALIFORNIA

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2013**

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**CITY OF BIGGS, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

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**CITY OF BIGGS, CALIFORNIA
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INTRODUCTORY SECTION

City Officials

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**CITY OF BIGGS, CALIFORNIA
CITY OFFICIAL
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Name</u>	<u>Office</u>
Roger L. Frith	Mayor
Angela Thompson	Vice-Mayor
Douglas Arnold	Member
Mike Bottorff	Member
James Sheppard	Member

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FINANCIAL SECTION

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

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Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

Report On the Financial Statements

I have audited the accompanying consolidated financial statements of City of Biggs (the City), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

1438 Oregon Street, P.O. Box 994508 Redding, CA 96099-4508 (530) 246-2834 fax (530) 244-0331

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

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the City of Biggs as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of revenues, expenditures and changes in net assets - budget versus actual on page 41 for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

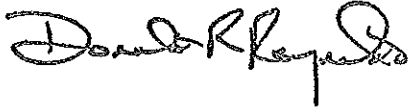
In accordance with *Government Auditing Standards*, I have also issued my report dated February 13, 2014, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The budgetary comparison information and additional disclosures on pages 41 and 42, and the Schedule of Funding Progress presented on pages 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

The management's discussion and analysis 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. Management has elected to omit the Management Discussion and Analysis.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section is presented for purposes of additional analysis and are not a required part of the financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

A handwritten signature in black ink, appearing to read "Donald R. Reynolds". The signature is fluid and cursive, with a large initial "D" and "R".

Donald R. Reynolds, CPA
Redding, California
February 13, 2014

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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CITY OF BIGGS, CALIFORNIA
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 1,099,887	\$ 2,165,902	\$ 3,265,789
Accounts receivable (net of allowance)	19,485	461,137	480,622
Due from other governmental agencies	49,797	-	49,797
Interest receivable	969	-	969
Internal balances	(132,006)	131,803	(203)
Prepaid power	-	-	-
Loans receivable	886,328	-	886,328
Capital assets:			
Non-depreciable	166,152	240,478	406,630
Depreciable, net	3,559,915	6,811,410	10,371,325
Total capital assets	3,726,067	7,051,888	10,777,955
Total Assets	\$ 5,650,527	\$ 9,810,730	\$ 15,461,257
LIABILITIES			
Accounts payable	27,906	61,657	89,563
Accrued salaries and benefits	3,248	-	3,248
Retention payable	-	-	-
Accrued interest payable	3,250	44,053	47,303
Deposits payable	-	82,960	82,960
Unearned revenue	886,348	-	886,348
Long-term liabilities:			
Due within one year	5,813	93,086	98,899
Due in more than one year	282,777	3,982,869	4,265,646
Total Liabilities	1,209,342	4,264,625	5,473,967
NET POSITION			
Invested in capital assets, net of related debt	3,437,477	3,023,488	6,460,965
Restricted for:			
Grants, taxes, and fees	-	-	-
Energy scheduling services	-	766,095	766,095
Unrestricted	1,003,708	1,756,522	2,760,230
Total Net Position	\$ 4,441,185	\$ 5,546,105	\$ 9,987,290

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

CITY OF BIGGS, CALIFORNIA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 235,981	\$ 36,290	\$ -
Public ways and facilities	334,562	18,828	101,886
Public protection	263,504	1,640	174,475
Culture and recreation	63,487	-	-
Community development	23,480	27,179	-
Interest on long-term debt	17,050	-	-
Total Governmental Activities	<u>938,064</u>	<u>83,937</u>	<u>276,361</u>
Business-type activities:			
Sewer	559,142	289,532	-
Electric	1,978,430	2,496,037	-
Water	488,475	448,306	-
Solid Waste	151,685	157,454	-
Total Business-Type Activities	<u>3,177,732</u>	<u>3,391,329</u>	<u>-</u>
Total	\$ <u>4,115,796</u>	\$ <u>3,475,266</u>	\$ <u>276,361</u>

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 Position

Net Position - Beginning

Prior period adjustment

Net Position - Beginning, Restated

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position

Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
\$ -	\$ (199,691)	\$ -	\$ (199,691)
11,824	(202,024)	-	(202,024)
-	(87,389)	-	(87,389)
-	(63,487)	-	(63,487)
-	3,699	-	3,699
-	(17,050)	-	(17,050)
11,824	(565,942)	-	(565,942)
-	-	(269,610)	(269,610)
-	-	517,607	517,607
-	-	(40,169)	(40,169)
-	-	5,769	5,769
-	-	213,597	213,597
\$ 11,824	(565,942)	213,597	(352,345)
	160,843	-	160,843
	29,151	-	29,151
	13,281	-	13,281
	3,296	-	3,296
	72,147	14,582	86,729
	1,742	44,997	46,739
	1,830	64,912	66,742
	214,552	(214,552)	-
	496,842	(90,061)	406,781
	(69,100)	123,536	54,436
	4,544,730	5,219,249	9,763,979
	(34,445)	203,320	168,875
	4,510,285	5,422,569	9,932,854
\$	\$ 4,441,185	\$ 5,546,105	\$ 9,987,290

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

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CITY OF BIGGS, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

ASSETS	General Fund	Other Governmental Funds	Total
Cash and investments	\$ 728,260	\$ 371,627	\$ 1,099,887
Accounts receivable (net of allowance)	4,322	15,163	19,485
Due from other governmental agencies	49,797	-	49,797
Interest receivable	969	-	969
Due from other funds	-	-	-
Loans receivable	-	886,328	886,328
Total Assets	\$ <u>783,348</u>	\$ <u>1,273,118</u>	\$ <u>2,056,466</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 27,883	\$ 3,273	\$ 31,156
Accrued salaries and benefits	3,248	-	3,248
Deposits payable	-	-	-
Due to other funds	-	132,006	132,006
Unearned revenue	-	886,348	886,348
Total Liabilities	<u>31,131</u>	<u>1,021,627</u>	<u>1,052,758</u>
FUND BALANCES			
Reserved for:			
Loans receivable	-	-	-
Unreserved, reported in:			
General fund	-	-	-
Designated	-	-	-
Undesignated	283,265	-	283,265
Special revenue funds Undesignated	468,952	251,491	720,443
Total Fund Balances	<u>752,217</u>	<u>251,491</u>	<u>1,003,708</u>
Total Liabilities and Fund Balances	\$ <u>783,348</u>	\$ <u>1,273,118</u>	\$ <u>2,056,466</u>

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

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CITY OF BIGGS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF
NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2013

Total Fund Balance - Total Governmental Funds	\$ 1,003,708
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Amounts reported for governmental activities in the Statement
of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	3,726,067
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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.

Accounts receivable	(5,232)
---------------------	---------

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.

Certain liabilities are not due and payable in the current period
and therefore, are not reported in the governmental funds.

Loans payable	(260,000)
OPEB liability	(3,160)
Compensated absences	<u>(20,198)</u>

Net Position of Governmental Activities:	\$ <u>4,441,185</u>
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The notes to the basic financial statements
are an integral part of this statement.

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

REVENUES	General Fund	Other Governmental Funds	Total
Taxes and assessments	\$ 126,111	\$ 69,656	\$ 195,767
Licenses and permits	8,468	-	8,468
Fines and forfeitures	174	-	174
Use of money	1,013	697	1,710
Intergovernmental	284,570	66,933	351,503
Charges for services	24,155	4,911	29,066
Other revenues	45,123	41,225	86,348
Total Revenues	<u>489,614</u>	<u>183,422</u>	<u>673,036</u>
EXPENDITURES			
Current:			
General government	202,671	18,687	221,358
Public ways and facilities	98,242	215,588	313,830
Public protection	247,176	-	247,176
Culture and recreation	59,553	-	59,553
Community development	-	22,025	22,025
Debt service:			
Principal	-	-	-
Interest and other charges	17,050	-	17,050
Capital outlay	-	-	-
Total Expenditures	<u>624,692</u>	<u>256,300</u>	<u>880,992</u>
Excess of Revenues Over (Under) Expenditures	<u>(135,078)</u>	<u>(72,878)</u>	<u>(207,956)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	214,552	14,400	228,952
Transfers out	(14,400)	-	(14,400)
Total Other Financing Sources (Uses)	<u>200,152</u>	<u>14,400</u>	<u>214,552</u>
Net Change in Fund Balances	<u>65,074</u>	<u>(58,478)</u>	<u>6,596</u>
Fund Balances - Beginning	697,423	\$ 334,134	\$ 1,031,557
Prior period adjustment	(10,280)	(24,165)	(34,445)
Fund Balances - Beginning, Restated	<u>687,143</u>	<u>309,969</u>	<u>997,112</u>
Fund Balances - Ending	<u>\$ 752,217</u>	<u>\$ 251,491</u>	<u>\$ 1,003,708</u>

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, 2013

Net Change in Fund Balances - Total Governmental Funds.	\$	6,596
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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	-
Depreciation expense	(110,229)

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

Principal retirements	4,000
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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 accounts receivable	-
Change in deferred revenue	22,063

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 OPEB liability	-
Change in compensated absences	8,570
Change in accrued interest on long-term debt	(100)

Change In Net Position of Governmental Activities	\$	<u>(69,100)</u>
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The notes to the basic financial statements
are an integral part of this statement.

CITY OF BIGGS, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	<u>Business-Type Activities -</u>	
	<u>Sewer</u>	<u>Electric</u>
ASSETS		
Current Assets		
Cash and investments	\$ 52,220	\$ 1,915,246
Accounts receivable (net of allowance)	54,152	305,470
Due from other funds	-	726,591
Prepaid power	-	-
Total Current Assets	<u>106,372</u>	<u>2,947,307</u>
Noncurrent Assets		
Capital assets:		
Non-depreciable	233,320	7,158
Depreciable, net	<u>984,174</u>	<u>849,457</u>
Total Noncurrent Assets	<u>1,217,494</u>	<u>856,615</u>
Total Assets	\$ <u>1,323,866</u>	\$ <u>3,803,922</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 39,175	\$ 17,082
Accrued interest payable	6,918	-
Retention payable	-	-
Deposits payable	-	82,960
Due to other funds	573,802	-
Unearned revenue	-	-
Compensated absences	6,417	5,296
Loans payable	<u>12,100</u>	<u>-</u>
Total Current Liabilities	<u>638,412</u>	<u>105,338</u>
Noncurrent Liabilities		
Compensated absences	5,618	7,546
OPEB liability	3,277	2,932
Loans payable	<u>621,300</u>	<u>-</u>
Total Noncurrent Liabilities	<u>630,195</u>	<u>10,478</u>
Total Liabilities	<u>1,268,607</u>	<u>115,816</u>
NET POSITION		
Invested in capital assets, net of related debt	584,094	856,615
Restricted for:		
Energy scheduling services	-	766,095
Unrestricted	<u>(528,835)</u>	<u>2,065,396</u>
Total Net Position	\$ <u>55,259</u>	\$ <u>3,688,106</u>

Enterprise Funds		
	Other	
Water	Enterprise Funds	Total
\$ 191,200	\$ 7,236	\$ 2,165,902
74,789	26,726	461,137
-	-	726,591
-	-	-
<u>265,989</u>	<u>33,962</u>	<u>3,353,630</u>
-	-	240,478
<u>4,977,779</u>	<u>-</u>	<u>6,811,410</u>
<u>4,977,779</u>	<u>-</u>	<u>7,051,888</u>
\$ <u>5,243,768</u>	\$ <u>33,962</u>	\$ <u>10,405,518</u>
\$ 4,898	\$ 502	\$ 61,657
37,135	-	44,053
-	-	-
-	-	82,960
20,986	-	594,788
-	-	-
6,173	-	17,886
63,100	-	75,200
<u>132,292</u>	<u>502</u>	<u>876,544</u>
5,840	1,515	20,519
2,650	291	9,150
<u>3,331,900</u>	<u>-</u>	<u>3,953,200</u>
<u>3,340,390</u>	<u>1,806</u>	<u>3,982,869</u>
<u>3,472,682</u>	<u>2,308</u>	<u>4,859,413</u>
1,582,779	-	3,023,488
-	-	766,095
<u>188,307</u>	<u>31,654</u>	<u>1,756,522</u>
\$ <u>1,771,086</u>	\$ <u>31,654</u>	\$ <u>5,546,105</u>

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

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Business-Type Activities -

	<u>Sewer</u>	<u>Electric</u>
OPERATING REVENUES		
Charges for services	\$ 289,532	\$ 2,496,037
Total Operating Revenues	<u>289,532</u>	<u>2,496,037</u>
OPERATING EXPENSES		
Personnel costs	132,263	139,629
Utilities	3,949	-
Supplies	66,526	8,867
Maintenance and operations	91,954	340,738
Contractual services	186,526	1,394,277
Depreciation	40,138	47,571
Other expense	7,984	47,348
Total Operating Expenses	<u>529,340</u>	<u>1,978,430</u>
Operating Income (Loss)	<u>(239,808)</u>	<u>517,607</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	2,611	36,208
Intergovernmental revenues	-	14,582
Other revenues	90	64,415
Interest expense	(29,802)	-
Total Non-Operating Revenues (Expenses)	<u>(27,101)</u>	<u>115,205</u>
Income (Loss) Before Transfers	<u>(266,909)</u>	<u>632,812</u>
Transfers in	4,000	67,562
Transfers out	(4,000)	(274,114)
Change in Net Position	<u>(266,909)</u>	<u>426,260</u>
Total Net Position - Beginning	118,848	3,261,846
Prior period adjustment	203,320	-
Total Net Position - Beginning, Restated	<u>322,168</u>	<u>3,261,846</u>
Total Net Position - Ending	<u>\$ 55,259</u>	<u>\$ 3,688,106</u>

Enterprise Funds		
Other		
Water	Enterprise Funds	Total
\$ 448,306	\$ 157,454	\$ 3,391,329
448,306	157,454	3,391,329
129,361	15,638	416,891
8,348	-	12,297
20,566	-	95,959
52,075	5,629	490,396
4,298	129,048	1,714,149
107,300	-	195,009
16,517	1,370	73,219
338,465	151,685	2,997,920
109,841	5,769	393,409
4,374	1,804	44,997
-	-	14,582
407	-	64,912
(150,010)	-	(179,812)
(145,229)	1,804	(55,321)
(35,388)	7,573	338,088
120,000	-	191,562
(120,000)	(8,000)	(406,114)
(35,388)	(427)	123,536
1,806,474	32,081	5,219,249
-	-	203,320
1,806,474	32,081	5,422,569
\$ 1,771,086	\$ 31,654	\$ 5,546,105

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

CITY OF BIGGS, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Electric</u>	<u>Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 281,186	\$ 2,491,918	\$ 448,469
Payments to suppliers	(480,908)	(1,788,985)	(162,092)
Payments to employees	(130,384)	(136,321)	(127,504)
Net Cash Provided (Used) by Operating Activities	<u>(330,106)</u>	<u>566,612</u>	<u>158,873</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Grants and other receipts	-	78,997	-
Transfers to other funds	6,783	(248,788)	10,532
Interfund loans repaid	373,802	(526,591)	-
Interfund loans received	(200,000)	-	-
Interfund loans made	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>180,585</u>	<u>(696,382)</u>	<u>10,532</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	1	-	-
Principal paid on capital debt	(12,500)	-	(45,000)
Interest paid on capital debt	(29,802)	-	(150,500)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(42,301)</u>	<u>-</u>	<u>(195,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	2,611	36,208	4,374
Net Cash Provided (Used) by Investing Activities	<u>2,611</u>	<u>36,208</u>	<u>4,374</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(189,211)	(93,562)	(21,721)
Balances - Beginning of the Year	48,124	1,966,572	202,060
Balances - End of the Year	\$ <u>(141,087)</u>	\$ <u>1,873,010</u>	\$ <u>180,339</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (239,808)	\$ 517,607	\$ 109,841
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	40,138	47,571	107,300
Decrease (increase) in:	-	-	-
Accounts receivable	(8,346)	(4,119)	163
Prepaid power	-	-	-
Increase (decrease) in:	-	-	-
Accounts payable	(123,837)	(700)	(60,288)
Deposits payable	(132)	2,945	-
Unearned revenue	-	-	-
Compensated absences	1,879	3,308	1,857
OPBB liability	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ <u>(330,106)</u>	\$ <u>566,612</u>	\$ <u>158,873</u>

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

<u>Other</u>	
<u>Enterprise</u>	
<u>Funds</u>	<u>Total</u>
\$ 157,029	\$ 3,378,602
(135,798)	(2,567,783)
<u>(14,774)</u>	<u>(408,983)</u>
<u>6,457</u>	<u>401,836</u>

-	78,997
(5,846)	(237,319)
-	(152,789)
-	(200,000)
<u>-</u>	<u>-</u>
<u>(5,846)</u>	<u>(511,111)</u>

-	1
-	(57,500)
<u>-</u>	<u>(180,302)</u>
-	-
<u>-</u>	<u>(237,801)</u>

<u>1,804</u>	<u>44,997</u>
<u>1,804</u>	<u>44,997</u>
2,415	(302,079)
6,975	2,223,731
\$ <u>9,390</u>	\$ <u>1,921,652</u>

\$ 5,769	\$ 393,409
-	195,009
-	-
(425)	(12,727)
-	-
-	-
248	(184,577)
-	2,813
-	-
864	7,908
<u>1</u>	<u>1</u>
\$ <u>6,457</u>	\$ <u>401,836</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 FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 19,456
Total Assets	\$ <u>19,456</u>
LIABILITIES	
Agency obligations	\$ 19,456
Total Liabilities	\$ <u>19,456</u>

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

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BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

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**CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

REPORTING ENTITY

The following is a summary of the more significant accounting policies of the City of Biggs, (the City), all of which conform to generally accepted accounting principles as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; sanitation, electric, water, and wastewater services; the construction and maintenance of streets and infrastructure; recreational activities and cultural events.

As required by GAAP, the accompanying basic financial statements present the City and its component units. Component units are entities for which the City is considered to be financially accountable. GASB defines component units as legally separate entities that meet any one of the following tests:

The City appoints the voting majority of the board of the entity and:

is able to impose its will on the entity and/or
is in a relationship of financial benefit or burden with the entity.

The entity is fiscally dependent upon the City.

The financial statements of the City would be misleading if data from the entity were omitted.

Based on the application of the criteria set forth by the Governmental Standards Board, management has determined that there are not component units of the City.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Reporting Entity, Continued

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues as available if they are collected within sixty days of the end of the current fiscal period, except for sales tax which has a ninety day availability period. Expenditures

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Government-Wide and Fund Financial Statements (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Property taxes, sales taxes, transient occupancy tax, grants, licenses, fees, charges and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fiduciary fund financial statements include a statement of net assets. The City's fiduciary funds represent agency funds and a Private-purpose Trust Fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate self-balancing set of accounts for its assets, other debits, liabilities, other credits, equity, revenue and expenditures or expenses, as appropriate.

Governmental Funds - Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

Basis of Presentation, Continued

Enterprise Funds - account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City has elected to follow GASB pronouncements, and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement Number 20.

Fiduciary Funds

Agency Funds - used to account for assets held by a governmental unit as an agent for individuals, governmental entities (other than the City) and non-public organizations. This fund is used to account for deposits and collects monies for various community events which are remitted to the organizers.

Private-purpose Trust Fund - is a fiduciary fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and interest benefit individuals, private organizations, or other governments.

Major Funds

The City reports the following major governmental funds:

The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as public safety, community development, and recreation and culture services.

The SR2S Improvement fund is a special revenue fund used to account for revenues and expenditures related to Safe Routes to School.

The TEA 2005 Improvement Project fund is a special revenue fund used to account for revenues and expenditures related to Transportation Enhancement Act monies.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Basis of Presentation, Continued

Major Funds (Continued)

The HOME Grant fund is a special revenue fund used to account for revenues and expenditures related to HOME program income.

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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Assets, Liabilities, and Net Assets or Equity Cash and Investments

Cash and Investments (Continued)

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 income from pooled investments is allocated to all funds in the pool. Interest is allocated on the basis of average daily cash balance at quarter end in relation to the total pool investments. 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.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. 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.

General Receivables and Property Taxes Receivable

The City records an allowance for doubtful accounts on general accounts receivable based on the experience method.

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.

The City records an allowance for doubtful accounts based on past experience. The allowance for doubtful accounts at June 30, 2013 are Sewer fund \$252, Electric fund \$2,911, Water fund \$399, and Solid Waste \$172.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Assets, Liabilities, and Net Assets or Equity, Continued Capital Assets, Continued

Inventories

Inventories are valued at estimated cost at year-end. All inventories consist of expendable supplies held for consumption. The cost is recorded as inventory when items are purchased and as expenditures when the items are used (the consumption method of accounting for inventories). The weighted average method is used for establishing the cost of inventory consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such depreciation has been provided over the estimated useful lives using the straight-line method. 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

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Pension Plan

All full-time and certain part-time City employees are members of the State of California Public Employees' Retirement System (PERS), an agent multiple-employer defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of June 30 by the PERS's actuary.

Continued on following page.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Assets, Liabilities, and Net Assets or Equity, Continued

Vacation and Sick Pay

Vacation pay is vested to the employees as it accrues and is payable upon retirement or termination. Sick leave, however, does not vest to the employees and is payable only when sick leave is taken.

Unused vacation and sick leave have been accrued in the accompanying government-wide financial statements and the accompanying proprietary fund financial statements.

Deferred Revenue

In the government-wide financial statements, unearned revenue is recorded for transactions for which revenues have not been earned.

In the fund financial statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenues when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which does not materially differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Assets, Liabilities, and Net Assets or Equity, Continued

Other Postemployment Benefits (OPEB)

The City of Biggs sponsors, under a defined benefit plan, retiree healthcare plan to qualifying employees retiring directly from the City. The benefit level is determined by date of hire and length of service and bargaining agreements. The City has contracted for medical coverage to be provided through an agent multiple-employer CalPERS Healthcare (PEMHCA) plan.

Fund Equity

In the fund financial statements, governmental funds aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed ordinances of the City Council -the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City Council's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General fund. It is also used to report negative fund balances in other governmental funds.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Assets, Liabilities, and Net Assets or Equity, Continued

Fund Equity (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, the unrestricted resources-committed, assigned, and unassigned-in order as needed.

Net Position

For government-wide reporting as well as in proprietary funds, fund equity is called net position. Net position is comprised of three components: net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Tap and similar fees have been reported as non-operating revenues in the City's statement of revenue expense and changes in net position for proprietary funds and as capital grants and contributions in the statement of activities and changes in net position.

Use of Estimates

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

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

New Pronouncements

Governmental Accounting Standards Board Statement No. 61

The City adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

Governmental Accounting Standards Board Statement No. 62

The City adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement directly incorporates the applicable guidance from Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure, issued on or before November 30, 1989, into the state and local government accounting and financial reporting standards, with the provisions modified, as appropriate, to recognize the effects of the governmental environment and the needs of governmental financial statement users without affecting the substance of the applicable guidance.

Governmental Accounting Standards Board Statement No. 63

The City adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, this Statement changes the previous classification of net assets to net position, and consequently the statement of net assets to the statement of net position.

Restatement of Net Position

For the fiscal year ending June 30, 2013, GASB Statements No. 60 *Accounting and Financial Reporting for Service Concession Arrangements* and No. 62 *Codification of Accounting and*

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

New Pronouncements, Continued

Restatement of Net Position

Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements ("the Statements") were implemented. The City had no contracts that, considering the implementation of Statement No. 60, were previously reported at their gross value and had to be discounted to their present value. The City had no service concession arrangements, and therefore no identifiable intangible assets relating to them. The implementation of Statement No. 62 resulted in the City's government-wide net position as of June 30, 2012, being restated as follows:

	<u>Governmental Activities</u>
Net assets at June 30, 2012, as previously reported	\$ 10,706,815
GASB Statement No. 60 adjustment:	
Service concession arrangement	None
GASB Statement No. 62 adjustment:	
Capital lease additions	<u>None</u>
Net position at July 1, 2012, as restated	\$ <u>10,706,815</u>

Deficit Fund Balance/Net Assets

The financial statements reflect the following deficit fund balances at June 30, 2013:

Sewer Capital Improvement Fund	\$ 921,171
HOME 2007 Grant Fund	\$ 226
Sixth Street Bridge Fund	\$ 101,155
08-PTAE-5403 CDBG Fund	\$ 1,592
ADA City Library Fund	\$ 19,284
Veterans Hall Rehabilitation Fund	\$ 11,079
WWTP Phase 1	\$ 22,703

NOTE 3: DETAILED NOTES

Cash and Investments

As of June 30, 2013, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 3,265,789
Agency funds	<u>19,456</u>
Total Cash and Investments	\$ <u>3,285,245</u>

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (Continued)

Cash and Investments (Continued)

As of June 30, 2013, the City's cash and investments consisted of the following:

Cash:

Cash on hand	\$ 400
Deposits (less outstanding checks)	<u>1,689,490</u>
Total Cash	<u>1,689,890</u>

As of June 30, 2013, the City's investments consisted of the following:

Investments:

In City's pool	<u>1,595,355</u>
Total Investments	<u>1,595,355</u>
Total Cash and Investments	<u>\$ 3,285,245</u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$1,670,191 and the bank balance was \$1,707,712. 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 \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limit its deposits.

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 pooled with the State of California Local Agency Investment Fund. 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.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (CONTINUED)

Cash and Investments (Continued)

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 or better by Standards & Poor's or P-1 or better by Moody's Investors Service; corporate bonds to the rating of A or better by both Standards & Poor's and Moody's Investors Service. No limits are placed on U.S. government agency securities and U.S. Treasuries. The City's investment policy does not further limit its investment choices.

Custodial Credit Risk - 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. To mitigate the custodial credit risk the City requires that all of its managed investments be held in the name of the City. The City's investment policy does not further limit the exposure to custodial credit risk.

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 and 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 deposits and imprest cash, in the California Local Agency Investment Fund (LAIF). At June 30, 2013, 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, 2013, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$1,595,355. The total amount invested by all public agencies in LAIF on that day was \$69,555,776,591. Of that amount, 94.58% is invested in non-derivative financial products and 5.42% 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.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (CONTINUED)

Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

	Balance			Adjustments/	Balance
	July 1, 2012	Additions	Retirements	Transfers	June 30, 2013
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 152,124	\$ 14,028	\$ -	\$ -	\$ 166,152
Construction in progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	152,124	14,028	-	-	166,152
Capital Assets, Being Depreciated:					
Buildings and improvements	1,392,777	-	-	-	1,392,777
Machinery and equipment	549,350	-	-	-	549,350
Infrastructure	2,704,409	-	-	-	2,704,409
Total Capital Assets, Being Depreciated	4,646,536	-	-	-	4,646,536
Less Accumulated Depreciation For:					
Buildings and improvements	(382,519)	(46,544)	-	-	(429,063)
Machinery and equipment	(416,634)	(19,685)	-	-	(436,319)
Infrastructure	(176,166)	(45,073)	-	-	(221,239)
Total Accumulated Depreciation	(975,319)	(111,302)	-	-	(1,086,621)
Total Capital Assets, Being Depreciated, Net	3,671,217	(111,302)	-	-	3,559,915
Total Governmental Activities, Net	\$ <u>3,823,341</u>	\$ <u>(97,274)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,726,067</u>

	Balance			Adjustments/	Balance
	July 1, 2012	Additions	Retirements	Transfers	June 30, 2013
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 37,158	\$ -	\$ -	\$ -	\$ 37,158
Construction in progress	-	203,320	-	-	203,320
Total Capital Assets, Not Being Depreciated	37,158	203,320	-	-	240,478
Capital Assets, Being Depreciated:					
Structures and improvements	167,000	-	-	-	167,000
Machinery and equipment	1,631,297	-	-	-	1,631,297
Infrastructure	7,652,122	-	-	-	7,652,122
Total Capital Assets, Being Depreciated	9,450,419	-	-	-	9,450,419
Less Accumulated Depreciation For:					
Structures and improvements	(77,000)	(3,750)	-	-	(80,750)
Machinery and equipment	(706,284)	(52,635)	-	-	(758,919)
Infrastructure	(1,660,715)	(138,625)	-	-	(1,799,340)
Total Accumulated Depreciation	(2,443,999)	(195,010)	-	-	(2,639,009)
Total Capital Assets, Being Depreciated, Net	7,006,420	(195,010)	-	-	6,811,410
Total Business-type Activities, Net	\$ <u>7,043,578</u>	\$ <u>8,310</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,051,888</u>

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (CONTINUED)

Capital Assets (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 27,072
Public ways and facilities	39,243
Public protection	33,017
Culture and recreation	7,954
Community development	<u>2,943</u>
Total Depreciation Expense -- Governmental Functions	\$ <u>110,229</u>

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

Sewer	\$ 40,138
Electric	47,571
Water	<u>107,300</u>
Total Depreciation Expense - Business-Type Functions	\$ <u>195,009</u>

Construction in Progress:

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

Unearned Revenue:

At June 30, 2013, the components of unearned revenue reported were as follows:

Offset to Long-Term Notes Receivable	\$ <u>886,328</u>
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Long-term Debt

Long-term debt for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Adjustments/ Retirements	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities					
Loans	\$ 264,000	\$ -	\$ 4,000	\$ 260,000	\$ 4,000
OPEB Liability (Note 5)	3,160	-	-	3,160	-
Compensated Absences (Note 1)	<u>23,726</u>	<u>17,981</u>	<u>21,509</u>	<u>20,198</u>	<u>1,813</u>
Total Government Activities	\$ <u>290,886</u>	\$ <u>17,981</u>	\$ <u>25,509</u>	\$ <u>283,358</u>	\$ <u>5,813</u>

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (CONTINUED)

Long-term Debt (Continued)

	Balance July 1, 2012	Additions	Adjustments/ Retirements	Balance June 30, 2013	Amounts Due Within One Year
Business-Type Activities					
Loans	\$ 4,085,900	\$ -	\$ 57,500	\$ 4,028,400	\$ 75,200
OPEB Liability (Note 5)	9,150	-	-	9,150	-
Compensated Absences (Note 1)	<u>51,592</u>	<u>36,775</u>	<u>49,962</u>	<u>38,405</u>	<u>17,886</u>
Total Business-Type Activities	<u>\$ 4,146,642</u>	<u>\$ 36,775</u>	<u>\$ 107,462</u>	<u>\$ 4,075,955</u>	<u>\$ 93,086</u>

At June 30, 2013, loans consisted of the following:

	<u>Government Activities</u>	<u>Business-Type Activities</u>
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	\$ -	\$ 132,700
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.	-	104,600
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.	-	3,395,000
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 a maturity date of September 1, 2039. Loan proceeds were used for wastewater system improvements.	-	396,100

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (CONTINUED)

Long-term Debt (Continued)

At June 30, 2013, loans consisted of the following:

	Government Activities	Business-Type Activities
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 maturity of September 1, 2040. Loan proceeds were used for the purchase of property for a public works facility	260,000	-
Total Loans	\$ <u>260,000</u>	\$ <u>4,028,400</u>

The annual aggregate maturities for the years subsequent to June 30, 2013, are as follows:

Year Ended June 30	Loans					
	Government Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest		
2014	\$ 4,000	\$ 12,900	\$ 63,100	\$ 174,450	\$ 254,450	
2015	5,000	12,675	63,700	171,704	253,079	
2016	5,000	12,425	69,300	168,932	255,657	
2017	5,000	12,175	69,900	165,917	252,992	
2018	5,000	11,925	75,600	162,875	255,400	
2019-2020	12,000	23,000	158,100	315,852	508,952	
2021-2025	35,000	51,825	455,900	725,680	1,268,405	
2026-2030	44,000	42,000	568,200	617,350	1,271,550	
2031-2035	56,000	29,500	715,600	480,772	1,281,872	
2036-2040	72,000	13,600	885,100	310,528	1,281,228	
2041-2045	17,000	425	903,900	118,344	1,039,669	
Total Government Activities	\$ 260,000	\$ 222,450	\$ 4,028,400	\$ 3,412,404	\$ 7,923,254	

Leases

Operating Leases

Rental expenses incurred under operating leases are not considered material.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3: DETAILED NOTES (CONTINUED)

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, 2013:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Electric Utility Fund	\$ 726,591	\$ -
Sewer Utility Fund		373,802
Home 2007 Grant Fund		226
Sixth Street Bridge Fund		99,622
08-PTAE-8403 - CDBG		1,592
ADA City Library Fund		19,284
Veterans Hall Rehab Fund		11,079
Water Utility Fund		20,986
Sewer Improvement Fund	-	200,000
Total	<u>\$ 726,591</u>	<u>\$ 726,591</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, 2013:

	<u>Transfer-Out</u>	<u>Transfer-In</u>
General Fund	\$ 14,400	\$ 214,552
Sixth Street Bridge Fund	-	14,400
NCPA GOR Reserve Fund	11,237	-
CAISO Reserve Fund	-	11,237
Water Fund	120,000	-
Solid Waste Fund	8,000	-
Sewer Improvement Fund	4,000	-
Sewer Bond Fund		4,000
Water Improvement Fund	-	120,000
Electric Improvement Fund	-	56,325
Electric	262,877	-
Total	<u>\$ 420,514</u>	<u>\$ 420,514</u>

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

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 2012/2013 was 8.695 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.

Annual Pension Cost

For fiscal year 2012/2013, the City's annual pension cost of \$36,368 for the miscellaneous plan was equal to the City's actual contributions. The required contribution for fiscal year 2012/2013 was determined as part of the June 30, 2009, 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 two to five 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.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 36,530	100%	\$ -
June 30, 2012	33,200	100%	-
June 30, 2013	36,368	100%	-

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

Annual Pension Cost (Continued)

Funded Status and Funding Progress

Since the City Miscellaneous plan 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.

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The City provides a defined benefit healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides lifetime healthcare insurance for eligible retirees through the CalPERS Health Benefit Program, which covers both active and retired members. Spouses are also covered throughout his or her life. The City only pays up to the required minimum employer premium contribution calculated using the unequal contribution method. Under this method, the City's contribution for the retiree is calculated by the number of years the City has participated in CalPERS, multiplied by at least five percent (5%), and multiplied by the current employer contribution toward active employees, which is adjusted based on the medical care portion of the Consumer Price Index. Benefit provisions are established by the City Council.

Funding Policy

The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the City's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The City has elected not to establish an irrevocable trust at this time. The City Council reserves the authority to review and amend this funding policy annually.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No.

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CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 15,514
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	15,514
Contributions made	<u>3,204</u>
Increase in net OPEB obligation	12,310
Net OPEB obligation - Beginning of year	<u>-</u>
Net OPEB obligation - End of year	<u>\$ 12,310</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 15,514	21%	\$ 12,310

Funding Status and Funding Progress

As of July 1, 2013, the actuarial accrued liability (AAL) for benefits was \$118,409, all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer as subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website (www.cdc.gov). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover - The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was set at 4%, which is within the range recommended by CalPERS OPEB Assumption Model.

Health insurance premiums - 2009 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid.

Payroll increase - Changes in the payroll for current employees are expected to increase at a rate of approximately 2% annually.

Discount rate - The calculation uses an annual discount rate of 3%. This is based on the assumed long-term return on plan assets or employer assets.

(Continued on the following page)

**CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Actuarial cost method - The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2009, was thirty years.

Plan for Funding

On an ongoing basis, the City will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

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 disasters. 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.

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.

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 6: RISK MANAGEMENT (Continued)

Joint Agencies

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.

NOTE 7: OTHER INFORMATION

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.

Subsequent Event

Management has evaluated events subsequent to June 30, 2013 through December 29, 2013, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$25,744.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to

(Continued on the following page)

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 7: OTHER INFORMATION (Continued)

Proposition 1A Borrowing by the State of California (Continued)

provide local agencies with cash proceeds in two equal installments, on January 15, 2013 and May 3, 2013. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

NOTE 8: PRIOR PERIOD ADJUSTMENT

During the period, the City's contract accountant reviewed the City's accrued expenses payable and determined that the health insurance liability in the general fund was understated. The error resulted in the understatement of the liability in the general fund in the amount of \$10,279. The City reclassified \$24,165 from restricted fund balance in the 1994 CDBG Fund to unearned revenues to correctly the uncollected loans receivable.

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REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2013**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
(OPEB)**

The table below shows a one 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, 2013, for the City other Postemployment Benefit Plan. As additional years are available, a three-year trend analysis will be presented.

Miscellaneous Plan:

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (UAAL)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
July 1, 2009	\$ 118,409	\$ -	\$ 118,409	0%	\$ 429,000	27.6%

CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 155,972	\$ 155,972	\$ 183,073	\$ 27,101
Licenses and permits	6,900	6,900	9,489	2,589
Fines and forfeitures	160	160	369	209
Use of money	23,885	21,885	5,090	(16,795)
Intergovernmental	256,297	256,297	384,904	128,607
Charges for services	37,400	37,400	34,150	(3,250)
Other revenues	102,060	102,060	61,861	(40,199)
Total Revenues	<u>582,674</u>	<u>580,674</u>	<u>678,936</u>	<u>98,262</u>
EXPENDITURES				
Current:				
General government	289,947	287,784	118,039	169,745
Public ways and facilities	72,731	102,231	66,670	35,561
Public protection	346,054	346,054	326,185	19,869
Culture and recreation	56,305	56,303	55,101	1,202
Community development	66,296	66,296	62,285	4,011
Debt service	17,900	35,943	35,743	200
Total Expenditures	<u>849,233</u>	<u>894,611</u>	<u>664,023</u>	<u>230,588</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(266,559)</u>	<u>(313,937)</u>	<u>14,913</u>	<u>328,850</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	70,533	-	135,842	135,842
Transfers out	(6,188)	-	(83,309)	(83,309)
Total Other Financing Sources (Uses)	<u>64,345</u>	<u>-</u>	<u>52,533</u>	<u>52,533</u>
Net Change in Fund Balance	(202,214)	(313,937)	67,446	381,383
Fund Balance -Beginning	224,708	224,708	224,708	-
Fund Balance - Ending	<u>\$ 22,494</u>	<u>\$ (89,229)</u>	<u>\$ 292,154</u>	<u>\$ 381,383</u>

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
SCHEDULES TO FOOTNOTES
BUDGET AND APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 2 OTHER DISCLOSURES

SCHEDULE OF EXCESS EXPENDITURES:

Fund	Appropriations	Expenditures	Excess Expenditures
STP Grant	\$ 600	\$ 3,366	\$ 2,766
HOME 2007 Grant	-	1,887	1,887
1994 CDBG Fund	-	3,737	3,737
Gas Tax	17,468	19,742	2,274
CDF N. Biggs	18,131	19,485	1,354
E. McCain	-	36	36
	\$ 36,199	\$ 48,253	\$ 12,054

SCHEDULE OF DEFICIT FUND BALANCES:

Fund	Deficit Fund Balance
ADA City Library	\$ (19,284)
Veterans Hall Rehab	(9,562)
Housing Element	(109)
08-PTAE-5403 CDBG	(16)
Sixth Street Bridge	(29,631)
HOME 2007 Grant	(226)
Sewer Improvement Fund	(807,061)
	\$ (865,889)

**CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
(OPEB)**

The Schedule of Funding Progress - Other Postemployment Benefits on Page 40, presents a consolidated snapshot of the City's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

BUDGETARY BASIS OF ACCOUNTING

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

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.

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.).

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 HOME Grant major special revenue fund did not have a legally adopted budget.

All unused appropriations for budgeted amounts lapse at the end of the year.

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.

REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

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COMBINING NONMAJOR FUND STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

Unaudited

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	Gas Tax	IMPTeloper Fees	Traffic Congestion
ASSETS			
Cash and investments	\$ 78,567	\$ 30,767	\$ -
Accounts receivable (net of allowance)	8,554	-	-
Loans receivable	-	-	-
Total Assets	<u>\$ 87,121</u>	<u>\$ 30,767</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 419	\$ 491	\$ -
Deposits payable	-	-	-
Due to other funds	-	203	-
Unearned revenue	-	-	-
Total Liabilities	<u>419</u>	<u>694</u>	<u>-</u>
FUND BALANCES			
Reserved for:			
Loans receivable	-	-	-
Unreserved:			
Undesignated	<u>86,702</u>	<u>30,073</u>	<u>-</u>
Total Fund Balances	<u>86,702</u>	<u>30,073</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 87,121</u>	<u>\$ 30,767</u>	<u>\$ -</u>

CalTrans SR2S #4 Grant	TEA Grant	SR2S Improvement	SB-325 'TDA Funds	Prop 1B
\$ -	\$ -	\$ -	\$ 41,326	\$ -
-	-	-	5,828	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,154</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 821	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>821</u>	<u>-</u>
-	-	-	-	-
-	-	-	46,333	-
-	-	-	46,333	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,154</u>	<u>\$ -</u>

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	SB-620 STA Funds	STIP Exchange	TEA 2005 Improvement Project
ASSETS			
Cash and investments	\$ 1,225	\$ 40,705	\$ -
Accounts receivable (net of allowance)	781	-	-
Loans receivable	-	-	-
Total Assets	<u>\$ 2,006</u>	<u>\$ 40,705</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 9	\$ -
Deposits payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>9</u>	<u>-</u>
FUND BALANCES			
Reserved for:			
Loans receivable	-	-	-
Unreserved:			
Undesignated	2,006	40,696	-
Total Fund Balances	<u>2,006</u>	<u>40,696</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,006</u>	<u>\$ 40,705</u>	<u>\$ -</u>

HOME Grant	HOME 2007 Grant	Sixth St Bridge	1982 CDBG	CDBG Miscellaneous
\$ 45,333	\$ -	\$ -	\$ 49	\$ 44,950
-	-	-	-	-
541,465	-	-	-	-
<u>\$ 586,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 44,950</u>
\$ -	\$ -	\$ 1,533	\$ -	\$ -
-	-	-	-	-
-	226	99,622	-	-
541,465	-	-	-	-
<u>541,465</u>	<u>226</u>	<u>101,155</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
45,333	(226)	(101,155)	49	44,950
45,333	(226)	(101,155)	49	44,950
<u>\$ 586,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 44,950</u>

(Continued page 2 of 4)

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	1994 CDBG	07-CDGB PTA DOW	2007 PTAE
ASSETS			
Cash and investments	\$ 59,566	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-
Loans receivable Total Assets	118,318	-	-
Total Assets	<u>\$ 177,884</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Deposits payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	118,338	-	-
Total Liabilities	<u>118,338</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Reserved for:			
Loans receivable	-	-	-
Unreserved:			
Undesignated	59,546	-	-
Total Fund Balances	<u>59,546</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 177,884</u>	<u>\$ -</u>	<u>\$ -</u>

08-PTAE-\$403 CDBG	Housing Element	ADA City Library	Veteran's Hail Rehab	01-STBG-1797
\$ -	\$ -	\$ -	\$ -	\$ 29,139
-	-	-	-	-
-	-	-	-	226,545
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,684</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,592	-	19,284	11,079	-
-	-	-	-	226,545
<u>1,592</u>	<u>-</u>	<u>19,284</u>	<u>11,079</u>	<u>226,545</u>
-	-	-	-	-
(1,592)	-	(19,284)	(11,079)	29,139
(1,592)	-	(19,284)	(11,079)	29,139
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,684</u>

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	2005 CDBG	Totals
ASSETS		
Cash and investments	\$ -	\$ 371,627
Accounts receivable (net of allowance)	-	15,163
Loans receivable	-	886,328
Total Assets	<u>\$ -</u>	<u>\$ 1,273,118</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ 3,273
Deposits payable	-	-
Due to other funds	-	132,006
Unearned revenue	-	886,348
Total Liabilities	<u>-</u>	<u>1,021,627</u>
FUND BALANCES		
Reserved for:		
Loans receivable	-	-
Unreserved:		
Undesignated	-	251,491
Total Fund Balances	<u>-</u>	<u>251,491</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,273,118</u>

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CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Gas Tax	IMPTeloper Fees	Traffic Congestion
REVENUES			
Taxes and assessments	\$ 47,558	\$ 22,098	\$ -
Use of money	151	62	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Other revenues	-	18,828	-
Total Revenues	<u>47,709</u>	<u>40,988</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	-	18,687	-
Public ways and facilities	34,400	18,694	-
Public protection	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
Total Expenditures	<u>34,400</u>	<u>37,381</u>	<u>-</u>
Excess of Revenues Over(Under) Expenditures	<u>13,309</u>	<u>3,607</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	13,309	3,607	-
Fund Balances - Beginning	73,393	26,466	-
Prior period adjustment	-	-	-
Fund Balances - Beginning, Restated	<u>73,393</u>	<u>26,466</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 86,702</u>	<u>\$ 30,073</u>	<u>\$ -</u>

CalTrans SR2S #4 Grant	TEA Grant	SR2S Improvement	SB-325 TDA Funds
\$ -	\$ -	\$ -	\$ -
-	-	-	74
-	-	-	46,989
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	47,063
-	-	-	-
-	-	-	-
-	-	-	41,372
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	41,372
-	-	-	5,691
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	5,691
-	-	-	40,642
-	-	-	-
-	-	-	-
-	-	-	40,642
\$ -	\$ -	\$ -	\$ 46,333

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Prop 1B	SB-620 STA Funds	STIP Exchange
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money	-	-	77
Intergovernmental	-	8,120	-
Charges for services	-	-	-
Other revenues	-	-	-
Total Revenues	-	8,120	77
EXPENDITURES			
Current:			
General government	-	-	-
Public ways and facilities	-	6,132	146
Public protection	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
Total Expenditures	-	6,132	146
Excess of Revenues Over(Under) Expenditures	-	1,988	(69)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	1,988	(69)
Fund Balances - Beginning	-	18	40,765
Prior period adjustment	-	-	-
Fund Balances - Beginning, Restated	-	18	40,765
Fund Balances - Ending	\$ -	\$ 2,006	\$ 40,696

TEA 2005 Improvement Project	HOME Grant	HOME 2007 Grant	Sixth St Bridge
\$ -	\$ -	\$ -	\$ -
-	85	-	-
-	-	-	11,824
-	-	-	-
-	810	-	-
-	895	-	11,824
-	-	-	-
-	-	-	114,844
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	114,844
-	895	-	(103,020)
-	-	-	-
-	-	-	14,400
-	-	-	-
-	-	-	14,400
-	895	-	(88,620)
-	44,438	(226)	(12,535)
-	-	-	-
-	44,438	(226)	(12,535)
\$ -	\$ 45,333	\$ (226)	\$ (101,155)

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	1982 CDBG	1986 HUD	CDBG Miscellaneous
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money	-	-	100
Intergovernmental	-	-	-
Charges for services	-	-	-
Other revenues	-	-	178
Total Revenues	-	-	278
EXPENDITURES			
Current:			
General government	-	-	-
Public ways and facilities	-	-	-
Public protection	-	-	-
Culture and recreation	-	-	-
Community development	-	-	15,028
Capital outlay	-	-	-
Total Expenditures	-	-	15,028
Excess of Revenues Over(Under) Expenditures	-	-	(14,750)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	-	(14,750)
Fund Balances - Beginning	49	-	59,700
Prior period adjustment	-	-	-
Fund Balances - Beginning, Restated	49	-	59,700
Fund Balances - Ending	\$ 49	\$ -	\$ 44,950

1994 CDBG	07-CDBG PTA DOW	2007 PTAE	08-PTAE-5403 CDBG
\$ -	\$ -	\$ -	\$ -
112	-	-	-
-	-	-	-
4,911	-	-	-
-	-	-	-
<u>5,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,997	-	-	-
-	-	-	-
<u>6,997</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,974)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
(1,974)	-	-	-
85,685	-	-	(1,592)
(24,165)	-	-	-
<u>61,520</u>	<u>-</u>	<u>-</u>	<u>(1,592)</u>
<u>\$ 59,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,592)</u>

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Housing Element	ADA City Library	Veteran's Hall Rehab
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Other revenues	-	-	-
Total Revenues	-	-	-
EXPENDITURES			
Current:			
General government	-	-	-
Public ways and facilities	-	-	-
Public protection	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
Total Expenditures	-	-	-
Excess of Revenues Over(Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	-	(19,284)	(11,079)
Prior period adjustment	-	-	-
Fund Balances - Beginning, Restated	-	(19,284)	(11,079)
Fund Balances - Ending	\$ -	\$ (19,284)	\$ (11,079)

01-STBG-1797	2005 CDBG	Totals
\$ -	\$ -	\$ 69,656
36	-	697
-	-	66,933
-	-	4,911
21,409	-	41,225
21,445	-	183,422
-	-	18,687
-	-	215,588
-	-	-
-	-	-
-	-	22,025
-	-	-
-	-	256,300
21,445	-	(72,878)
-	-	14,400
-	-	-
-	-	14,400
21,445	-	(58,478)
7,694	-	334,134
-	-	(24,165)
7,694	-	309,969
\$ 29,139	\$ -	\$ 251,491

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NONMAJOR PROPRIETARY FUNDS

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CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUND - SOLID WASTE
June 30, 2013

	Solid Waste	Totals
ASSETS		
Current Assets		
Cash and investments	\$ 7,236	\$ 7,236
Accounts receivable (net of allowance)	26,726	26,726
Total Current Assets	33,962	33,962
Total Assets	<u>\$ 33,962</u>	<u>\$ 33,962</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 502	\$ 502
Due to other funds	-	-
Compensated absences	-	-
Total Current Liabilities	502	502
Noncurrent Liabilities		
Compensated absences	1,515	1,515
OPEB liability	291	291
Total Noncurrent Liabilities	1,806	1,806
Total Liabilities	<u>2,308</u>	<u>2,308</u>
NET POSITION		
Unrestricted	31,654	31,654
Total Net Position	<u>\$ 31,654</u>	<u>\$ 31,654</u>

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUND - SOLID WASTE
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Solid Waste</u>	<u>Totals</u>
OPERATING REVENUES		
Charges for services	\$ 157,454	\$ 157,454
Total Operating Revenues	<u>157,454</u>	<u>157,454</u>
OPERATING EXPENSES		
Personnel cost	15,638	15,638
Supplies	-	-
Maintenance and operations	5,629	5,629
Contractual services	129,048	129,048
Other	<u>1,370</u>	<u>1,370</u>
Total Operating Expenses	<u>151,685</u>	<u>151,685</u>
Operating income (Loss)	<u>5,769</u>	<u>5,769</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	<u>1,804</u>	<u>1,804</u>
Total Non-Operating Revenues (Expenses)	<u>1,804</u>	<u>1,804</u>
Income (Loss) Before Transfers	<u>7,573</u>	<u>7,573</u>
Transfers in	-	-
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>
Total Other Financing Sources (Uses)	<u>(8,000)</u>	<u>(8,000)</u>
Net Change in Fund Balance	<u>(427)</u>	<u>(427)</u>
Total Net Position - Beginning	32,081	32,081
Prior period adjustment	-	-
Total Net Position - Beginning, Restated	<u>32,081</u>	<u>32,081</u>
Total Net Position - Ending	<u><u>\$ 31,654</u></u>	<u><u>\$ 31,654</u></u>

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUND - SOLID WASTE
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Solid Waste</u>	<u>Totals</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 157,029	\$ 157,029
Payments to suppliers	(135,798)	(135,798)
Payments to employees	(14,774)	(14,774)
Net Cash Provided (Used) by Operating Activities	<u>6,457</u>	<u>6,457</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers to other funds	(5,846)	(5,846)
Interfund loans repaid	-	-
Interfund loans received	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(5,846)</u>	<u>(5,846)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	1,804	13
Net Cash Provided (Used) by Investing Activities	<u>1,804</u>	<u>13</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,415	624
Balances - Beginning of the Year	6,975	6,975
Balances - End of the Year	<u>\$ 9,390</u>	<u>\$ 9,390</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ 5,769	\$ 5,769
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease (increase) in:		
Accounts receivable	(425)	(425)
Increase (decrease) in:		
Accounts payable	248	248
Compensated absences	864	864
OPEB liability	1	1
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,457</u>	<u>\$ 6,457</u>

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FIDUCIARY FUNDS

Unaudited

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CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2013

	<u>'39 Fire Truck</u>	<u>Developer Fees</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and investments	\$ 3,008	\$ 16,448	\$ 19,456
Total Assets	<u>\$ 3,008</u>	<u>\$ 16,448</u>	<u>\$ 19,456</u>
LIABILITIES			
Agency obligations	\$ 3,008	\$ 16,448	\$ 19,456
Total Liabilities	<u>\$ 3,008</u>	<u>\$ 16,448</u>	<u>\$ 19,456</u>

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
'39 Fire Truck				
ASSETS				
Cash and investments	\$ 3,162	\$ 6	\$ (160)	\$ 3,008
Interest receivable	-	-	-	-
Total Assets	<u>\$ 3,162</u>	<u>\$ 6</u>	<u>\$ (160)</u>	<u>\$ 3,008</u>
LIABILITIES				
Agency obligations	\$ 3,162	\$ 6	\$ (160)	\$ 3,008
Total Liabilities	<u>\$ 3,162</u>	<u>\$ 6</u>	<u>\$ (160)</u>	<u>\$ 3,008</u>
Developer Fees				
ASSETS				
Cash and investments	\$ 16,416	\$ 32	\$ -	\$ 16,448
Interest receivable	-	-	-	-
Total Assets	<u>\$ 16,416</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 16,448</u>
LIABILITIES				
Agency obligations	\$ 16,416	\$ 32	\$ -	\$ 16,448
Total Liabilities	<u>\$ 16,416</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 16,448</u>

OTHER REPORTS AND SCHEDULES

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

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

STATUS OF PRIOR YEAR RECOMMENDATIONS

Donald R. Reynolds

Certified Public Accountant

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

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

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biggs, California (City), as of and for the year ended June 30, 2013, which collectively comprise the City's basic financial statements and have issued my report thereon dated February 13, 2014. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

I identified certain other deficiencies in internal control over financial reporting that I did not consider to be material weaknesses that I have reported in my letter to management dated February 13, 2014.

Compliance and Other Matters

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

The City's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Recommendations. I did not audit the City's responses, and accordingly, I express no opinion on them.

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

Donald R. Reynolds, CPA
Redding, California
February 13, 2014

**CITY OF BIGGS, CALIFORNIA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

NONE

**CITY OF BIGGS, CALIFORNIA
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

NONE