

**CITY OF BIGGS,
California**

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

**For the Year Ended
June 30, 2018**

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INTRODUCTORY SECTION

City Officials

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CITY OF BIGGS, CALIFORNIA
CITY OFFICIALS
For the Year Ended June 30, 2018

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

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FINANCIAL SECTION

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

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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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Biggs, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

MEMBER:

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

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, 2018, 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 (including required GASB 68 schedules) on pages 67 through 72 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the required GASB 68 schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 11, 2019, 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "David D. Bruner, CPA". The signature is written in a cursive style with a large initial 'D' and 'B'.

David D. Bruner, CPA
Merced, California
June 11, 2019

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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CITY OF BIGGS, CALIFORNIA
STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 2,634,148	\$ 2,281,736	\$ 4,915,884
Accounts receivable (net of allowance)	14,493	476,844	491,337
Due from other funds	-	1,700,000	1,700,000
Due from other governmental agencies	58,599	14,921	73,520
Interest receivable	-	-	-
Internal balances	-	-	-
Prepaid power	-	-	-
Loans receivable	836,327	-	836,327
Capital assets:			
Non-depreciable	168,777	3,697,670	3,866,447
Depreciable, net	<u>5,246,074</u>	<u>8,702,273</u>	<u>13,948,347</u>
Total capital assets	<u>5,414,851</u>	<u>12,399,943</u>	<u>17,814,794</u>
Total Assets	<u>\$ 8,958,418</u>	<u>\$ 16,873,444</u>	<u>\$ 25,831,862</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 89,241</u>	<u>\$ 172,457</u>	<u>\$ 261,698</u>
LIABILITIES			
Accounts payable	\$ 109,219	\$ 54,222	\$ 163,441
Accrued salaries and benefits	10,726	-	10,726
Accrued interest payable	2,950	54,076	57,026
Due to other funds	-	1,700,000	1,700,000
Deposits payable	-	125,624	125,624
OPEB liability	3,117	9,150	12,267
Compensated absences:			
Due within one year	12,847	29,788	42,635
Due in more than one year	13,917	32,271	46,188
Long-term liabilities:			
Due within one year	5,000	131,692	136,692
Due in more than one year	<u>468,043</u>	<u>7,617,727</u>	<u>8,085,770</u>
Total Liabilities	<u>\$ 625,819</u>	<u>\$ 9,754,550</u>	<u>\$ 10,380,369</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	\$ 804,198	\$ -	\$ 804,198
Deferred inflows related to pensions	<u>44,224</u>	<u>85,847</u>	<u>130,071</u>
	<u>\$ 848,422</u>	<u>\$ 85,847</u>	<u>\$ 934,269</u>
NET POSITION			
Invested in capital assets, net of related debt	\$ 5,176,226	\$ 5,110,666	\$ 10,286,892
Restricted for:			
Grants, taxes, and fees	-	-	-
Energy scheduling services	-	137,847	137,847
Unrestricted	<u>2,397,192</u>	<u>1,956,991</u>	<u>4,354,183</u>
Total Net Position	<u>\$ 7,573,418</u>	<u>\$ 7,205,504</u>	<u>\$ 14,778,922</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, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 240,662	\$ 39,567	\$ -	\$ -
Public ways and facilities	158,149	44,639	55,787	-
Public protection	233,786	2,029	83,681	-
Culture and recreation	55,008	-	-	-
Community development	-	15,218	-	768,646
Interest on long-term debt	16,863	-	-	-
Total Governmental Activities	<u>704,468</u>	<u>101,453</u>	<u>139,468</u>	<u>768,646</u>
Business-type activities:				
Sewer	\$ 614,851	\$ 645,425	\$ -	\$ -
Electric	2,217,354	2,409,736	-	-
Water	610,470	485,268	-	-
Solid waste	195,060	195,081	-	-
Total Business-Type Activities	<u>3,637,735</u>	<u>3,735,510</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,342,203</u>	<u>\$ 3,836,963</u>	<u>\$ 139,468</u>	<u>\$ 768,646</u>

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, 2018

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business Type Activities	Total
Governmental activities:			
General government	\$ (201,095)	\$ -	\$ (201,095)
Public ways and facilities	(57,723)	-	(57,723)
Public protection	(148,076)	-	(148,076)
Culture and recreation	(55,008)	-	(55,008)
Community development	783,864	-	783,864
Interest on long-term debt	(16,863)	-	(16,863)
Total Governmental Activities	305,099	-	305,099
Business-type activities:			
Sewer	\$ -	\$ 30,574	\$ 30,574
Electric	-	192,382	192,382
Water	-	(125,202)	(125,202)
Solid waste	-	21	21
Total Business-Type Activities	-	97,775	97,775
Total	\$ 305,099	\$ 97,775	\$ 402,874

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business Type Activities	Total
General revenues:			
Taxes:			
Property taxes	\$ 157,416	\$ -	\$ 157,416
Sales and use taxes	23,355	-	23,355
Gas tax	115,398	-	115,398
Franchise taxes	17,111	-	17,111
Property transfer taxes	3,547	-	3,547
Grants and contributions - unrestricted	263,845	-	263,845
Interest and investment earnings	9,711	119,427	129,138
Miscellaneous	33,682	288,616	322,298
Transfers	180,000	(180,000)	-
Total General Revenue and Transfers	804,065	228,043	1,032,108
Change in Net Position	\$ 1,109,164	\$ 325,818	\$ 1,434,982
Net position - beginning	5,795,864	6,879,686	12,675,550
Prior period adjustment	668,390	-	668,390
Net position - ending	\$ 7,573,418	\$ 7,205,504	\$ 14,778,922

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

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

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CITY OF BIGGS, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 1,116,450	\$ 1,517,698	\$ 2,634,148
Accounts receivable (net of allowance)	14,493	-	14,493
Due from other governmental agencies	58,599	-	58,599
Interest receivable	-	-	-
Due from other funds	-	-	-
Loans receivable	-	836,327	836,327
Total Assets	<u>\$ 1,189,542</u>	<u>\$ 2,354,025</u>	<u>\$ 3,543,567</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 75,690	\$ 36,479	\$ 112,169
Accrued salaries and benefits	9,023	1,703	10,726
Unearned revenues	-	804,198	804,198
Total Liabilities	<u>\$ 84,713</u>	<u>\$ 842,380</u>	<u>\$ 927,093</u>
FUND BALANCES			
Reserved for:			
Loans receivable	\$ -	\$ -	\$ -
Unreserved, reported in:			
General fund	-	-	-
Designated	-	-	-
Undesignated	1,104,829	-	1,104,829
Special revenue funds	-	-	-
Designated	-	-	-
Undesignated	-	1,511,645	1,511,645
Total Fund Balances	<u>\$ 1,104,829</u>	<u>\$ 1,511,645</u>	<u>\$ 2,616,474</u>
Total Liabilities and Fund Balances	<u>\$ 1,189,542</u>	<u>\$ 2,354,025</u>	<u>\$ 3,543,567</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, 2018

Total Fund Balance - Total Governmental Funds	\$ 2,616,474
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.	5,414,851
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	45,017
Long-term liabilities	(473,043)
OPEB liability	(3,117)
Compensated absences	<u>(26,764)</u>
Net Position of Governmental Activities	<u>\$ 7,573,418</u>

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, 2018

	General Fund	Other Governmental Funds	Total
REVENUES			
Taxes and assessments	\$ 191,685	\$ 137,144	\$ 328,829
Licenses and permits	8,383	-	8,383
Fines and forfeitures	267	-	267
Use of money	3,355	6,356	9,711
Intergovernmental	403,313	768,646	1,171,959
Charges for services	101,453	-	101,453
Other revenues	6,112	27,570	33,682
Total Revenues	<u>714,568</u>	<u>939,716</u>	<u>1,654,284</u>
EXPENDITURES			
Current:			
General government	274,484	-	274,484
Public ways and facilities	65,548	742,441	807,989
Public protection	278,085	-	278,085
Culture and recreation	69,645	-	69,645
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	16,863	-	16,863
Capital outlay	-	-	-
Total Expenditures	<u>704,625</u>	<u>742,441</u>	<u>1,447,066</u>
Excess of Revenues Over (Under) Expenditures	<u>9,943</u>	<u>197,275</u>	<u>207,218</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	180,000	-	180,000
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>-</u>	<u>180,000</u>
Net Change in Fund Balances	<u>189,943</u>	<u>197,275</u>	<u>387,218</u>
Fund Balances - Beginning	524,399	1,036,467	1,560,866
Prior period adjustment	390,487	277,903	668,390
Fund Balances - Ending	<u>\$ 1,104,829</u>	<u>\$ 1,511,645</u>	<u>\$ 2,616,474</u>

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 387,218

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	861,433
Depreciation expense	(143,953)
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	(5,000)
-----------------------	---------

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	109,911
Change in deferred revenue	(98,336)

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>(2,109)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 1,109,164</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, 2018

	<u>Business-Type Activities</u>		
	<u>Sewer</u>	<u>Electric</u>	<u>Water</u>
ASSETS			
Cash and investments	\$ -	\$ 2,185,873	\$ 676,475
Accounts receivable (net of allowance)	89,679	289,396	69,398
Due from other funds	-	1,700,000	-
Due from other governmental agencies	6,572	8,349	-
Prepaid power	-	-	-
Capital assets:			
Non-depreciable	3,690,512	7,158	-
Depreciable, net	<u>3,642,965</u>	<u>613,841</u>	<u>4,445,467</u>
Total Assets	<u>7,429,728</u>	<u>4,804,617</u>	<u>5,191,340</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>53,462</u>	<u>68,983</u>	<u>50,012</u>
LIABILITIES			
Accounts payable and accrued liabilities	21,197	13,010	19,386
Accrued interest payable	19,987	-	34,089
Deposits payable	-	125,624	-
Due to other funds	2,271,742	-	-
Unearned revenue	-	-	-
Loans payable - current	12,100	-	55,000
Compensated absences	19,066	21,739	18,900
OPEB liability	3,277	2,933	2,650
Net pension liability	138,043	184,057	138,042
Loans payable - noncurrent	<u>4,142,177</u>	<u>-</u>	<u>3,080,000</u>
Total Liabilities	<u>6,627,589</u>	<u>347,363</u>	<u>3,348,067</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>27,471</u>	<u>34,339</u>	<u>24,037</u>
NET POSITION			
Invested in capital assets, net of related debt	3,179,200	620,999	1,310,467
Restricted for:			
Energy scheduling services	-	137,847	-
Unrestricted	<u>(2,351,070)</u>	<u>3,733,052</u>	<u>558,781</u>
Total Net Position	<u>\$ 828,130</u>	<u>\$ 4,491,898</u>	<u>\$ 1,869,248</u>

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

CITY OF BIGGS, CALIFORNIA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
June 30, 2018

	<u>Business-Type Activities</u>	
	<u>Other Enterprise Funds</u>	<u>Total</u>
ASSETS		
Cash and investments	\$ -	\$ 2,862,348
Accounts receivable (net of allowance)	28,371	476,844
Due from other funds	-	1,700,000
Due from other governmental agencies	-	14,921
Prepaid power	-	-
Capital assets:		-
Non-depreciable	-	3,697,670
Depreciable, net	-	8,702,273
Total Assets	<u>28,371</u>	<u>17,454,056</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	-	<u>172,457</u>
LIABILITIES		
Accounts payable and accrued liabilities	629	54,222
Accrued interest payable	-	54,076
Deposits payable	-	125,624
Due to other funds	8,870	2,280,612
Unearned revenue	-	-
Loans payable - current	-	67,100
Compensated absences	2,354	62,059
OPEB liability	290	9,150
Net pension liability	-	460,142
Loans payable - noncurrent	-	7,222,177
Total Liabilities	<u>12,143</u>	<u>10,335,162</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	-	<u>85,847</u>
NET POSITION		
Invested in capital assets, net of related debt	-	5,110,666
Restricted for:		
Energy scheduling services	-	137,847
Unrestricted	<u>16,228</u>	<u>1,956,991</u>
Total Net Position	<u>\$ 16,228</u>	<u>\$ 7,205,504</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, 2018

	<u>Business-Type Activities</u>		
	<u>Sewer</u>	<u>Electric</u>	<u>Water</u>
OPERATING REVENUES			
Charges for services	\$ 645,425	\$ 2,409,736	\$ 485,268
Total Operating Revenue	<u>645,425</u>	<u>2,409,736</u>	<u>485,268</u>
OPERATING EXPENSES			
Personnel costs	142,351	166,822	139,388
Utilities	7,138	-	7,883
Supplies	111,612	8,805	60,283
Maintenance and operations	23,601	440,949	24,640
Contractual services	177,640	1,547,145	132,601
Depreciation	78,512	46,339	105,355
Other expenses	4,221	7,294	1,559
Total Operating Expenses	<u>545,075</u>	<u>2,217,354</u>	<u>471,709</u>
Operating Income (Loss)	<u>100,350</u>	<u>192,382</u>	<u>13,559</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and penalties	8,629	100,469	7,954
Intergovernmental revenues	-	-	-
Other revenues	71,610	81,177	135,829
Interest expense	(69,776)	-	(138,761)
Total Non-Operating Revenues (Expenses)	<u>10,463</u>	<u>181,646</u>	<u>5,022</u>
Income (Loss) Before Transfers	<u>110,813</u>	<u>374,028</u>	<u>18,581</u>
Transfers in	9,750	69,767	124,050
Transfers out	(9,750)	(241,767)	(124,050)
Change in Net Position	<u>110,813</u>	<u>202,028</u>	<u>18,581</u>
Total Net Position - Beginning	717,317	4,289,870	1,850,667
Prior period adjustment	-	-	-
Total Net Position - Ending	<u>\$ 828,130</u>	<u>\$ 4,491,898</u>	<u>\$ 1,869,248</u>

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, 2018

	<u>Business-Type Activities</u>	
	<u>Other Enterprise Funds</u>	<u>Total</u>
OPERATING REVENUES		
Charges for services	\$ 195,081	\$ 3,735,510
Total Operating Revenue	<u>195,081</u>	<u>3,735,510</u>
OPERATING EXPENSES		
Personnel costs	16,581	465,142
Utilities	-	15,021
Supplies	-	180,700
Maintenance and operations	14,429	503,619
Contractual services	164,050	2,021,436
Depreciation	-	230,206
Other expenses	-	13,074
Total Operating Expenses	<u>195,060</u>	<u>3,429,198</u>
Operating Income (Loss)	<u>21</u>	<u>306,312</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and penalties	2,375	119,427
Intergovernmental revenues	-	-
Other revenues	-	288,616
Interest expense	-	(208,537)
Total Non-Operating Revenues (Expenses)	<u>2,375</u>	<u>199,506</u>
Income (Loss) Before Transfers	<u>2,396</u>	<u>505,818</u>
Transfers in	-	203,567
Transfers out	<u>(8,000)</u>	<u>(383,567)</u>
Change in Net Position	(5,604)	325,818
Total Net Position - Beginning	21,832	6,879,686
Prior period adjustment	-	-
Total Net Position - Ending	<u>\$ 16,228</u>	<u>\$ 7,205,504</u>

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, 2018

	<u>Business-Type Activities</u>		
	<u>Sewer</u>	<u>Electric</u>	<u>Water</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 644,906	\$ 2,426,475	\$ 485,923
Payments to suppliers	(347,631)	(2,038,449)	(208,699)
Payments to employees	(143,675)	(168,384)	(140,686)
Net Cash Provided (Used) by Operating Activities	<u>153,600</u>	<u>219,642</u>	<u>136,538</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Grants and other receipts	-	81,177	135,829
Transfer to other funds	71,610	(172,000)	-
Interfund loans repaid	-	-	-
Interfund loans received	-	-	-
Interfund loans made	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>71,610</u>	<u>(90,823)</u>	<u>135,829</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,280,639)	-	-
Proceeds from long-term debt	816,757	-	-
Principal paid on capital debt	(76,692)	-	(55,000)
Interest paid on capital debt	(69,776)	-	(138,761)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(610,350)</u>	<u>-</u>	<u>(193,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends and other	8,629	100,469	7,954
Net Cash Provided (Used) by Investing Activities	<u>8,629</u>	<u>100,469</u>	<u>7,954</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(376,511)	229,288	86,560
Balances - Beginning of the Year	(195,231)	1,956,585	589,915
Balances - End of the Year	<u>\$ (571,742)</u>	<u>\$ 2,185,873</u>	<u>\$ 676,475</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	100,350	192,382	13,559
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	78,512	46,339	105,357
Decrease (increase) in:			-
Accounts receivable	2,628	16,739	655
Due from other funds	(3,147)	-	-
Due from other governmental agencies	-	(8,349)	-
Increase (decrease) in:			
Accounts payable	(24,944)	(46,968)	16,471
Accrued interest payable	(1,123)	-	(802)
Deposits payable	-	17,937	-
Unearned revenue	-	-	-
Compensated absences	1,324	1,562	1,298
OPEB liability	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 153,600</u>	<u>\$ 219,642</u>	<u>\$ 136,538</u>

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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, 2018

	<u>Business-Type Activities</u>	
	<u>Enterprise Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 193,113	\$ 3,750,417
Payments to suppliers	(178,729)	\$ (2,773,508)
Payments to employees	(16,159)	(468,904)
Net Cash Provided (Used) by Operating Activities	<u>(1,775)</u>	<u>508,005</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants and other receipts	-	217,006
Transfer to other funds	(8,000)	(108,390)
Interfund loans repaid	-	-
Interfund loans received	-	-
Interfund loans made	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(8,000)</u>	<u>108,616</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(1,280,639)
Proceeds from long-term debt	-	816,757
Principal paid on capital debt	-	(131,692)
Interest paid on capital debt	-	(208,537)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>-</u>	<u>(804,111)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends and other	2,375	119,427
Net Cash Provided (Used) by Investing Activities	<u>2,375</u>	<u>119,427</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,400)	(68,063)
Balances - Beginning of the Year	(1,470)	2,349,799
Balances - End of the Year	<u>\$ (8,870)</u>	<u>\$ 2,281,736</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	21	306,312
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	230,208
Decrease (increase) in:		
Accounts receivable	(1,968)	18,054
Due from other funds	-	(3,147)
Due from other governmental agencies	-	(8,349)
Increase (decrease) in:		
Accounts payable	(6)	(55,447)
Accrued Interest Payable	-	(1,925)
Deposits payable	-	17,937
Unearned revenue	-	-
Compensated absences	178	4,362
OPEB liability	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,775)</u>	<u>\$ 508,005</u>

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

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BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

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CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 council 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.

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, 2018

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. These funds are now grouped in the Special Revenue funds as of June 30, 2018.

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, 2018

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.

Major Funds

The City reports the following major governmental funds:

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

The 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.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

Basis of Presentation (Continued)

Major Funds (Continued)

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.

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.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

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

General Receivables and Property Taxes Receivable *(Continued)*

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, 2018 are Sewer fund \$1,074, Electric fund \$4,275, Water fund \$697, and Solid Waste \$369.

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.

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.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

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

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.

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.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

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

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.

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.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

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

Fund Equity *(Continued)*

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.

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.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

Governmental Accounting Standards Board Statement No. 91, Conduit Debt Obligations

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Issued May 2019.

Governmental Accounting Standards Board Statement No. 90, Majority Equity Interests—an Amendment of GASB Statements No. 14 and No. 61

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. Issued August 2018.

Governmental Accounting Standards Board Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Issued June 2018.

Governmental Accounting Standards Board Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. Issued April 2018.

Deficit Fund Balance/Net Assets

The financial statements reflect the following deficit fund balances at June 30, 2018:

Sewer Capital Improvement Fund	\$ 605,314
SR2S Project Fund	13,091
Bridge Reserve Fund	2,525
TDA STA / SB-620 Fund	14,050
14 SR2S Project Fund	196
SR2S Cycle 2 Project Fund	123,070
SR2S Cycle 4 Project Fund	12,220
Street Repair Fund	21,618
General Plan Fund	<u>12,563</u>
Total	<u><u>804,647</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, 2018

NOTE 3: Detailed Notes

Cash and Investments

As of June 30, 2018, the City's cash and investments are reported in the financial statements as follows:

Primary government	<u>\$ 4,915,884</u>
Total Cash and Investments	<u><u>\$ 4,915,884</u></u>

As of June 30, 2018, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 400
Deposits (less outstanding checks)	2,999,684
Cash with fiscal agent - Mid America - 125 Plan	16,453
Cash with fiscal agent - NCPA	<u>771,836</u>
Total Cash	<u><u>\$ 3,788,373</u></u>

As of June 30, 2018, the City's investments consisted of the following:

Investments:	
In City's pool	<u>\$ 1,127,511</u>
Total Investments	<u>1,127,511</u>
Total Cash and Investments	<u><u>\$ 4,915,884</u></u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$3,788,373 and the bank balance was \$3,523,630. 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.

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, 2018

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, 2018, 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, 2018, the City’s investment position in the State of California Local Agency Investment Fund (LAIF) was \$1,127,511. The total amount invested by all public agencies in LAIF on that day was \$23,103,855,603. 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, 2018

NOTE 3: Detailed Notes (Continued)

Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2018
Governmental Activities					
Capital Assets,					
Not Being Depreciated:					
Land	\$ 168,777	\$ -	\$ -	\$ -	\$ 168,777
Construction in progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>168,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,777</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	1,392,777	-	(42,000)	-	1,350,777
Machinery and equipment	68,537	5,000	-	-	73,537
Vehicles	219,745	-	-	-	219,745
Infrastructure	4,139,515	856,433	-	-	4,995,948
Total Capital Assets, Being Depreciated	<u>5,820,574</u>	<u>861,433</u>	<u>(42,000)</u>	<u>-</u>	<u>6,640,007</u>
Less Accumulated Depreciation For:					
Buildings and improvements	(615,242)	(46,544)	42,000	-	(619,786)
Machinery and equipment	(69,430)	(108)	-	-	(69,538)
Vehicles	(181,856)	(6,898)	-	-	(188,754)
Infrastructure	(425,452)	(90,403)	-	-	(515,855)
Total Accumulated Depreciation	<u>(1,291,980)</u>	<u>(143,953)</u>	<u>42,000</u>	<u>-</u>	<u>(1,393,933)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,528,594</u>	<u>717,480</u>	<u>-</u>	<u>-</u>	<u>5,246,074</u>
Total Governmental Activities, Net	<u>\$ 4,697,371</u>	<u>\$ 717,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,414,851</u>

Continued on next page

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3: Detailed Notes (Continued)

Capital Assets (Continued)

	Balance July 1, 2017	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2018
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 37,158	\$ 2,722,838	\$ -	\$ -	\$ 2,759,996
Construction in progress	887,517	50,157	-	-	937,674
Total Capital Assets, Not Being Depreciated	924,675	2,772,995	-	-	3,697,670
Capital Assets, Being Depreciated:					
Buildings and improvements	167,000	-	-	-	167,000
Machinery and equipment	1,636,439	-	-	-	1,636,439
Vehicles	35,857	-	-	-	35,857
Infrastructure	10,549,463	-	-	-	10,549,463
Total Capital Assets, Being Depreciated	12,388,759	-	-	-	12,388,759
Less Accumulated Depreciation For:					
Buildings and improvements	(96,654)	(4,604)	-	-	(101,258)
Machinery and equipment	(959,729)	(62,156)	-	-	(1,021,885)
Vehicles	(19,586)	(2,302)	-	-	(21,888)
Infrastructure	(2,380,311)	(161,144)	-	-	(2,541,455)
Total Accumulated Depreciation	(3,456,280)	(230,206)	-	-	(3,686,486)
Total Capital Assets, Being Depreciated, Net	8,932,479	(230,206)	-	-	8,702,273
Total Business-Type Activities, Net	\$ 9,857,154	\$ 2,542,789	\$ -	\$ -	\$ 12,399,943

Depreciation

Depreciation expense was charged to governmental function as follows:

General government	\$ 44,625
Public ways and facilities	47,504
Public protection	41,746
Culture and recreation	8,637
Community development	1,441
Total Depreciation Expense -- Governmental Functions	\$ 143,953

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, 2018

NOTE 3: Detailed Notes (Continued)

Depreciation (Continued)

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

Sewer	\$ 78,512
Electric	46,338
Water	<u>105,356</u>
Total Depreciation Expense -- Business-Type Functions	<u>\$ 230,206</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, 2018, the components of unearned revenue reported were as follows:

Offset to Long-Term Notes Receivable	<u>\$ 804,198</u>
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Long-Term Liabilities

Long-term debt for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Adjustments/ Retirements	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities					
Loans	\$ 241,000	\$ -	\$ (5,000)	\$ 236,000	\$ 5,000
OPEB Liability (Note 5)	3,117	-	-	3,117	-
Net Pension Liability	203,887	33,156	-	237,043	-
Compensated Absences (Note 1)	<u>24,655</u>	<u>2,109</u>	<u>-</u>	<u>26,764</u>	<u>-</u>
Total Government Activities	<u>\$ 472,659</u>	<u>\$ 35,265</u>	<u>\$ (5,000)</u>	<u>\$ 502,924</u>	<u>\$ 5,000</u>
Business-Type Activities					
Loans	\$ 6,604,212	\$ 816,757	\$ (131,692)	\$ 7,289,277	\$ 131,692
OPEB Liability (Note 5)	9,150	-	-	9,150	-
Net Pension Liability	395,780	64,362	-	460,142	-
Compensated Absences (Note 1)	<u>57,697</u>	<u>4,362</u>	<u>-</u>	<u>62,059</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 7,066,839</u>	<u>\$ 885,481</u>	<u>\$ (131,692)</u>	<u>\$ 7,820,628</u>	<u>\$ 131,692</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, 2018

NOTE 3: Detailed Notes (Continued)

Long-Term Liabilities (Continued)

At June 30, 2018, loans consisted of the following:

	Government Activities	Business-Type Activities
State Water Resources Control Board Loan, issued in the amount of \$816,757. Upon meeting conditional requirements, one half of the loan proceeds will be forgiven. Loan proceeds were used for wastewater system expansion.	\$ -	\$ 816,757
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.	\$ -	\$ 118,100
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.	-	91,100
United States Department of Agriculture Loan, issued in the amount of \$3,675,000, dated November 9, 2006, payable in annual installments of \$35,000 to \$190,000, with an interest rate of 4.375% and maturity of April 1, 2046. Loan proceeds were used for wastewater system improvements.	-	3,135,000
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.	-	352,600
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.	-	2,775,720
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.	236,000	-
Total Loans	\$ 236,000	\$ 7,289,277

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, 2018

NOTE 3: Detailed Notes (Continued)

Long-Term Liabilities (Continued)

The annual aggregate maturities for the years subsequent to June 30, 2018, are as follows:

Year Ended June 30	Loans				Total
	Government Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	
2019	\$ 5,000	\$ 11,650	\$ 273,254	\$ 188,177	\$ 478,081
2020	5,000	11,350	280,392	184,296	481,038
2021	5,000	10,365	293,994	168,195	477,554
2022	5,000	8,292	304,381	158,556	476,229
2023	5,000	7,723	313,567	148,002	474,292
2024-2025	22,000	25,445	317,879	374,763	740,087
2026-2030	44,000	42,000	1,263,902	691,870	2,041,772
2031-2035	56,000	29,500	1,597,491	840,050	2,523,041
2036-2040	72,000	13,600	982,634	310,528	1,378,762
2041-2045	17,000	425	1,661,783	118,344	1,797,552
Total					
Government					
Activities	<u>\$ 236,000</u>	<u>\$ 160,350</u>	<u>\$ 7,289,277</u>	<u>\$ 3,182,781</u>	<u>\$ 10,868,408</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, 2018

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, 2018:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Electric Utility Fund	\$ 1,632,755	\$ -
Bridge Reserve	-	2,525
WWTP Phase Two	-	1,330,522
14 SR@S Project Fund	-	13,091
TDA STA /SB-620	-	14,050
Solid Waste Fund	-	8,870
17 SR@ Cycle 2	-	118,035
Park Grant	-	70,252
19SR @ Cycle 2	-	6,058
Street Repair	-	20,983
Water Tank	-	35,819
General Plan	-	12,550
Total	<u>\$ 1,632,755</u>	<u>\$ 1,632,755</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, 2018

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, 2018:

	<u>Transfers - Out</u>	<u>Transfers - In</u>
General Fund	\$ -	\$ 150,000
Building Equipment Fund	-	5,000
Fire Enging Replacement Fund	-	12,000
Street Maintenance Fund	-	13,000
Sewer Fund	9,750	-
Water Fund	124,050	-
Electric Fund	228,325	-
NCPA GOR Reserve	13,442	-
CAISO Reserve	-	13,442
Solid Waste Fund	8,000	-
Waste Water Phase Two	-	-
Water Improvement Fund	-	120,000
Water Reserve Fund	-	4,050
Electric Improvement Fund	-	56,325
SWRCB Loan Reserve	-	9,750
	<u>\$ 383,567</u>	<u>\$ 383,567</u>
Total		

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.

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

Plan Description *(Continued)*

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the City of Biggs. The City of Biggs's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRA Miscellaneous plan (PEPRA Misc.). The City of Biggs's employer rate plan in the safety risk pool is the Safety plan (Safety).

Benefits Provided

The Plan 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. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic 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, 2018, are summarized as follows:

Employer Rate Plans in the Miscellaneous Risk Pool

Employer rate plan	<u>Miscellaneous</u>	<u>PEPRA Misc.</u>
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefit, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.9%	[Unknown]
Required employer contribution rates	7.2%	[Unknown]

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 4: Employees' Retirement Plan (Continued)

Benefits Provided (Continued)

Employer Rate Plans in the Safety Risk Pool

Employer rate plan	<u>Safety</u>
Hire Date	On or after January 1, 1900
Benefit formula	2.0% @55
Benefit vesting schedule	5 years of service
Benefit payments	Monthly for life
Retirement age	50
Monthly benefit, as a % of eligible compensation	1.426% to 2.0%
Required employee contribution rates	0.0%
Required employer contribution rates	0.0%

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 CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The City of Biggs is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The City of Biggs's contributions to the risk pools in the Plan for the year ended June 30, 2018, were as follows:

	<u>Contributions</u>
Miscellaneous Risk Pool	\$ 57,271
Safety Risk Pool	10,188
Total Contributions	<u>\$ 67,459</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, 2018

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

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

As of June 30, 2018, City of Biggs reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Risk Pool	\$ 57,271
Safety Risk Pool	<u>10,188</u>
Total Contributions	<u>\$ 67,459</u>

* The proportionate share of the total NPL to each of the enterprise and internal service funds is not being allocated because it is deemed to have an immaterial effect on the financial statements.

The City of Biggs's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The City of Biggs's proportionate share of the net pension liability as of January 01, 0001, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, January 01, 0001. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The City of Biggs's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the City of Biggs's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 4: Employees' Retirement Plan (Continued)

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

The City of Biggs's proportionate share of the net pension liability as of June 30, 2017, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2017, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2017, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2017, was calculated by applying City of Biggs's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2017, to obtain the total pension liability and fiduciary net position as of June 30, 2017. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The City of Biggs's proportionate share percentage of the net pension liability for each risk pool as of January 01, 0001, and June 30, 2017, was as follows:

	<u>Miscellaneous Risk Pool</u>	<u>Safety Risk Pool</u>
Proportionate at measurement date -- January 01, 0001	0.013853%	0.002286%
Proportionate at measurement date -- June 30, 2017	<u>0.014301%</u>	<u>0.002233%</u>
Change -- Increase (decrease)	<u>0.000448%</u>	<u>(0.000053%)</u>

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 4: Employees' Retirement Plan (Continued)

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

For the year ended June 30, 2018, the City of Biggs recognized pension expense of \$113,029. At June 30, 2018, the City of Biggs reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,253	\$ (11,849)
Changes of assumptions	123,174	-
Net difference between projected and actual earnings on pension plan investments	-	(94,816)
Adjustments due to differences in proportion	37,528	(2,454)
Differences between actual and required contributions	-	(20,952)
Contributions after measurement date	67,459	-
Total	\$ 229,414	\$ (130,071)

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Date June 30:	Deferred Outflows/(Inflows) of Resources
2018	\$ 18,496
2019	18,497
2020	11,630
2021	(16,739)
2022	-
Thereafter	-
Total	\$ 31,884

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, 2018

NOTE 4: Employees' Retirement Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	January 01, 0001	January 01, 0001
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected salary Increase ⁽¹⁾	Varies by age and length of service	Varies by age and length of service
Investment rate of return ⁽²⁾	7.00%	7.00%
Mortality rate table	Derived using CalPERS' Membership data for II Funds	Derived using CalPERS' Membership data for II Funds

(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 Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2014.pdf>.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2017 based on January 01, 0001 Valuations*, that can be obtained from the CalPERS website.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2017 based on January 01, 0001 Valuations*, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% 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 7.15%. 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.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (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 the Plan. 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, 2018

NOTE 4: Employees' Retirement Plan (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 geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forest Land	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40%)	(0.90%)

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015, valuation were based on the results of a January 2016 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.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 4: Employees' Retirement Plan (Continued)

Discount Rate (Continued)

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.

Sensitivity of the City of Biggs' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City of Biggs's proportionate share of the net pension liability of the each risk pool as of the measurement date, calculated using the discount rate, as well as what the City of Biggs's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
City of Biggs' proportionate share of the Miscellaneous Risk Pool's net pension liability	\$ 909,848	\$ 563,753	\$ 277,111
City of Biggs' proportionate share of the Safety Risk Pool's net pension liability	193,490	133,432	84,338
Liquidity	<u>\$1,103,338</u>	<u>\$ 697,185</u>	<u>\$ 361,449</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, 2018

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	15,026
Increase in net OPEB obligation	488
Net OPEB obligation - Beginning of year	11,779
Net OPEB obligation - End of year	\$ 12,267

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, 2018

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	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2017	\$ 15,514	21%	\$ 12,267

Funding Status and Funding Progress

As of July 1, 2018, 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.

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

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

Actuarial Methods and Assumptions (Continued)

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.

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.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

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 \$804,198 related to long-term notes and loans receivable.

On the Government-wide Statement of Net Position, deferred outflows of resources of \$229,414 represent contributions made to the City's pension plan for the 2017-2018 fiscal year.

Deferred inflows of resources are as follows:

Net differences between projected and actual earnings on pension plan investments	\$ 94,816
Adjustment due to differences in proportions	2,454
Difference between expected and actual experience	11,849
Difference between actual and required contributions	<u>20,952</u>
Total deferred inflows of resources	<u>\$ 130,071</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.

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

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, 2018

NOTE 7: Risk Management *(Continued)*

Joint Agencies

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

NOTE 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 July 1, 2018, through June 11, 2019, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

Prior Period Adjustment

Prior period adjustment relates to regrouping funds in the general fund and other governmental fund categories.

REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

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CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – UNAUDITED
For the Year Ended June 30, 2018

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, 2018, 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%

See the accompanying notes to the required supplementary information

CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
GENERAL FUND
For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 178,505	\$ 178,505	\$ 191,685	\$ 13,180
Licenses and permits	8,400	8,400	8,383	(17)
Fines and forfeitures	150	150	267	117
Use of money	200	200	3,355	3,155
Intergovernmental	306,000	306,000	403,313	97,313
Charges for services	47,500	47,500	101,453	53,953
Other revenues	49,370	49,370	6,112	(43,258)
Total Revenues	<u>590,125</u>	<u>590,125</u>	<u>714,568</u>	<u>124,443</u>
EXPENDITURES				
Current:				
General government	229,186	229,186	274,484	(45,298)
Public ways and facilities	109,438	109,438	65,548	43,890
Public protection	296,900	296,900	278,085	18,815
Culture and recreation	66,453	66,453	69,645	(3,192)
Community development	-	-	-	-
Debt service	17,700	17,700	16,863	837
Capital outlay	5,700	5,700	-	5,700
Total Expenditures	<u>725,377</u>	<u>725,377</u>	<u>704,625</u>	<u>20,752</u>
Excess of Revenues Over (Under) Expenditures	<u>(135,252)</u>	<u>(135,252)</u>	<u>9,943</u>	<u>145,195</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	180,000	30,000
Transfers out	-	-	-	-
Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>180,000</u>	<u>30,000</u>
Net Change in Fund Balance	14,748	14,748	189,943	175,195
Fund Balance - Beginning	<u>683,244</u>	<u>683,244</u>	<u>1,096,038</u>	<u>412,794</u>
Fund Balance - Ending	<u>\$ 697,992</u>	<u>\$ 697,992</u>	<u>\$ 1,285,981</u>	<u>\$ 587,989</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)
CaIPERS MISCELLANEOUS RETIREMENT PLAN
Last Ten Years *

	2018	2017	2016	2015
Measurement Period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability				
Service cost	\$ 61,557	\$ 26,068	\$ 23,292	\$ 21,197
Interest	169,292	207,279	122,286	119,111
Differences between expected and actual experience	(16,081)	-	-	-
Changes in assumptions	142,494	-	-	-
Change in benefit terms	304	-	-	-
Change in proportions	(4,319)	-	-	-
Benefit payments, including refunds of employee contribution	(103,191)	(97,545)	(98,235)	(108,881)
Net change in total pension liability	250,056	135,802	47,343	31,427
Total pension liability -- beginning	2,266,143	2,130,341	2,082,998	2,051,571
Total pension liability -- ending (a)	<u>\$2,516,199</u>	<u>\$2,266,143</u>	<u>\$2,130,341</u>	<u>\$2,082,998</u>
Plan fiduciary net position				
Contributions - employer	\$ 73,873	\$ 43,518	\$ 39,693	\$ 38,433
Contributions - employee	27,201	25,228	34,196	32,199
Net investment income	72,555	35,680	126,944	115,386
Plan to plan resource movement	(4,212)	-	-	-
Benefit payments, including refunds of employee contribution	(106,212)	(97,545)	(98,235)	(108,881)
Change in proportions	(18,570)	-	-	-
Projected earnings on pension plan investments	125,564	-	-	-
Administrative expense	(2,649)	(2,349)	(2,117)	-
Net change in fiduciary net position	167,550	4,532	100,481	77,137
Plan fiduciary net position -- beginning	1,784,896	1,780,364	1,679,883	1,602,746
Plan fiduciary net position -- ending (b)	<u>\$1,952,446</u>	<u>\$1,784,896</u>	<u>\$1,780,364</u>	<u>\$1,679,883</u>
Net pension liability -- ending (a) - (b)	<u>\$ 563,753</u>	<u>\$ 481,247</u>	<u>\$ 349,977</u>	<u>\$ 403,115</u>
Plan fiduciary net position as a percentage of the total pension liability	77.60%	78.76%	83.57%	80.65%
Covered-employee payroll	\$ 400,223	\$ 521,330	\$ 508,363	\$ 492,302
Net pension liability as a percentage of covered-employee payroll	140.86%	92.31%	68.84%	81.88%

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

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

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

Measurement Period	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 8,704	\$ 9,633	\$ 9,189	\$ 9,547
Interest	29,012	43,897	30,762	33,881
Differences between expected and actual experience	1,701	-	-	-
Changes in assumptions	24,672	-	-	-
Change in benefit terms	4	-	-	-
Change in proportions	(28,442)	-	-	-
Benefit payments, including refunds of employee contribution	(19,767)	(57,210)	(55,213)	(58,809)
Net change in total pension liability	15,884	(3,680)	(15,262)	(15,381)
Total pension liability -- beginning	413,356	417,036	432,298	447,679
Total pension liability -- ending (a)	<u>\$ 429,240</u>	<u>\$ 413,356</u>	<u>\$ 417,036</u>	<u>\$ 432,298</u>
Plan fiduciary net position				
Contributions - employer	\$ 10,208	\$ 4,569	\$ 3,801	\$ 2,997
Contributions - employee	2,902	13,072	2,974	2,661
Net investment income	11,140	23,754	28,111	24,253
Plan to plan resource movement	3,131	-	-	-
Change in proportions	(26,186)	-	-	-
Projected earnings on pension plan investments	19,067	-	-	-
Benefit payments, including refunds of employee contribution	(18,988)	(57,210)	(55,213)	(58,809)
Administrative expense	(402)	(10,682)	(10,211)	-
Net change in fiduciary net position	872	(26,497)	(30,538)	(28,898)
Plan fiduciary net position -- beginning	294,936	321,433	351,971	380,869
Plan fiduciary net position -- ending (b)	<u>\$ 295,808</u>	<u>\$ 294,936</u>	<u>\$ 321,433</u>	<u>\$ 351,971</u>
Net pension liability -- ending (a) - (b)	<u>\$ 133,432</u>	<u>\$ 118,420</u>	<u>\$ 95,603</u>	<u>\$ 80,327</u>
Plan fiduciary net position as a percentage of the total pension liability	68.91%	71.35%	77.08%	81.42%
Covered-employee payroll	\$ 46,693	\$ 45,333	\$ 44,205	\$ 42,809
Net pension liability as a percentage of covered-employee payroll	285.76%	261.22%	216.27%	187.64%

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

See the accompanying notes to the required supplementary information

CITY OF BIGGS, CALIFORNIA
SCHEDULES TO FOOTNOTES
BUDGET AND APPROPRIATIONS
For the year ended June 30, 2018

Schedule of Excess Expenditures:

Fund	Appropriations	Expenditures	Excess Expenditures
Bridge Reserve	\$ -	\$ 838	838
Street Repair	-	21,618	21,618
SR2S Cycle 2	22,705	118,635	95,930
SR2S Cycle 4	-	12,220	12,220
Water Improvement Fund	112,561	264,255	151,694
Water Tank Fund	-	42,128	42,128
TDA STA / SB-620	5,268	6,983	1,715
General Plan	-	8,601	8,601
	<u>\$ 140,534</u>	<u>\$ 475,278</u>	<u>\$ 334,744</u>

Schedule of Deficit Fund Balances:

Fund	Defecit Fund Balance
Bridge Reserve	(2,525)
14SR2S Project	(196)
SR2S Cycle 2	(123,070)
SR2S Cycle 4	(12,220)
Street Repair	(21,618)
TDA STA / SB-620	(14,050)
General Plan	(12,563)
Sewer Improvement Fund	<u>\$ (605,314)</u>
	<u>\$ (791,556)</u>

See the accompanying notes to the required supplementary information

CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2018

Schedule of Funding Progress – Other Postemployment Benefits (OPEB)

The Schedule of Funding Progress – Other Postemployment Benefits on Page 65, 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.

COMBINING NONMAJOR FUND STATEMENTS

Unaudited

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NONMAJOR GOVERNMENTAL FUNDS

Unaudited

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CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
GENERAL FUND
June 30, 2018

	<u>Building/ Equipment</u>	<u>Fire Engine Replacement</u>	<u>Bridge Reserve</u>	<u>Detention Basin</u>
ASSETS				
Cash and investments	\$ 153,175	\$ 216,801	\$ -	\$ 16,604
Accounts receivable (net of allowance)	-	-	-	-
Due from other governments	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 153,175</u>	<u>\$ 216,801</u>	<u>\$ -</u>	<u>\$ 16,604</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	2,525	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,525</u>	<u>-</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>153,175</u>	<u>216,801</u>	<u>(2,525)</u>	<u>16,604</u>
Total Fund Balances	<u>153,175</u>	<u>216,801</u>	<u>(2,525)</u>	<u>16,604</u>
Total Liabilities and Fund Balances	<u>\$ 153,175</u>	<u>\$ 216,801</u>	<u>\$ -</u>	<u>\$ 16,604</u>

Grouped with General Fund in General Fund category on Governmental Fund Statements

Continued on next page

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
June 30, 2018

	Street Maintenance Reserve	Public Works Facility Reserve	General Plan	Total
ASSETS				
Cash and investments	\$ 235,631	\$ 17,773	\$ -	\$ 639,984
Accounts receivable (net of allowance)	-	-	-	-
Due from other governments	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 235,631</u>	<u>\$ 17,773</u>	<u>\$ -</u>	<u>\$ 639,984</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	13	13
Deposits payable	-	-	-	-
Due to other funds	-	-	12,550	15,075
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>12,563</u>	<u>15,088</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>235,631</u>	<u>17,773</u>	<u>(12,563)</u>	<u>624,896</u>
Total Fund Balances	<u>235,631</u>	<u>17,773</u>	<u>(12,563)</u>	<u>624,896</u>
Total Liabilities and Fund Balances	<u>\$ 235,631</u>	<u>\$ 17,773</u>	<u>\$ -</u>	<u>\$ 639,984</u>

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
For the Year Ended June 30, 2018

	<u>Building/ Equipment</u>	<u>Fire Engine Replacement</u>	<u>Bridge Reserve</u>	<u>Detention Basin</u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money	589	826	-	65
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	<u>589</u>	<u>826</u>	<u>-</u>	<u>65</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public ways and facilities	-	-	838	-
Public protection	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>838</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>589</u>	<u>826</u>	<u>(838)</u>	<u>65</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	12,000	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,589	12,826	(838)	65
Fund Balances - Beginning	<u>147,586</u>	<u>203,975</u>	<u>(1,687)</u>	<u>16,539</u>
Fund Balances - Ending	<u>\$ 153,175</u>	<u>\$ 216,801</u>	<u>\$ (2,525)</u>	<u>\$ 16,604</u>

Continued on next page

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
For the Year Ended June 30, 2018

	Street Maintenance Reserve	Public Works Facility Reserve	General Plan	Total
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money	899	69	-	2,448
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	<u>899</u>	<u>69</u>	<u>-</u>	<u>2,448</u>
EXPENDITURES				
Current:				
General government	-	-	8,601	8,601
Public ways and facilities	-	-	-	838
Public protection	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>8,601</u>	<u>9,439</u>
Excess of Revenues Over (Under) Expenditures	<u>899</u>	<u>69</u>	<u>(8,601)</u>	<u>(6,991)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	13,000	-	-	30,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Net Change in Fund Balances	13,899	69	(8,601)	23,009
Fund Balances - Beginning	<u>221,732</u>	<u>17,704</u>	<u>(3,962)</u>	<u>601,887</u>
Fund Balances - Ending	<u>\$ 235,631</u>	<u>\$ 17,773</u>	<u>\$ (12,563)</u>	<u>\$ 624,896</u>

Continued on next page

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	<u>Gas Tax</u>	<u>Curb / Gutter Lane</u>	<u>SR2S Project</u>	<u>SB-325 TDA Funds</u>
ASSETS				
Cash and investments	\$ 256,226	\$ -	\$ -	\$ 174,535
Accounts receivable (net of allowance)	3,471	-	-	-
Due from other governments	-	-	12,841	-
Land	-	-	-	-
Loans receivable	-	870	-	-
Total Assets	<u>\$ 259,697</u>	<u>\$ 870</u>	<u>\$ 12,841</u>	<u>\$ 174,535</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	461	-	-	896
Retentions payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	13,091	-
Agency obligations	-	-	-	-
Unearned revenue	-	870	-	-
Total Liabilities	<u>461</u>	<u>870</u>	<u>13,091</u>	<u>896</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>259,236</u>	<u>-</u>	<u>(250)</u>	<u>173,639</u>
Total Fund Balances	<u>259,236</u>	<u>-</u>	<u>(250)</u>	<u>173,639</u>
Total Liabilities and Fund Balances	<u>\$ 259,697</u>	<u>\$ 870</u>	<u>\$ 12,841</u>	<u>\$ 174,535</u>

Continued on next page

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2018

	<u>Traffic Congestion</u>	<u>Betzler / Summit</u>	<u>SB-620 STA Funds</u>	<u>RSTP Exchange</u>
ASSETS				
Cash and investments	\$ 2,170	\$ 8,736	\$ -	\$ 97,479
Accounts receivable (net of allowance)	-	-	-	15,817
Due from other governments	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 2,170</u>	<u>\$ 8,736</u>	<u>\$ -</u>	<u>\$ 113,296</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	-	13
Retentions payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	14,050	-
Agency obligations	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>14,050</u>	<u>13</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>2,170</u>	<u>8,736</u>	<u>(14,050)</u>	<u>113,283</u>
Total Fund Balances	<u>2,170</u>	<u>8,736</u>	<u>(14,050)</u>	<u>113,283</u>
Total Liabilities and Fund Balances	<u>\$ 2,170</u>	<u>\$ 8,736</u>	<u>\$ -</u>	<u>\$ 113,296</u>

Continued on next page

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2018

	<u>Sixth Street Bridge</u>	<u>HOME Grant</u>	<u>Park Grant</u>	<u>SunWest Expansion</u>
ASSETS				
Cash and investments	\$ 57,274	\$ 97,586	\$ -	\$ 11,142
Accounts receivable (net of allowance)	-	-	-	-
Due from other governments	-	-	-	-
Land	2,625	-	-	-
Loans receivable	-	555,587	-	-
Total Assets	<u>\$ 59,899</u>	<u>\$ 653,173</u>	<u>\$ -</u>	<u>\$ 11,142</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	3,181	-
Retentions payable	-	-	21,255	-
Deposits payable	-	-	-	-
Due to other funds	-	-	70,252	-
Agency obligations	-	-	-	-
Unearned revenue	-	555,587	-	-
Total Liabilities	<u>-</u>	<u>555,587</u>	<u>94,688</u>	<u>-</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>59,899</u>	<u>97,586</u>	<u>(94,688)</u>	<u>11,142</u>
Total Fund Balances	<u>59,899</u>	<u>97,586</u>	<u>(94,688)</u>	<u>11,142</u>
Total Liabilities and Fund Balances	<u>\$ 59,899</u>	<u>\$ 653,173</u>	<u>\$ -</u>	<u>\$ 11,142</u>

Continued on next page

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2018

	<u>1982 CDBG</u>	<u>CDBG Miscellaneous</u>	<u>1994 CDBG</u>	<u>SR2S Cycle 2 Project</u>
ASSETS				
Cash and investments	\$ 50	\$ 15,518	\$ 108,121	\$ -
Accounts receivable (net of allowance)	-	-	-	-
Due from other governments	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	34,032	-
Total Assets	<u>\$ 50</u>	<u>\$ 15,518</u>	<u>\$ 142,153</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	-	5,035
Retentions payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	118,035
Agency obligations	-	-	-	-
Unearned revenue	-	-	34,032	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>34,032</u>	<u>123,070</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>50</u>	<u>15,518</u>	<u>108,121</u>	<u>(123,070)</u>
Total Fund Balances	<u>50</u>	<u>15,518</u>	<u>108,121</u>	<u>(123,070)</u>
Total Liabilities and Fund Balances	<u>\$ 50</u>	<u>\$ 15,518</u>	<u>\$ 142,153</u>	<u>\$ -</u>

Continued on next page

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2018

	<u>SR2S Cycle 4</u> <u>Project</u>	<u>86 HUD</u> <u>Grant</u>	<u>CFD N Biggs</u>	<u>SunWest</u> <u>Packaging</u>
ASSETS				
Cash and investments	\$ -	\$ 24,215	\$ 4,221	\$ 4,737
Accounts receivable (net of allowance)	-	-	-	-
Due from other governments	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 24,215</u>	<u>\$ 4,221</u>	<u>\$ 4,737</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	6,163	-	543	-
Retentions payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	6,058	-	-	-
Agency obligations	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>12,221</u>	<u>-</u>	<u>543</u>	<u>-</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>(12,221)</u>	<u>24,215</u>	<u>3,678</u>	<u>4,737</u>
Total Fund Balances	<u>(12,221)</u>	<u>24,215</u>	<u>3,678</u>	<u>4,737</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 24,215</u>	<u>\$ 4,221</u>	<u>\$ 4,737</u>

Continued on next page

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2018

	<u>Hometown Celebration</u>	<u>Street Repair</u>	<u>'39 Fire Truck</u>	<u>Developer Fees</u>
ASSETS				
Cash and investments	\$ 25	\$ -	\$ 9,797	\$ 884,420
Accounts receivable (net of allowance)	-	-	-	-
Due from other governments	-	-	-	-
Land	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 9,797</u>	<u>\$ 884,420</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	635	-	-
Retentions payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	20,983	-	-
Agency obligations	-	-	9,797	884,420
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>21,618</u>	<u>9,797</u>	<u>884,420</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	<u>25</u>	<u>(21,618)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>25</u>	<u>(21,618)</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 9,797</u>	<u>\$ 884,420</u>

Continued on next page

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2018

	01-STBG- 1797	Totals
ASSETS		
Cash and investments	\$ 3,914	\$ 1,760,166
Accounts receivable (net of allowance)	-	19,288
Due from other governments	-	12,841
Land	-	2,625
Loans receivable	245,839	836,328
Total Assets	\$ 249,753	\$ 2,631,248
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	-	16,927
Retentions payable	-	21,255
Deposits payable	-	-
Due to other funds	-	242,469
Agency obligations	-	894,217
Unearned revenue	245,839	836,328
Total Liabilities	245,839	2,011,196
FUND BALANCES		
Reserved for:		
Loans receivable	-	-
Unreserved:		
Undesignated	3,914	620,052
Total Fund Balances	3,914	620,052
Total Liabilities and Fund Balances	\$ 249,753	\$ 2,631,248

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the year ended June 30, 2018

	<u>Gas Tax</u>	<u>Curb / Gutter Lane</u>	<u>SR2S Project</u>	<u>SB-325 TDA Funds</u>
REVENUES				
Taxes and assessments	\$ 51,418	\$ -	\$ -	\$ 58,912
Use of money	945	-	-	625
Intergovernmental	-	-	221,004	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	<u>52,363</u>	<u>-</u>	<u>221,004</u>	<u>59,537</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public ways and facilities	17,583	-	10,394	34,882
Public protection	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>17,583</u>	<u>-</u>	<u>10,394</u>	<u>34,882</u>
Excess of Revenues Over (Under) Expenditures	<u>34,780</u>	<u>-</u>	<u>210,610</u>	<u>24,655</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	34,780	-	210,610	24,655
Fund Balances - Beginning	<u>224,456</u>	<u>-</u>	<u>(210,860)</u>	<u>149,184</u>
Fund Balances - Ending	<u>\$ 259,236</u>	<u>\$ -</u>	<u>\$ (250)</u>	<u>\$ 173,839</u>

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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, 2018

	<u>Traffic Congestion</u>	<u>Betzler / Summit</u>	<u>SB-620 STA Funds</u>	<u>RSTP Exchange</u>
REVENUES				
Taxes and assessments	\$ 2,166	\$ -	\$ 5,268	\$ -
Use of money	4	34	-	380
Intergovernmental	-	-	-	15,791
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	<u>2,170</u>	<u>34</u>	<u>5,268</u>	<u>16,171</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public ways and facilities	-	-	6,983	144
Public protection	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>6,983</u>	<u>144</u>
Excess of Revenues Over (Under) Expenditures	<u>2,170</u>	<u>34</u>	<u>(1,715)</u>	<u>16,027</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,170	34	(1,715)	16,027
Fund Balances - Beginning	<u>-</u>	<u>8,702</u>	<u>(12,335)</u>	<u>97,256</u>
Fund Balances - Ending	<u>\$ 2,170</u>	<u>\$ 8,736</u>	<u>\$ (14,050)</u>	<u>\$ 113,283</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, 2018

	<u>Sixth Street Bridge</u>	<u>HOME Grant</u>	<u>Park Grant</u>	<u>SunWest Expansion</u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money	-	342	-	44
Intergovernmental	20,507	-	406,100	-
Charges for services	-	-	-	-
Other revenues	-	21,540	-	-
Total Revenues	<u>20,507</u>	<u>21,882</u>	<u>406,100</u>	<u>44</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public ways and facilities	-	-	-	-
Public protection	-	-	-	-
Culture and recreation	-	-	500,788	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>500,788</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>20,507</u>	<u>21,882</u>	<u>(94,688)</u>	<u>44</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	20,507	21,882	(94,688)	44
Fund Balances - Beginning	<u>39,392</u>	<u>75,704</u>	<u>-</u>	<u>11,098</u>
Fund Balances - Ending	<u>\$ 59,899</u>	<u>\$ 97,586</u>	<u>\$ (94,688)</u>	<u>\$ 11,142</u>

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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, 2018

	1982 CDBG	CDBG Miscellaneous	1984 CDBG	SR2S Cycle 2 Project
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money	1	60	382	-
Intergovernmental	-	-	859	22,705
Charges for services	-	-	-	-
Other revenues	-	-	37,333	-
Total Revenues	<u>1</u>	<u>60</u>	<u>38,574</u>	<u>22,705</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public ways and facilities	-	-	-	118,635
Public protection	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,635</u>
Excess of Revenues Over (Under) Expenditures	<u>1</u>	<u>60</u>	<u>38,574</u>	<u>(95,930)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1	60	38,574	(95,930)
Fund Balances - Beginning	<u>49</u>	<u>15,458</u>	<u>69,547</u>	<u>(27,140)</u>
Fund Balances - Ending	<u>\$ 50</u>	<u>\$ 15,518</u>	<u>\$ 108,121</u>	<u>\$ (123,070)</u>

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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, 2018

	<u>SR2S Cycle</u> <u>4 Project</u>	<u>86 HUD</u> <u>Grant</u>	<u>CFD</u> <u>N Biggs</u>	<u>SunWest</u> <u>Packaging</u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 21,746	\$ 18
Use of money	-	70	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	24,145	-	-
Total Revenues	<u>-</u>	<u>24,215</u>	<u>21,746</u>	<u>18</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public ways and facilities	12,221	-	19,677	-
Public protection	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>12,221</u>	<u>-</u>	<u>19,677</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(12,221)</u>	<u>24,215</u>	<u>2,069</u>	<u>18</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(12,221)</u>	<u>24,215</u>	<u>2,069</u>	<u>18</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>1,609</u>	<u>4,719</u>
Fund Balances - Ending	<u>\$ (12,221)</u>	<u>\$ 24,215</u>	<u>\$ 3,678</u>	<u>\$ 4,737</u>

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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, 2017

	<u>Hometown Celebration</u>	<u>Street Repair</u>	<u>'39 Fire Truck</u>	<u>Developer Fees</u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Other revenues	5	-	-	-
Total Revenues	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public ways and facilities	-	21,618	-	-
Public protection	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>21,618</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>5</u>	<u>(21,618)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5	(21,618)	-	-
Fund Balances - Beginning	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 25</u>	<u>\$ (21,618)</u>	<u>\$ -</u>	<u>\$ -</u>

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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, 2018

	01-STBG- 1797	Totals
REVENUES		
Taxes and assessments	\$ -	\$ 139,528
Use of money	15	2,902
Intergovernmental	-	686,966
Charges for services	-	-
Other revenues	-	83,023
Total Revenues	<u>15</u>	<u>912,419</u>
EXPENDITURES		
Current:		
General government	-	-
Public ways and facilities	-	242,137
Public protection	-	-
Culture and recreation	-	500,788
Community development	-	-
Capital outlay	-	-
Total Expenditures	<u>-</u>	<u>742,925</u>
Excess of Revenues Over (Under) Expenditures	<u>15</u>	<u>169,494</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	15	169,494
Fund Balances - Beginning	<u>3,899</u>	<u>450,758</u>
Fund Balances - Ending	<u>\$ 3,914</u>	<u>\$ 620,252</u>

NONMAJOR PROPRIETARY FUNDS

Unaudited

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CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUND – SOLID WASTE
June 30, 2018

	Solid Waste	Totals
ASSETS		
Current Assets		
Cash and investments	\$ (8,870)	\$ (8,870)
Accounts receivable (net of allowance)	28,371	28,371
Total Current Assets	19,501	19,501
Total Assets	\$ 19,501	\$ 19,501
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 629	\$ 629
Due to other funds	-	-
Compensated absences:	-	-
Total Current Liabilities	629	629
Noncurrent Liabilities		
Compensated absences:	2,354	2,354
OPEB liability	290	290
Total Noncurrent Liabilities	2,644	2,644
Total Liabilities	\$ 3,273	\$ 3,273
NET POSITION		
Unrestricted	16,228	16,228
Total Net Position	\$ 16,228	\$ 16,228

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, 2018

	<u>Solid Waste</u>	<u>Total</u>
OPERATING REVENUES		
Charges for services	\$ 195,081	\$ 195,081
Total Operating Revenues	<u>195,081</u>	<u>195,081</u>
OPERATING EXPENSES		
Personnel cost	\$ 16,581	\$ 16,581
Supplies	-	-
Maintenance and operations	14,429	14,429
Contractual services	164,050	164,050
Other	-	-
Total Operating Expenses	<u>195,060</u>	<u>195,060</u>
Operating Income (Loss)	<u>21</u>	<u>21</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	2,375	2,375
Other revenue	-	-
Total Non-Operating Revenues (Expenses)	<u>2,375</u>	<u>2,375</u>
Income (Loss) Before Transfers	<u>2,396</u>	<u>2,396</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>(5,604)</u>	<u>(5,604)</u>
Total Net Position -- Beginning	21,832	21,832
Prior period adjustment	-	-
Total Net Position -- Ending	<u>\$ 16,228</u>	<u>\$ 16,228</u>

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUND – SOLID WASTE
For the Year Ended June 30, 2018

	<u>Solid Waste</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 193,113	\$ 193,113
Payments to suppliers	(178,729)	(178,729)
Payments to employees	(16,159)	(16,159)
Net Cash Provided (Used) by Operating Activities	<u>(1,775)</u>	<u>(1,775)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
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>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	2,375	2,375
Net Cash Provided (Used) by Investing Activities	<u>2,375</u>	<u>2,375</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,400)	(7,400)
Balances - Beginning of the Year	(1,470)	(1,470)
Balances - End of the Year	<u>\$ (8,870)</u>	<u>\$ (8,870)</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 21	\$ 21
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease (increase) in:		
Accounts receivable	(1,968)	(1,968)
Prepaid power	-	-
Increase (decrease) in:		
Accounts payable	(6)	(6)
Compensated absences	178	178
OPEB liability	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,775)</u>	<u>\$ (1,775)</u>

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OTHER REPORTS AND SCHEDULES

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

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INDEPENDENT AUDITOR'S 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*

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated June 11, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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

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CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control over 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 City'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 written in a cursive, flowing style.

David D. Bruner CPA, Inc.
Merced, California
June 11, 2019