

**CITY OF BIGGS,  
California**

**Financial Statements  
together with  
Independent Auditor's Report**

**For the Year Ended  
June 30, 2016**

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## INTRODUCTORY SECTION

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City Officials

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**CITY OF BIGGS, CALIFORNIA**  
**CITY OFFICIALS**  
For the Year Ended June 30, 2016

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

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## FINANCIAL SECTION

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

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**DAVID D. BRUNER, CPA**  
ACCOUNTANCY CORPORATION

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DAVIDBRUNERCPA@YAHOO.COM

**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, 2016, 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.

**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, 2016, 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*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information and budgetary comparison information on pages 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provided any assurance.

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.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Biggs, California's basic financial statements. The introductory section is presented for purpose of additional analysis and is not a required part of the basic financial statements.

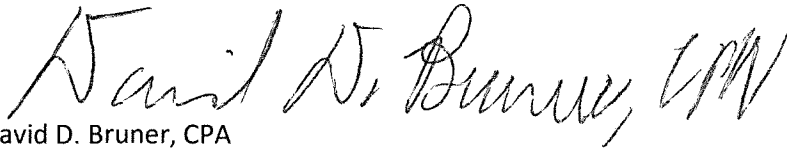
In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated March 18, 2016, 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.

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 and the combining non-major fund statements, unaudited, on pages 49 through 59 are 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, reading "David D. Bruner, CPA". The signature is written in a cursive, flowing style.

David D. Bruner, CPA  
Merced, California  
March 14, 2017



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# BASIC FINANCIAL STATEMENTS

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Government-Wide Financial Statements

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# CITY OF BIGGS, CALIFORNIA

## STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 1,640,359	\$ 2,615,179	\$ 4,255,538
Accounts receivable (net of allowance)	2,633	374,395	377,028
Due from other governmental agencies	50,079	-	50,079
Interest receivable	-	-	-
Internal balances	-	-	-
Prepaid power	-	-	-
Loans receivable	899,314		899,314
Capital assets:			
Non-depreciable	166,152	4,338,484	4,504,636
Depreciable, net	4,569,081	6,226,386	10,795,467
Total capital assets	4,735,233	10,564,870	15,300,103
<b>Total Assets</b>	<u>\$ 7,327,618</u>	<u>\$ 13,554,444</u>	<u>\$ 20,882,062</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows related to pensions	<u>\$ 27,774</u>	<u>\$ 55,026</u>	<u>\$ 82,800</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 127,425	\$ 974,783	\$ 1,102,208
Accrued salaries and benefits	10,405	-	10,405
Retention payable	14,054	-	14,054
Accrued interest payable	3,200	44,892	48,092
Deposits payable	-	101,037	101,037
OPEB liability	3,117	8,906	12,023
Compensated absences:			
Due within one year	9,873	23,152	33,025
Due in more than one year	10,695	25,082	35,777
Long-term liabilities:			
Due within one year	5,000	75,200	80,200
Due in more than one year	241,000	6,653,441	6,894,441
<b>Total Liabilities</b>	<u>\$ 424,769</u>	<u>\$ 7,906,493</u>	<u>\$ 8,331,262</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	\$ 899,314	\$ -	\$ 899,314
Deferred inflows related to pensions	21,662	42,917	64,579
	<u>\$ 920,976</u>	<u>\$ 42,917</u>	<u>\$ 963,893</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	\$ 4,489,233	\$ 3,836,229	\$ 8,325,462
Restricted for:			
Grants, taxes, and fees	-	-	-
Energy scheduling services	-	137,842	137,842
Unrestricted	1,520,414	1,685,989	3,206,403
<b>Total Net Position</b>	<u>\$ 6,009,647</u>	<u>\$ 5,660,060</u>	<u>\$ 11,669,707</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**For the Year Ended June 30, 2016**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 324,043	\$ 39,870	\$ -	\$ -
Public ways and facilities	217,714	44,361	81,202	188,615
Public protection	316,089	1,627	120,848	-
Culture and recreation	79,453	-	-	-
Community development	-	15,587	-	-
Interest on long-term debt	17,362	-	-	-
Total Governmental Activities	954,661	101,445	202,050	188,615
<b>Business-type activities:</b>				
Sewer	\$ 1,088,840	\$ 591,313	\$ -	\$ -
Electric	2,223,038	2,252,892	-	-
Water	489,443	519,746	-	-
Solid waste	163,264	169,223	-	-
Total Business-Type Activities	3,964,585	3,533,174	-	-
Total	\$ 4,919,246	\$ 3,634,619	\$ 202,050	\$ 188,615

*Continued on next page*

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (Continued)**  
For the Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business Type Activities	Total
<b>Governmental activities:</b>			
General government	\$ (284,173)	\$ -	\$ (284,173)
Public ways and facilities	96,464	-	96,464
Public protection	(193,614)	-	(193,614)
Culture and recreation	(79,453)	-	(79,453)
Community development	15,587	-	15,587
Interest on long-term debt	(17,362)	-	(17,362)
Total Governmental Activities	(462,551)	-	(462,551)
<b>Business-type activities:</b>			
Sewer	\$ -	\$ (497,527)	\$ (497,527)
Electric	-	29,854	29,854
Water	-	30,303	30,303
Solid waste	-	5,959	5,959
Total Business-Type Activities	-	(431,411)	(431,411)
Total	\$ (462,551)	\$ (431,411)	\$ (893,962)

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business Type Activities	Total
<b>General revenues:</b>			
Taxes:			
Property taxes	\$ 152,541	\$ -	\$ 152,541
Sales and use taxes	20,352	-	20,352
Franchis taxes	13,922	-	13,922
Property transfer taxes	2,245	-	2,245
Grants and contributions - unrestricted	254,920	-	254,920
Interest and investment earnings	1,467	67,345	68,812
Miscellaneous	73,606	177,435	251,041
Transfers	(8,631)	8,631	-
Total General Revenue and Transfers	510,422	253,411	763,833
Change in Net Position	\$ 47,871	\$ (178,000)	\$ (130,129)
Net Position - Beginning	5,961,776	5,838,060	11,799,836
Net position - ending	\$ 6,009,647	\$ 5,660,060	\$ 11,669,707

*The accompanying notes are an integral part of these financial statements.*

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# BASIC FINANCIAL STATEMENTS

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Fund Financial Statements

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**CITY OF BIGGS, CALIFORNIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2016

	General Fund	Other Governmental Funds	Total
<b>ASSETS</b>			
Cash and investments	\$ 518,813	\$ 1,121,546	\$ 1,640,359
Accounts receivable (net of allowance)	2,333	-	2,333
Due from other governmental agencies	9,197	41,182	50,379
Interest receivable	-	-	-
Due from other funds	-	-	-
Loans receivable	-	899,314	899,314
Total Assets	<u>\$ 530,343</u>	<u>\$ 2,062,042</u>	<u>\$ 2,592,385</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 91,454	\$ 35,971	\$ 127,425
Accrued salaries and benefits	9,341	1,064	10,405
Deposits payable	-	-	-
Retention payable	-	14,054	14,054
Due to other funds	-	-	-
Unearned revenues	-	899,314	899,314
Total Liabilities	<u>\$ 100,795</u>	<u>\$ 950,403</u>	<u>\$ 1,051,198</u>
<b>FUND BALANCES</b>			
Reserved for:			
Loans receivable	\$ -	\$ -	\$ -
Unreserved, reported in:			
General fund	-	-	-
Designated	-	-	-
Undesignated	429,548	-	429,548
Special revenue funds			
Designated	-	58,926	58,926
Undesignated	-	1,052,713	1,052,713
Total Fund Balances	<u>\$ 429,548</u>	<u>\$ 1,111,639</u>	<u>\$ 1,541,187</u>
Total Liabilities and Fund Balances	<u>\$ 530,343</u>	<u>\$ 2,062,042</u>	<u>\$ 2,592,385</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES TO THE GOVERNMENT-WIDE**  
**STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES**  
**June 30, 2016**

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**Total Fund Balance - Total Governmental Funds** **\$ 1,541,187**

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. 4,735,233

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

Deferred inflows and outflows of resources from GASB 68	6,112
Long-term liabilities	(246,000)
OPEB liability	(3,117)
Compensated absences	(20,568)

Accrued interest expense is treated as an expenditure in the  
year of payments in the funds, and therefore not reported until  
paid in funds (3,200)

Net Position of Governmental Activities \$ 6,009,647

*The accompanying notes are an integral part of these financial statements.*



**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2016

	General Fund	Other Governmental Funds	Total
<b>REVENUES</b>			
Taxes and assessments	\$ 172,893	\$ 125,563	\$ 298,456
Licenses and permits	8,653	-	8,653
Fines and forfeitures	137	-	137
Use of money	553	1,746	2,299
Intergovernmental	254,920	188,615	443,535
Charges for services	38,205	-	38,205
Other revenues	53,004	50,987	103,991
Total Revenues	528,365	366,911	895,276
<b>EXPENDITURES</b>			
Current:			
General government	272,305	-	272,305
Public ways and facilities	62,038	120,915	182,953
Public protection	265,621	-	265,621
Culture and recreation	66,767	-	66,767
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	17,362	-	17,362
Capital outlay	-	218,054	218,054
Total Expenditures	684,093	338,969	1,023,062
Excess of Revenues Over (Under) Expenditures	(155,728)	27,942	(127,786)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	130,000	55,000	185,000
Transfers out	-	-	-
Total Other Financing Sources (Uses)	130,000	55,000	185,000
Net Change in Fund Balances	(25,728)	82,942	57,214
Fund Balances - Beginning	455,276	1,028,697	1,483,973
Fund Balances - Ending	\$ 429,548	\$ 1,111,639	\$ 1,541,187

*The accompanying notes are an integral part of these financial statements.*

**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, 2016**

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**Net Change in Fund Balances - Total Governmental Funds** **\$ 57,214**

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	218,054
Depreciation expense	(114,700)
Donations of fixed assets	<u>-</u>

Debt proceeds provide the 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	(54,803)
-----------------------	----------

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	(61,796)
Change in deferred revenue	5,503

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

Change in compensated absences	<u>(1,601)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 47,871</u></u>
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*The accompanying notes are an integral part of these financial statements.*

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**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2016

	<u>Business-Type Activities</u>		
	<u>Sewer</u>	<u>Electric</u>	<u>Water</u>
<b>ASSETS</b>			
Cash and investments	\$ 663,714	\$ 1,442,302	\$ 504,313
Accounts receivable (net of allowance)	91,006	187,452	70,332
Due from other funds	-	1,700,000	-
Prepaid power	-	-	-
Capital assets:			
Non-depreciable	5,039,758	7,158	-
Depreciable, net	<u>154,207</u>	<u>706,745</u>	<u>4,657,002</u>
Total Assets	<u>5,948,685</u>	<u>4,043,657</u>	<u>5,231,647</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>16,732</u>	<u>21,999</u>	<u>16,295</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	949,640	19,386	5,199
Accrued interest payable	6,479	-	38,413
Retention payable	-	-	-
Deposits payable	-	101,037	-
Due to other funds	1,700,000	-	-
Unearned revenue	-	-	-
Compensated absences	-	-	-
Loans payable	12,100	-	63,100
Compensated absences	15,080	16,520	14,798
OPEB liability	3,277	2,689	2,650
Net pension liability	90,044	118,384	87,690
Loans payable	<u>3,471,541</u>	<u>-</u>	<u>3,181,900</u>
Total Liabilities	<u>6,248,161</u>	<u>258,016</u>	<u>3,393,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>13,050</u>	<u>17,158</u>	<u>12,709</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,710,324	713,903	1,475,102
Restricted for:			
Energy scheduling services	-	137,847	-
Unrestricted	<u>(2,006,118)</u>	<u>2,938,732</u>	<u>366,381</u>
Total Net Position	<u>\$ (295,794)</u>	<u>\$ 3,790,482</u>	<u>\$ 1,841,483</u>

*Continued on next page*

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
June 30, 2016

	<u>Business-Type Activities</u>	
	<u>Other Enterprise Funds</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and investments	\$ 4,850	\$ 2,615,179
Accounts receivable (net of allowance)	25,605	374,395
Due from other funds	-	1,700,000
Prepaid power	-	-
Capital assets:		
Non-depreciable	-	5,046,916
Depreciable, net	-	5,517,954
Total Assets	<u>30,455</u>	<u>15,254,444</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	<u>-</u>	<u>55,026</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	558	974,783
Accrued interest payable	-	44,892
Retention payable	-	-
Deposits payable	-	101,037
Due to other funds	-	1,700,000
Unearned revenue	-	-
Compensated absences	-	-
Loans payable	-	75,200
Compensated absences	1,836	48,234
OPEB liability	290	8,906
Net pension liability	-	296,118
Loans payable	-	6,653,441
Total Liabilities	<u>2,684</u>	<u>9,902,611</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	<u>-</u>	<u>42,917</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	-	3,899,329
Restricted for:		
Energy scheduling services	-	137,847
Unrestricted	<u>27,771</u>	<u>1,326,766</u>
Total Net Position	<u>\$ 27,771</u>	<u>\$ 5,363,942</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2016

	<b>Business-Type Activities</b>		
	<b>Sewer</b>	<b>Electric</b>	<b>Water</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 591,313	\$ 2,252,892	\$ 519,746
Total Operating Revenue	591,313	2,252,892	519,746
<b>OPERATING EXPENSES</b>			
Personnel costs	132,706	153,333	128,075
Utilities	7,384	-	8,293
Supplies	59,700	8,483	19,469
Maintenance and operations	182,764	248,193	7,463
Contractual services	711,580	1,602,450	49,723
Depreciation	41,066	47,571	106,178
Other expenses	13,392	163,008	23,712
Total Operating Expenses	1,148,592	2,223,038	342,913
Operating Income (Loss)	(557,279)	29,854	176,833
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	6,034	53,477	5,641
Intergovernmental revenues	-	-	-
Other revenues	8,092	161,546	7,797
Interest expense	(43,069)	-	(146,530)
Total Non-Operating Revenues (Expenses)	(28,943)	215,023	(133,092)
Income (Loss) Before Transfers	(586,222)	244,877	43,741
Transfers in	-	56,325	139,550
Transfers out	-	(233,325)	(139,550)
Change in Net Position	(586,222)	67,877	43,741
Total Net Position - Beginning	290,428	3,722,605	1,797,442
Total Net Position - Ending	\$ (295,794)	\$ 3,790,482	\$ 1,841,183

*Continued on next page*

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2016**

	<u>Business-Type Activities</u>	
	<u>Other Enterprise Funds</u>	<u>Total</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 169,223	\$ 3,533,174
Total Operating Revenue	169,223	3,533,174
<b>OPERATING EXPENSES</b>		
Personnel costs	15,271	429,385
Utilities	-	15,677
Supplies	-	87,652
Maintenance and operations	5,790	444,210
Contractual services	141,595	2,505,348
Depreciation	-	194,815
Other expenses	608	200,720
Total Operating Expenses	163,264	3,877,807
Operating Income (Loss)	5,959	(344,633)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	2,227	67,379
Intergovernmental revenues	-	-
Other revenues	-	177,435
Interest expense	-	(189,599)
Total Non-Operating Revenues (Expenses)	2,227	55,215
Income (Loss) Before Transfers	8,186	(289,418)
Transfers in	-	195,875
Transfers out	(8,000)	(380,875)
Change in Net Position	186	(474,418)
Total Net Position - Beginning	27,585	5,838,060
Total Net Position - Ending	\$ 27,771	\$ 5,363,642

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2016

	<b>Business-Type Activities</b>		
	<b>Sewer</b>	<b>Electric</b>	<b>Water</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,237,393	\$ 2,526,282	\$ 554,092
Payments to suppliers	(810,888)	(2,006,980)	(108,846)
Payments to employees	(143,718)	(151,717)	(126,500)
Net Cash Provided (Used) by Operating Activities	282,787	367,585	318,746
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Grants and other receipts	-	161,546	-
Transfer to other funds	(293,970)	(177,000)	-
Interfund loans repaid	-	(145,030)	-
Interfund loans received	1,430,565	-	-
Interfund loans made	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,136,595	(160,484)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(776,474)	-	-
Proceeds from long-term debt	-	-	-
Principal paid on capital debt	(325,402)	-	(50,000)
Interest paid on capital debt	(43,069)	-	(146,530)
Net Cash Provided (Used) for Capital and Related Financing Activities	(1,144,945)	-	(196,530)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends and other	14,126	53,497	13,438
Net Cash Provided (Used) by Investing Activities	14,126	53,497	13,438
Net Increase (Decrease) in Cash and Cash Equivalents	288,563	260,598	135,654
Balances - Beginning of the Year	375,151	1,181,704	368,659
Balances - End of the Year	\$ 663,714	\$ 1,442,302	\$ 504,313
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	(557,279)	29,854	176,833
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	41,066	47,571	106,178
Decrease (increase) in:			
Accounts receivable	646,080	273,370	34,346
Prepaid power	-	-	-
Increase (decrease) in:			
Accounts payable	151,384	8,394	(2,560)
Accrued interest payable	(153)	-	2,374
Deposits payable	-	6,780	-
Unearned revenue	-	-	-
Compensated absences	1,690	1,859	1,575
OPEB liability	(1)	(243)	-
Net Cash Provided (Used) by Operating Activities	\$ 282,787	\$ 367,585	\$ 318,746

*Continued on next page*

*The accompanying notes are an integral part of these financial statements.*



**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2016**

	<b>Business-Type Activities</b>	
	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 168,089	\$ 4,485,856
Payments to suppliers	(147,996)	\$ (3,074,710)
Payments to employees	(15,070)	(437,005)
Net Cash Provided (Used) by Operating Activities	5,023	974,141
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Grants and other receipts	-	161,546
Transfer to other funds	(8,000)	(478,970)
Interfund loans repaid	-	(145,030)
Interfund loans received	-	1,430,565
Interfund loans made	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(8,000)	968,111
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	-	(776,474)
Proceeds from long-term debt	-	-
Principal paid on capital debt	-	(375,402)
Interest paid on capital debt	-	(189,599)
Net Cash Provided (Used) for Capital and Related Financing Activities	-	(1,341,475)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends and other	2,193	83,254
Net Cash Provided (Used) by Investing Activities	2,193	83,254
Net Increase (Decrease) in Cash and Cash Equivalents	(784)	684,031
Balances - Beginning of the Year	5,634	1,931,148
Balances - End of the Year	\$ 4,850	\$ 2,615,179
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	5,959	(344,633)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	194,815
Decrease (increase) in:		
Accounts receivable	(1,134)	952,662
Prepaid power	-	-
Increase (decrease) in:		
Accounts payable	(3)	157,215
Accrued Interest Payable	-	2,221
Deposits payable	-	6,780
Unearned revenue	-	-
Compensated absences	201	5,325
OPEB liability	-	(244)
Net Cash Provided (Used) by Operating Activities	\$ 5,023	\$ 974,141

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2016

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 864,166</u>
Total Assets	<u><u>\$ 864,166</u></u>
 <b>LIABILITIES</b>	
Agency obligations	<u>\$ 864,166</u>
Total Liabilities	<u><u>\$ 864,166</u></u>

*The accompanying notes are an integral part of these financial statements.*

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# BASIC FINANCIAL STATEMENTS

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Notes to Basic Financial Statements

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**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 1: Financial Reporting Entity and Summary of Significant Accounting Policies**

The following is a summary of the more significant accounting policies of the City of Biggs (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 independent upon the City.

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

Management determined that there are no potential component units, based on the criteria above.

**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.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 1: Financial Reporting Entity and Summary of Significant Accounting Policies** *(Continued)*

**Government-Wide and Fund Financial Statements** *(Continued)*

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 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 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.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 1: Financial Reporting Entity and Summary of Significant Accounting Policies** *(Continued)*

**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.

***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.

Special Revenue Funds are utilized to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specific purposes.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 1: Financial Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

***Major Funds (Continued)***

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.



**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 1: Financial Reporting Entity and Summary of Significant Accounting Policies** *(Continued)*

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

***Cash and Investments***

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. State statutes authorize the City to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Investment 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, 2016 are Sewer fund \$647, Electric fund \$2,883, Water fund \$449, and Solid Waste \$210.

***Inventories***

Inventories are valued at estimated cost. 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 City recorded no material inventories at year end.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 1: Financial Reporting Entity and Summary of Significant Accounting Policies** *(Continued)*

**Assets, Liabilities, and Net Assets or Equity Cash Investments** *(Continued)*

***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.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow resources expense/expenditure until then. The City does not have any items that qualify for reporting in the category this fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from miscellaneous receivables, grants and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 1: Financial Reporting Entity and Summary of Significant Accounting Policies** *(Continued)*

**Assets, Liabilities, and Net Assets or Equity Cash Investments** *(Continued)*

***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.

***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.

***Unearned 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, unearned revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unearned revenues when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned 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 unearned 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.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 1: Financial Reporting Entity and Summary of Significant Accounting Policies** *(Continued)*

**Assets, Liabilities, and Net Assets or Equity Cash Investments** *(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 classification 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.

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.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 1: Financial Reporting Entity and Summary of Significant Accounting Policies** *(Continued)*

**Assets, Liabilities, and Net Assets or Equity Cash Investments** *(Continued)*

***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.

**NOTE 2: Stewardship, Compliance, and Accountability**

**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.

**New Pronouncements**

The requirements of this statement are effective for the financial statements for periods beginning after December 15, 2016. The City has not determined its effect on the financial statements.

***Governmental Accounting Standards Board Statement No. 73***

Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68. The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 2: Stewardship, Compliance, and Accountability (Continued)**

**New Pronouncements (Continued)**

***Governmental Accounting Standards Board Statement No. 74***

Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. The provisions of this statement are effective for fiscal years beginning after June 15, 2016.

***Governmental Accounting Standards Board Statement No. 75***

Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans. The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

***Governmental Accounting Standards Board Statement No. 82***

An amendment of GASB Statements No. 67, No. 68, and No. 73. Effective date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

***Governmental Accounting Standards Board Statement No. 83***

Certain Asset Retirement Obligations. Effective date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

**Deficit Fund Balance/Net Assets**

The financial statements reflect the following deficit fund balances at June 30, 2016:

Sewer Capital Improvement Fund	\$ 937,520
Sixth Street Bridge Fund	\$ 22,077
SR2S Project Fund	\$ 36,330
CFD N Biggs Fund	\$ 378
Bridge Reserve Fund	\$ 1,138

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 3: Detailed Notes**

**Cash and Investments**

As of June 30, 2016, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 4,255,538
Agency funds	864,166
Overdrawn sewer account	<u>(921,568)</u>
Total Cash and Investments	<u><u>\$ 4,198,136</u></u>

As of June 30, 2016, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 400
Deposits (less outstanding checks)	2,358,583
Cash with fiscal agent - Mid America - 125 Plan	16,939
Cash with fiscal agent - NCPA	<u>715,099</u>
Total Cash	<u><u>\$ 3,091,021</u></u>

As of June 30, 2016, the City's investments consisted of the following:

Investments:	
In City's pool	<u>\$ 1,107,115</u>
Total Investments	<u>1,107,115</u>
Total Cash and Investments	<u><u>\$ 4,198,136</u></u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$3,091,021 and the bank balance was \$2,991,881. 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.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 3: Detailed Notes (Continued)**

**Cash and Investments (Continued)**

*Interest Rate Risk* – Interest rate risk is the risk of loss due to the fair value of an investment falling due 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.

*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 and Poor's or P-1 or better by Moody's Investors Service; corporate bonds to the rating of A or better by both Standards and 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 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 on 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. The City has invested all cash, other than deposits and imprest cash, in the California Local Agency Investment Fund (LAIF). At June 30, 2016, 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, 2016, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$1,107,115. The total amount invested by all public agencies in LAIF on that day was \$22,712,084,628. Of that amount, 95.71% is invested in non-derivative financial products and 4.29% in structured notes and asset-backed securities. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. The Local Investment Advisory Board, which consists of five members designated by the State statutes, has oversight responsibility for LAIF.



**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 3: Detailed Notes (Continued)**

**Capital Assets**

Capital assets activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2016
<b>Governmental Activities</b>					
Capital Assets,					
Not Being Depreciated:					
Land	\$ 166,152	\$ -	\$ -	\$ -	\$ 166,152
Construction in progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	166,152	-	-	-	166,152
Capital Assets, Being Depreciated:					
Buildings and improvements	2,699,506	-	-	-	2,699,506
Machinery and equipment	497,793	12,557	-	-	510,350
Infrastructure	2,704,409	-	-	-	2,704,409
Total Capital Assets, Being Depreciated	5,901,708	12,557	-	-	5,914,265
Less Accumulated Depreciation For:					
Buildings and improvements	(522,151)	(46,544)	-	-	(568,695)
Machinery and equipment	(396,948)	(23,083)	-	-	(420,031)
Infrastructure	(311,385)	(45,073)	-	-	(356,458)
Total Accumulated Depreciation	(1,230,484)	(114,700)	-	-	(1,345,184)
Total Capital Assets, Being Depreciated, Net	4,671,224	(102,143)	-	-	4,569,081
<b>Total Governmental Activities, Net</b>	<b>\$ 4,837,376</b>	<b>\$ (102,143)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,735,233</b>

*Continued on next page*

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 3: Detailed Notes (Continued)**

**Capital Assets (Continued)**

	Balance July 1, 2015	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2016
<b>Business-Type Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 37,158	\$ -	\$ -	\$ -	\$ 37,158
Construction in progress	4,274,284	27,042	-	-	4,301,326
Total Capital Assets, Not Being Depreciated	4,311,442	27,042	-	-	4,338,484
Capital Assets, Being Depreciated:					
Buildings 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:					
Buildings and improvements	(88,250)	(3,750)	-	-	(92,000)
Machinery and equipment	(864,271)	(52,676)	-	-	(916,947)
Infrastructure	(2,076,504)	(138,582)	-	-	(2,215,086)
Total Accumulated Depreciation	(3,029,025)	(195,008)	-	-	(3,224,033)
Total Capital Assets, Being Depreciated, Net	6,421,394	(195,008)	-	-	6,226,386
<b>Total Business-Type Activities, Net</b>	<b>\$ 10,732,836</b>	<b>\$ (167,966)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,564,870</b>

**Depreciation**

Depreciation expense was charged to governmental function as follows:

General government	\$ 36,762
Public ways and facilities	37,997
Public protection	32,374
Culture and recreation	6,687
Community development	880
Total Depreciation Expense -- Governmental Functions	<u>\$ 114,700</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 3: Detailed Notes (Continued)**

**Depreciation (Continued)**

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

Sewer	\$ 40,138
Electric	47,570
Water	<u>107,300</u>
Total Depreciation Expense -- Business-Type Functions	<u><u>\$ 195,008</u></u>

**Construction in Progress**

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

**Unearned Revenue**

At June 30, 2016, the components of unearned revenue reported were as follows:

Offset to Long-Term Notes Receivable	<u><u>\$ 889,314</u></u>
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**Long-Term Liabilities**

Long-term debt for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Adjustments/ Retirements	Balance June 30, 2016	Amounts Due Within One Year
<b>Governmental Activities</b>					
Loans	\$ 251,000	\$ -	\$ (5,000)	\$ 246,000	\$ 5,000
OPEB Liability (Note 5)	3,131	-	(14)	3,117	-
Net Pension Liability	49,803	99,659	-	149,462	27,774
Compensated Absences (Note 1)	18,868	1,700	-	20,568	9,873
Total Government Activities	<u><u>\$ 322,802</u></u>	<u><u>\$ 101,359</u></u>	<u><u>\$ (5,014)</u></u>	<u><u>\$ 419,147</u></u>	<u><u>\$ 42,647</u></u>
<b>Business-Type Activities</b>					
Loans	\$ 6,459,239	\$ 350,602	\$ (75,200)	\$ 6,734,641	\$ 75,200
OPEB Liability (Note 5)	9,150	-	(244)	8,906	-
Net Pension Liability	98,671	197,447	-	296,118	55,026
Compensated Absences (Note 1)	42,909	5,325	-	48,234	23,152
Total Business-Type Activities	<u><u>\$ 6,609,969</u></u>	<u><u>\$ 553,374</u></u>	<u><u>\$ (75,444)</u></u>	<u><u>\$ 7,087,899</u></u>	<u><u>\$ 153,378</u></u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 3: Detailed Notes (Continued)**

**Long-Term Liabilities (Continued)**

At June 30, 2016, 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.	\$ -	\$ 124,300
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.	-	96,800
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 maturity of April 1, 2046. Loan proceeds were used for wastewater system improvements.	-	3,245,000
United States Department of Agriculture Loan, issued in the amount of \$480,000, dated February 9, 2000, payable in annual installments of \$4,500 to \$25,000, with an interest rate of 4.50% and maturity of September 1, 2039. Loan proceeds were used for wastewater system improvements.	-	371,200
State Water Resources Control Board Capital Lease Agreement, in the approved amount of \$3,144,335, as amended September 11, 2015, payable in one annual installment of \$75,690 and 19 annual installments of \$97,534, with an interest rate of 2.10% and a maturity date of May 31, 2035. Loan proceeds are and will be used for wastewater system improvements.	-	2,897,341
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.	246,000	-
Total Loans	<u>\$ 246,000</u>	<u>\$ 6,734,641</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 3: Detailed Notes (Continued)**

**Long-Term Liabilities (Continued)**

The annual aggregate maturities for the years subsequent to June 30, 2016, are as follows:

Year Ended June 30	Loans				
	Government Activities		Government Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 5,000	\$ 12,175	\$ 137,280	\$ 196,071	\$ 350,526
2018	5,000	11,925	142,696	193,314	352,935
2019	6,000	11,650	144,705	188,177	350,532
2020	6,000	11,350	151,843	184,296	353,489
2021	6,000	10,365	165,445	168,195	350,005
2022-2025	29,000	41,460	661,830	672,782	1,405,072
2026-2030	44,000	42,000	981,352	691,870	1,759,222
2031-2035	56,000	29,500	1,499,857	840,050	2,425,407
2036-2040	72,000	13,600	885,100	310,528	1,281,228
2041-2045	17,000	425	1,564,249	118,344	1,700,018
Total Government Activities	<u>\$ 246,000</u>	<u>\$ 184,450</u>	<u>\$ 6,334,357</u>	<u>\$ 3,563,627</u>	<u>\$ 10,328,434</u>

**Leases**

**Operating Leases**

Rental expenses incurred under operating leases are not considered material.

**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.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 3: Detailed Notes (Continued)**

**Interfund Transactions (Continued)**

**Due To/From Other Funds (Continued)**

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, 2016:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Electric Utility Fund	\$ 959,259	\$ -
Bridge Reserve	-	1,109
Sixth Street Bridge Fund	-	479
WWTP Phase Two	-	775,109
Sewer Improvement Fee Fund	-	146,459
14 SR@S Project Fund	-	26,608
CDBG Unrestricted	-	2,428
TDA STA /SB-620	-	7,067
	<u>\$ 959,259</u>	<u>\$ 959,259</u>
Total	<u>\$ 959,259</u>	<u>\$ 959,259</u>

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 3: Detailed Notes (Continued)**

**Interfund Transactions (Continued)**

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and reallocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2016:

	<u>Transfers - Out</u>	<u>Transfers - In</u>
General Fund	\$ -	\$ 130,000
Building Equipment Fund	-	5,000
Fire Enging Replacement Fund	-	12,000
Street Maintenance Fund	-	-
Sewer Fund	-	13,000
Water Fund	139,550	-
Electric Fund	233,325	-
NCPA GOR Resrve Fund	-	-
CAISO Reserve Fund	-	-
Solid Waste Fund	8,000	-
Waste Water Phase Two	-	-
Water Improvement Fund	-	120,000
Water Reserve Fund	-	19,550
Sixth Street Bridge Fund	-	-
General Plan Fund	-	25,000
Electric Improvement Fund	-	56,325
Waste Water Phase One	-	-
Total	<u>\$ 380,875</u>	<u>\$ 380,875</u>

**Note 4: Employees' Retirement Plan**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**NOTE 4: Employees' Retirement Plan (Continued)**

**General Information about the Pension Plans**

*Plan Descriptions* – All qualified employees are eligible to participate in the City's following cost-sharing multiple-employer defined benefit pension plans (Plans):

City Miscellaneous (Tier 1)  
City Miscellaneous – PEPR (Tier 2)  
City Safety (Tier 1)  
City Safety – PEPR (Tier 2)

The Plans are administered by the California Public Employee's Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

*Benefits Provided* – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	City Safety Plan		City Miscellaneous Plan	
	Tier 1	Tier 2	Tier 1	Tier 2
Hire Date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-57	50-55	50-55
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%	2.4% to 3%	2.0% to 2.7%
Required employee contribution rates	41.36%	11.5%	21.37%	11.5%

*The accompanying notes are an integral part of these financial statements.*



**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**NOTE 4: Employees' Retirement Plan** *(Continued)*

**General Information about the Pension Plans** *(Continued)*

*Contributions* – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	City Safety Plan		City Miscellaneous Plan	
	Tier 1	Tier 2	Tier 1	Tier 2
Contributions - employer	\$ 3,801	\$ -	\$ 39,693	\$ -
Contributions - employee (paid by employer)	2,974	-	34,196	-

As of June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
City Miscellaneous Plan - Tier I	\$ 349,977
City Safety Plan - Tier 1	95,603
Total Net Pension Liability	<u>\$ 445,580</u>

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 4: Employees' Retirement Plan (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

	<u>City Safety Plan</u>		<u>City Miscellaneous Plan</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 1</u>	<u>Tier 2</u>
Proportion - June 30, 2014	0.02%	0.00%	0.16%	0.00%
Proportion - June 30, 2015	0.02%	0.00%	0.16%	0.00%
Change - Increase (Decrease)	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

For the year ended June 30, 2016, the City recognized pension expenses of \$115,175. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 43,494	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(64,579)
Adjustments due to differences in proportion	<u>39,306</u>	<u>-</u>
Total	<u>\$ 82,800</u>	<u>\$ (64,579)</u>

\$43,494 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 4: Employees' Retirement Plan (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**  
(Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2016	\$ (32,133)
2017	(39,349)
2018	(39,278)
2019	(31,195)
Thereafter	-

*Actuarial Assumptions* – For the measurement period ended June 30, 2015, the total pension liabilities were determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and June 30 2015 total pension liabilities were based on the following actuarial methods and assumptions:

	All Plans (4)
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Contract Increase	COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment and administrative expenses; includes inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scall BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.
- (4) All of the City's plans for miscellaneous and safety, and the District's plans employed the same assumptions.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 4: Employees' Retirement Plan** *(Continued)*

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**  
*(Continued)*

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014, valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 4: Employees Retirement Plan (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Discount Rate (Continued)*

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

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forest Land	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	City Safety Plan		City Miscellaneous Plan	
	Tier 1	Tier 2	Tier 1	Tier 2
One Percent Increase	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	\$ 138,233	\$ -	\$ 679,501	\$ -
Current Discount Rate	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	\$ 80,327	\$ -	\$ 403,165	\$ -
One Percent Decrease	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	\$ 32,616	\$ -	\$ 173,832	\$ -

*Pension Plan Fiduciary Net Position* – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 5: Post-Employment Health Care Benefits**

**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. 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	-
Annual OPEB cost (expense)	15,514
Contributions made	3,233
Increase in net OPEB obligation	12,281
Net OPEB obligation - Beginning of year	-
Net OPEB obligation - End of year	\$ 12,281

*The accompanying notes are an integral part of these financial statements.*

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 5: Post-Employment Health Care Benefits** *(Continued)*

**Annual OPEB Cost and Net OPEB Obligation** *(Continued)*

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, 2016	\$ 15,514	21%	\$ 12,310

**Funding Status and Funding Progress**

As of July 1, 2016, 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.

**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.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 5: Post-Employment Health Care Benefits** *(Continued)*

**Actuarial Methods and Assumptions** *(Continued)*

*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](http://www.cdc.gov)). The calculation of OPEB liability for each year is based on the assumption that all participants will 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 date 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.

*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: Deferred Outflows/Inflows of Resources**

The City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities as of June 30, 2015.

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.



**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 6: Deferred Outflows/Inflows of Resources (Continued)**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items to report in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds are unavailable revenues of \$1,756,313 related to long-term notes and loans receivable.

On the Government-wide Statement of Net Position, deferred outflows of resources of \$27,774 represent contributions made to the City's pension plan for the 2015-2016 fiscal year.

Deferred inflows of resources are as follows:

Net differences between projected and actual earnings on pension plan investments	\$ 21,662
Adjustment due to differences in proportions	<u>-</u>
Total deferred inflows of resources	<u><u>\$ 21,662</u></u>

**NOTE 7: 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.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 7: Risk Management (Continued)**

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 workers' 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.

**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 8: 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, 2016, through February 17, 2017, 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, 2016. 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.

**CITY OF BIGGS, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

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**NOTE 8: Other Information** *(Continued)*

**Proposition 1A Borrowing by the State of California**

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 provide local agencies with cash proceeds in two equal installments, on January 15, 2015 and May 3, 2015. 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.

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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, 2016

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**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, 2016, for the City other Postemployment Benefit Plan. As additional years are available, a three-year trend analysis will be presented.

Miscellaneous Plan:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age	Actuarial Value of Assets	Unfunded Liability (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 153,888	\$ 153,888	\$ 172,893	\$ 19,005
Licenses and permits	8,400	8,400	8,653	253
Fines and forfeitures	150	150	137	(13)
Use of money	500	500	1,467	967
Intergovernmental	309,317	309,317	254,920	(54,397)
Charges for services	37,520	37,520	38,205	685
Other revenues	15,370	15,370	88,404	73,034
Total Revenues	<u>525,145</u>	<u>525,145</u>	<u>564,679</u>	<u>39,534</u>
<b>EXPENDITURES</b>				
Current:				
General government	221,374	221,374	272,305	(50,931)
Public ways and facilities	110,457	110,457	100,926	9,531
Public protection	267,400	267,400	265,621	1,779
Culture and recreation	61,899	61,899	66,767	(4,868)
Community development	-	-	-	-
Debt service	17,700	17,700	17,362	338
Capital outlay	4,200	4,200	-	4,200
Total Expenditures	<u>683,030</u>	<u>683,030</u>	<u>722,981</u>	<u>(39,951)</u>
Excess of Revenues Over (Under) Expenditures	<u>(157,885)</u>	<u>(157,885)</u>	<u>(158,302)</u>	<u>(417)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	130,000	130,000	185,000	55,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>130,000</u>	<u>130,000</u>	<u>185,000</u>	<u>55,000</u>
Net Change in Fund Balance	(27,885)	(27,885)	26,698	54,583
Fund Balance - Beginning	<u>753,036</u>	<u>753,036</u>	<u>1,004,778</u>	<u>251,742</u>
Fund Balance - Ending	<u>\$ 725,151</u>	<u>\$ 725,151</u>	<u>\$ 1,031,476</u>	<u>\$ 306,325</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**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)**  
**CalPERS MISCELLANEOUS RETIREMENT PLAN**  
**Last Ten Years \***

	<u>2016</u>	<u>2015</u>
Measurement Period	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Total pension liability</b>		
Service cost	\$ 23,292	\$ 21,197
Interest	122,286	119,111
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contribution	(98,235)	(108,881)
<b>Net change in total pension liability</b>	47,343	31,427
<b>Total pension liability -- beginning</b>	2,082,998	2,051,571
<b>Total pension liability -- ending (a)</b>	<u>\$ 2,130,341</u>	<u>\$ 2,082,998</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 39,693	\$ 38,433
Contributions - employee	34,196	32,199
Net investment income	126,944	115,386
Plan to plan resource movement	-	-
Benefit payments, including refunds of employee contribution	(98,235)	(108,881)
Administrative expense	(2,117)	-
<b>Net change in fiduciary net position</b>	100,481	77,137
<b>Plan fiduciary net position -- beginning</b>	1,679,883	1,602,746
<b>Plan fiduciary net position -- ending (b)</b>	<u>\$ 1,780,364</u>	<u>\$ 1,679,883</u>
<b>Net pension liability -- ending (a) - (b)</b>	<u>\$ 349,977</u>	<u>\$ 403,115</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	83.57%	80.65%
<b>Covered-employee payroll</b>	\$ 508,363	\$ 492,302
<b>Net pension liability as a percentage of covered-employee payroll</b>	68.84%	81.88%

\* Fiscal year 2015 was the first year of implementation, therefore only two years are shown

**CITY OF BIGGS, CALIFORNIA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)**  
**CalPERS SAFETY RETIREMENT PLAN**  
**Last Ten Years \***

	<u>2016</u>	<u>2015</u>
Measurement Period	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Total pension liability</b>		
Service cost	\$ 9,189	\$ 9,547
Interest	30,762	33,881
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contribution	(55,213)	(58,809)
<b>Net change in total pension liability</b>	(15,262)	(15,381)
<b>Total pension liability -- beginning</b>	432,298	447,679
<b>Total pension liability -- ending (a)</b>	<u>\$ 417,036</u>	<u>\$ 432,298</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 3,801	\$ 2,997
Contributions - employee	2,974	2,661
Net investment income	28,111	24,253
Plan to plan resource movement	-	-
Benefit payments, including refunds of employee contribution	(55,213)	(58,809)
Administrative expense	(10,211)	-
<b>Net change in fiduciary net position</b>	(30,538)	(28,898)
<b>Plan fiduciary net position -- beginning</b>	351,971	380,869
<b>Plan fiduciary net position -- ending (b)</b>	<u>\$ 321,433</u>	<u>\$ 351,971</u>
<b>Net pension liability -- ending (a) - (b)</b>	<u>\$ 95,603</u>	<u>\$ 80,327</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	77.08%	81.42%
<b>Covered-employee payroll</b>	\$ 44,205	\$ 42,809
<b>Net pension liability as a percentage of covered-employee payroll</b>	216.27%	187.64%

\* Fiscal year 2015 was the first year of implementation, therefore only two years are shown

**CITY OF BIGGS, CALIFORNIA**  
**SCHEDULES TO FOOTNOTES**  
**BUDGET AND APPROPRIATIONS**  
For the year ended June 30, 2016

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Schedule of Excess Expenditures:

<b>Fund</b>	<b><u>Appropriations</u></b>	<b><u>Expenditures</u></b>	<b><u>Excess Expenditures</u></b>
HOME 2007 Grant	\$ -	\$ 1,887	1,887
1994 CDBG Fund	5,000	63,000	58,000
Gas Tax	44,410	48,303	3,893
	<u>\$ 49,410</u>	<u>\$ 113,190</u>	<u>\$ 63,780</u>

Schedule of Deficit Fund Balances:

<b>Fund</b>	<b><u>Defecit Fund Balance</u></b>
Sewer Improvement Fund	<u>\$ (937,521)</u>
	<u>\$ 937,521</u>

**CITY OF BIGGS, CALIFORNIA**  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the year ended June 30, 2016

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**Schedule of Funding Progress – Other Postemployment Benefits (OPEB)**

*The Schedule of Funding Progress – Other Postemployment Benefits on Page 67, 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.

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# COMBINING NONMAJOR FUND STATEMENTS

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## NONMAJOR GOVERNMENTAL FUNDS

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**CITY OF BIGGS, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
June 30, 2016

	<u>Gas Tax</u>	<u>Improvement Fees</u>	<u>SR2S Project</u>	<u>SB-325 TDA Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 195,486	\$ 49,189	\$ -	\$ 119,953
Accounts receivable (net of allowance	3,586	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 199,072</u>	<u>\$ 49,189</u>	<u>\$ -</u>	<u>\$ 119,953</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	362	442	9,722	710
Deposits payable	-	-	-	-
Due to other funds	-	-	26,608	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>362</u>	<u>442</u>	<u>36,330</u>	<u>710</u>
<b>FUND BALANCES</b>				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>198,710</u>	<u>48,747</u>	<u>(36,330)</u>	<u>119,243</u>
Total Fund Balances	<u>198,710</u>	<u>48,747</u>	<u>(36,330)</u>	<u>119,243</u>
Total Liabilities and Fund Balance:	<u>\$ 199,072</u>	<u>\$ 49,189</u>	<u>\$ -</u>	<u>\$ 119,953</u>

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**CITY OF BIGGS, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
June 30, 2016

	<b>SB-620</b>		<b>Sixth Street</b>	
	<b>STA Funds</b>	<b>RSTP Exchange</b>	<b>Bridge</b>	<b>HOME Grant</b>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 68,190	\$ -	\$ 68,280
Accounts receivable (net of allowance)	-	14,466	-	-
Loans receivable	-	-	-	559,750
Total Assets	<u>\$ -</u>	<u>\$ 82,656</u>	<u>\$ -</u>	<u>\$ 628,030</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	-	8	24,224	-
Deposits payable	-	-	-	-
Due to other funds	7,067	-	479	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>7,067</u>	<u>8</u>	<u>24,703</u>	<u>-</u>
<b>FUND BALANCES</b>				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>(7,067)</u>	<u>82,648</u>	<u>(24,703)</u>	<u>628,030</u>
Total Fund Balances	<u>(7,067)</u>	<u>82,648</u>	<u>(24,703)</u>	<u>628,030</u>
Total Liabilities and Fund Balance:	<u>\$ -</u>	<u>\$ 82,656</u>	<u>\$ -</u>	<u>\$ 628,030</u>

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**CITY OF BIGGS, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
June 30, 2016

	<u>1982 CDBG</u>	<u>CDBG Miscellaneous</u>	<u>1994 CDBG</u>
<b>ASSETS</b>			
Cash and investments	\$ 49	\$ -	\$ 75,799
Accounts receivable (net of allowance)	-	-	-
Loans receivable	-	-	100,574
Total Assets	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ 176,373</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	-	-	-
Deposits payable	-	-	-
Due to other funds	-	2,428	-
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>2,428</u>	<u>-</u>
<b>FUND BALANCES</b>			
Reserved for:			
Loans receivable	-	-	-
Unreserved:			
Undesignated	<u>49</u>	<u>(2,428)</u>	<u>176,373</u>
Total Fund Balances	<u>49</u>	<u>-</u>	<u>176,373</u>
Total Liabilities and Fund Balance:	<u>\$ 49</u>	<u>\$ 2,428</u>	<u>\$ 176,373</u>

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**CITY OF BIGGS, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
June 30, 2016

	<b>01-STBG- 1797</b>	<b>Totals</b>
<b>ASSETS</b>		
Cash and investments	\$ 7,762	\$ 584,708
Accounts receivable (net of allowance	-	18,052
Loans receivable	238,121	898,445
Total Assets	<u>\$ 245,883</u>	<u>\$ 1,501,205</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	-	35,468
Deposits payable	-	-
Due to other funds	-	36,582
Unearned revenue	-	-
Total Liabilities	<u>-</u>	<u>72,050</u>
<b>FUND BALANCES</b>		
Reserved for:		
Loans receivable	-	-
Unreserved:		
Undesignated	245,883	1,429,155
Total Fund Balances	<u>245,883</u>	<u>1,429,155</u>
Total Liabilities and Fund Balance:	<u>\$ 245,883</u>	<u>\$ 1,501,205</u>

**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the year ended June 30, 2016

	<u>Gas Tax</u>	<u>Improvement Fees</u>	<u>SR2S Project</u>	<u>SB-325 TDA Funds</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 44,361	\$ 23,105	\$ -	\$ -
Use of money	283	72	102,740	155
Intergovernmental	-	-		58,275
Charges for services	-	-		-
Other revenues	-	20,537	-	-
Total Revenues	<u>44,644</u>	<u>43,714</u>	<u>102,740</u>	<u>58,430</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public ways and facilities	15,691	18,516	114,435	31,514
Public protection	-	-	-	-
Culture and recreation	-	-		-
Community development	-	-		-
Capital outlay	-	-	-	-
Total Expenditures	<u>15,691</u>	<u>18,516</u>	<u>114,435</u>	<u>31,514</u>
Excess of Revenues Over (Under)				
Expenditures	<u>28,953</u>	<u>25,198</u>	<u>(11,695)</u>	<u>26,916</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	28,953	25,198	(11,695)	26,916
Fund Balances - Beginning	169,757	23,549	(24,635)	92,327
Prior period adjustment	-	-	-	-
Fund Balances - Beginning,	<u>169,757</u>	<u>23,549</u>	<u>(24,635)</u>	<u>92,327</u>
Fund Balances - Ending	<u>\$ 198,710</u>	<u>\$ 48,747</u>	<u>\$ (36,330)</u>	<u>\$ 119,243</u>

*Continued on next page*

**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the year ended June 30, 2016

	<b>SB-620 STA Funds</b>	<b>RSTP Exchange</b>	<b>Sixth Street Bridge</b>	<b>HOME Grant</b>
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money	-	104	-	100
Intergovernmental	-	14,466	71,409	-
Charges for services	-	-	-	-
Other revenues	-	-	-	567,988
Total Revenues	-	14,570	71,409	568,088
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public ways and facilities	7,670	119	-	-
Public protection	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	42,090	-
Total Expenditures	7,670	119	42,090	-
Excess of Revenues Over (Under)				
Expenditures	(7,670)	14,451	29,319	568,088
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(7,670)	14,451	29,319	568,088
Fund Balances - Beginning	603	68,197	(54,022)	59,942
Prior period adjustment	-	-	-	-
Fund Balances - Beginning,	603	68,197	(54,022)	59,942
Fund Balances - Ending	\$ (7,067)	\$ 82,648	\$ (24,703)	\$ 628,030

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**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the year ended June 30, 2016

	1982 CDBG	CDBG Miscellaneous	1994 CDBG
<b>REVENUES</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money	-	30	112
Intergovernmental	-	-	-
Charges for services	-	-	100,574
Other revenues	-	-	7,347
Total Revenues	-	30	108,033
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public ways and facilities	-	-	-
Public protection	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay	-	69,796	-
Total Expenditures	-	69,796	-
Excess of Revenues Over (Under)			
Expenditures	-	(69,766)	108,033
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	(69,766)	108,033
Fund Balances - Beginning	49	67,338	68,340
Prior period adjustment	-	-	-
Fund Balances - Beginning,	49	67,338	68,340
Fund Balances - Ending	\$ 49	\$ (2,428)	\$ 176,373

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**CITY OF BIGGS, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the year ended June 30, 2016

	<b>01-STBG- 1797</b>	<b>Totals</b>
<b>REVENUES</b>		
Taxes and assessments	\$ -	\$ 67,466
Use of money	12	103,608
Intergovernmental	-	144,150
Charges for services	238,121	338,695
Other revenues	-	595,872
Total Revenues	<u>238,133</u>	<u>1,249,791</u>
<b>EXPENDITURES</b>		
Current:		
General government	-	-
Public ways and facilities	-	187,945
Public protection	-	-
Culture and recreation	-	-
Community development	-	-
Capital outlay	-	111,886
Total Expenditures	<u>-</u>	<u>299,831</u>
Excess of Revenues Over (Under)		
Expenditures	<u>238,133</u>	<u>949,960</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	238,133	949,960
Fund Balances - Beginning	7,750	479,195
Prior period adjustment	-	-
Fund Balances - Beginning,	<u>7,750</u>	<u>479,195</u>
Fund Balances - Ending	<u>\$ 245,883</u>	<u>\$ 1,429,155</u>



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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, 2016

	<u>Solid Waste</u>	<u>Totals</u>
<b>ASSETS</b>		
Current Assets		
Cash and investments	\$ 4,850	\$ 4,850
Accounts receivable (net of allowance)	25,605	25,605
Total Current Assets	30,455	30,455
<b>Total Assets</b>	<u>\$ 30,455</u>	<u>\$ 30,455</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 558	\$ 558
Due to other funds	-	-
Compensated absences:	-	-
Total Current Liabilities	558	558
Noncurrent Liabilities		
Compensated absences:	1,836	1,836
OPEB liability	290	290
Total Noncurrent Liabilities	2,126	2,126
Total Liabilities	<u>\$ 2,684</u>	<u>\$ 2,684</u>
<b>NET POSITION</b>		
Unrestricted	27,771	27,771
<b>Total Net Position</b>	<u>\$ 27,771</u>	<u>\$ 27,771</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, 2016

	<u>Solid Waste</u>	<u>Total</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 169,223	\$ 169,223
Total Operating Revenues	<u>169,223</u>	<u>169,223</u>
<b>OPERATING EXPENSES</b>		
Personnel cost	\$ 15,271	\$ 15,271
Supplies	-	-
Maintenance and operations	5,790	5,790
Contractual services	141,595	141,595
Other	<u>608</u>	<u>608</u>
Total Operating Expenses	<u>163,264</u>	<u>163,264</u>
Operating Income (Loss)	<u>5,959</u>	<u>5,959</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	2,227	2,227
Other revenue	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>2,227</u>	<u>2,227</u>
Income (Loss) Before Transfers	<u>8,186</u>	<u>8,186</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>186</u>	<u>186</u>
Total Net Position -- Beginning	27,585	27,585
Prior period adjustment	<u>-</u>	<u>-</u>
Total Net Position -- Beginning, Restated	<u>27,585</u>	<u>27,585</u>
Total Net Position -- Ending	<u><u>\$ 27,771</u></u>	<u><u>\$ 27,771</u></u>

**CITY OF BIGGS, CALIFORNIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUND – SOLID WASTE**  
For the Year Ended June 30, 2016

	<u>Solid Waste</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 168,089	\$ 168,089
Payments to suppliers	(147,996)	(147,996)
Payments to employees	(15,070)	(15,070)
Net Cash Provided (Used) by Operating Activities	<u>5,023</u>	<u>5,023</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfer to other funds	\$ (8,000)	\$ (8,000)
Interfund loans repaid	-	-
Interfund loans received	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(8,000)</u>	<u>(8,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	<u>2,193</u>	<u>2,193</u>
Net Cash Provided (Used) by Investing Activities	<u>2,193</u>	<u>2,193</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(784)	(784)
Balances - Beginning of the Year	<u>5,634</u>	<u>5,634</u>
Balances - End of the Year	<u>\$ 4,850</u>	<u>\$ 4,850</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 5,959	\$ 5,959
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease (increase) in:		
Accounts receivable	(1,134)	(1,134)
Prepaid power	-	-
Increase (decrease) in:		
Accounts payable	(3)	(3)
Compensated absences	201	201
OPEB liability	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,023</u>	<u>\$ 5,023</u>

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## FIDUCIARY FUNDS

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**CITY OF BIGGS, CALIFORNIA**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2016

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	<u>'39 Fire Truck</u>	<u>Developer Fees</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and investments	<u>\$ 3,016</u>	<u>\$ 861,150</u>	<u>\$ 864,166</u>
Total Assets	<u><u>\$ 3,016</u></u>	<u><u>\$ 861,150</u></u>	<u><u>\$ 864,166</u></u>
<b>LIABILITIES</b>			
Agency obligations	<u>\$ 3,016</u>	<u>\$ 861,150</u>	<u>\$ 864,166</u>
Total Liabilities	<u><u>\$ 3,016</u></u>	<u><u>\$ 861,150</u></u>	<u><u>\$ 864,166</u></u>

**CITY OF BIGGS, CALIFORNIA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Year Ended June 30, 2016**

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>'39 Fire Truck</b>				
<b>ASSETS</b>				
Cash and investments	\$ 3,016	\$ -	\$ -	\$ 3,016
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,016</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 3,016	\$ -	\$ -	\$ 3,016
Total Liabilities	<u>\$ 3,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,016</u>
<b>Developer Fees</b>				
<b>ASSETS</b>				
Cash and investments	\$ 529,480	\$ 331,670	\$ -	\$ 861,150
Interest receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 529,480</u>	<u>\$ 331,670</u>	<u>\$ -</u>	<u>\$ 861,150</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 529,480	\$ 331,670	\$ -	\$ 861,150
Total Liabilities	<u>\$ 529,480</u>	<u>\$ 331,670</u>	<u>\$ -</u>	<u>\$ 861,150</u>

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## OTHER REPORTS AND SCHEDULES

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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

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**DAVID D. BRUNER, CPA**  
ACCOUNTANCY CORPORATION

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MERCED, CA 95348

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FAX: (209) 384-3353  
DAVIDBRUNERCPA@YAHOO.COM

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, 2016, which collectively comprise the City's basic financial statements and have issued my report thereon dated February 17, 2017. 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.

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MEMBER:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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

A handwritten signature in black ink that reads "David D. Bruner, CPA". The signature is fluid and cursive, with the letters "D", "B", and "C" being particularly prominent.

David D. Bruner, CPA  
Merced, California  
March 14, 2017