

**CITY OF BIGGS,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2009**

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**CITY OF BIGGS, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

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CITY OF BIGGS, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

-
- **City Officials**

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CITY OF BIGGS, CALIFORNIA
CITY OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2009

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biggs, California (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

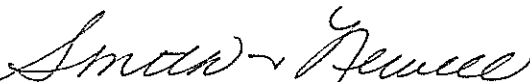
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

The City's management did not prepare the Management's Discussion and Analysis that is supplementary information required by Governmental Accounting Standards Board Statement No. 34. In accordance with accounting principles generally accepted in the United States, the omission has no impact on the basic financial statements described in the table of contents, but may impact the user's understanding of those financial statements.

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


Smith & Newell CPA's
Yuba City, California
February 12, 2010

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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CITY OF BIGGS, CALIFORNIA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 402,875	\$ 900,249	\$ 1,303,124
Accounts receivable (net of allowance)	134,768	1,009,407	1,144,175
Due from other governmental agencies	190,761	-	190,761
Interest receivable	3,065	1,836	4,901
Internal balances	(246,093)	246,093	-
Prepaid power	-	351,287	351,287
Loans receivable	938,279	-	938,279
Capital assets:			
Non-depreciable	1,158,177	1,352,504	2,510,681
Depreciable, net	2,380,404	6,126,991	8,507,395
Total capital assets	<u>3,538,581</u>	<u>7,479,495</u>	<u>11,018,076</u>
Total Assets	<u>4,962,236</u>	<u>9,988,367</u>	<u>14,950,603</u>
<u>LIABILITIES</u>			
Accounts payable	301,439	116,546	417,985
Retention payable	84,984	405,150	490,134
Accrued interest payable	5,301	48,105	53,406
Deposits payable	-	58,951	58,951
Unearned revenue	750,006	64,332	814,338
Long-term liabilities:			
Due within one year	29,839	80,176	110,015
Due in more than one year	279,222	4,217,418	4,496,640
Total Liabilities	<u>1,450,791</u>	<u>4,990,678</u>	<u>6,441,469</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	3,245,442	3,222,695	6,468,137
Restricted for:			
Energy scheduling services	-	351,287	351,287
Unrestricted	266,003	1,423,707	1,689,710
Total Net Assets	<u>\$ 3,511,445</u>	<u>\$ 4,997,689</u>	<u>\$ 8,509,134</u>

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

CITY OF BIGGS, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 125,449	\$ 44,069	\$ 5,906	\$ -
Public ways and facilities	625,905	73,294	520,776	11,431
Public protection	353,202	1,536	99,999	-
Culture and recreation	99,455	-	140,738	-
Community development	241,806	-	7,175	-
Interest on long-term debt	16,478	-	-	-
Total Governmental Activities	1,462,295	118,899	774,594	11,431
Business-type activities:				
Sewer	478,249	270,747	-	-
Electric	2,818,624	2,473,850	-	-
Water	503,501	367,472	(3,000)	-
Solid Waste	155,639	139,140	-	-
Total Business-type Activities	3,956,013	3,251,209	(3,000)	-
Total	\$ 5,418,308	\$ 3,370,108	\$ 771,594	\$ 11,431

General revenues:

Taxes:

Property taxes

Sales and use taxes

Franchise taxes

Property transfer taxes

Grants and contributions - unrestricted

Interest and investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

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

<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (75,474)	\$ -	\$ (75,474)
(20,404)	-	(20,404)
(251,667)	-	(251,667)
41,283	-	41,283
(234,631)	-	(234,631)
(16,478)	-	(16,478)
<u>(557,371)</u>	<u>-</u>	<u>(557,371)</u>
-	(207,502)	(207,502)
-	(344,774)	(344,774)
-	(139,029)	(139,029)
-	(16,499)	(16,499)
<u>-</u>	<u>(707,804)</u>	<u>(707,804)</u>
<u>(557,371)</u>	<u>(707,804)</u>	<u>(1,265,175)</u>
140,178	-	140,178
45,926	-	45,926
13,360	-	13,360
2,070	-	2,070
186,171	-	186,171
28,652	22,322	50,974
69,207	1,287	70,494
155,714	(155,714)	-
<u>641,278</u>	<u>(132,105)</u>	<u>509,173</u>
83,907	(839,909)	(756,002)
<u>3,427,538</u>	<u>5,837,598</u>	<u>9,265,136</u>
<u>\$ 3,511,445</u>	<u>\$ 4,997,689</u>	<u>\$ 8,509,134</u>

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BASIC FINANCIAL STATEMENTS
Fund Financial Statements

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CITY OF BIGGS, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	SR2S Improvement	HOME Grant	Other Governmental Funds	Total
ASSETS					
Cash and investments	\$ 185,461	\$ -	\$ -	\$ 217,414	\$ 402,875
Accounts receivable (net of allowance)	49,743	-	1,545	73,965	125,253
Due from other governmental agencies	2,200	177,805	-	10,756	190,761
Interest receivable	2,205	-	-	860	3,065
Due from other funds	66,145	-	-	151,657	217,802
Loans receivable	-	-	437,484	500,795	938,279
Total Assets	\$ 305,754	\$ 177,805	\$ 439,029	\$ 955,447	\$ 1,878,035
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 36,787	\$ 138,096	\$ -	\$ 126,556	\$ 301,439
Retention payable	-	31,064	-	53,920	84,984
Due to other funds	-	57,196	53,258	353,441	463,895
Deferred revenue	44,259	177,805	-	52,606	274,670
Unearned revenue	-	-	437,484	312,522	750,006
Total Liabilities	81,046	404,161	490,742	899,045	1,874,994
FUND BALANCES					
Reserved for:					
Loans receivable	-	-	-	188,273	188,273
Unreserved, reported in:					
General fund					
Designated	58,926	-	-	-	58,926
Undesignated	165,782	-	-	-	165,782
Special revenue funds					
Undesignated	-	(226,356)	(51,713)	(131,871)	(409,940)
Total Fund Balances	224,708	(226,356)	(51,713)	56,402	3,041
Total Liabilities and Fund Balances	\$ 305,754	\$ 177,805	\$ 439,029	\$ 955,447	\$ 1,878,035

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

CITY OF BIGGS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF
NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total Fund Balance - Total Governmental Funds	\$	3,041
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		3,538,581
Other long term assets are not available to pay for current period expenditures and therefore, are not reported in the funds or are reported as deferred in the governmental funds.		
Accounts receivable (net of allowance)		9,515
Deferred revenue		274,670
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds balance sheets.		(5,301)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Loans payable		(276,000)
Capital leases payable		(17,139)
Compensated absences		(15,922)
Net Assets of Governmental Activities		<u>\$ 3,511,445</u>

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

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	SR2S Improvement	HOME Grant	Other Governmental Funds	Total
REVENUES					
Taxes and assessments	\$ 186,284	\$ -	\$ -	\$ 19,756	\$ 206,040
Licenses and permits	7,606	-	-	-	7,606
Fines and forfeitures	194	-	-	-	194
Use of money	25,028	(343)	-	3,967	28,652
Intergovernmental	249,974	145,133	-	396,512	791,619
Charges for services	37,805	-	-	53,538	91,343
Other revenues	65,725	-	405	115,077	181,207
Total Revenues	572,616	144,790	405	588,850	1,306,661
EXPENDITURES					
Current:					
General government	110,245	-	-	-	110,245
Public ways and facilities	230,791	37,313	-	319,030	587,134
Public protection	333,035	-	-	-	333,035
Culture and recreation	63,196	-	-	-	63,196
Community development	62,658	-	-	179,492	242,150
Debt service:					
Principal	23,307	-	-	-	23,307
Interest and other charges	15,818	-	-	-	15,818
Capital outlay	-	310,645	-	695,408	1,006,053
Total Expenditures	839,050	347,958	-	1,193,930	2,380,938
Excess of Revenues Over (Under) Expenditures	(266,434)	(203,168)	405	(605,080)	(1,074,277)
OTHER FINANCING SOURCES (USES)					
Transfers in	169,826	-	-	37,887	207,713
Transfers out	(13,700)	-	-	(38,299)	(51,999)
Total Other Financing Sources (Uses)	156,126	-	-	(412)	155,714
Net Change in Fund Balances	(110,308)	(203,168)	405	(605,492)	(918,563)
Fund Balances - Beginning	335,016	(23,188)	(52,118)	661,894	921,604
Fund Balances - Ending	\$ 224,708	\$ (226,356)	\$ (51,713)	\$ 56,402	\$ 3,041

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

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, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ (918,563)
 Amounts reported for governmental activities in the Statement of Activities are different because:	
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	1,006,053
Depreciation expense	(98,135)
 Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Principal retirements	23,307
 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	9,515
Change in deferred revenue	68,577
 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	(6,187)
Change in accrued interest on long-term debt	(660)
 Change in Net Assets of Governmental Activities	 <u>\$ 83,907</u>

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

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CITY OF BIGGS, CALIFORNIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-Type Activities - Enterprise Funds			
	Sewer	Electric	Water	Other Enterprise Funds
ASSETS				
Current Assets				
Cash and investments	\$ 132,088	\$ 493,352	\$ 274,809	\$ -
Accounts receivable (net of allowance)	34,406	212,230	743,516	19,255
Interest receivable	908	323	605	-
Due from other funds	40,506	246,887	-	-
Prepaid power	-	351,287	-	-
Total Current Assets	207,908	1,304,079	1,018,930	19,255
Noncurrent Assets				
Capital assets:				
Non-depreciable	30,000	7,158	1,315,346	-
Depreciable, net	1,137,994	1,032,712	3,956,285	-
Total Noncurrent Assets	1,167,994	1,039,870	5,271,631	-
Total Assets	1,375,902	2,343,949	6,290,561	19,255
LIABILITIES				
Current Liabilities				
Accounts payable	25,523	42,941	48,079	3
Accrued interest payable	9,718	-	38,387	-
Retention payable	-	-	405,150	-
Deposits payable	-	58,951	-	-
Due to other funds	40,670	164	164	302
Unearned revenue	-	64,332	-	-
Compensated absences	10,184	10,555	6,784	1,553
Loans payable	11,100	-	40,000	-
Total Current Liabilities	97,195	176,943	538,564	1,858
Noncurrent Liabilities				
Compensated absences	699	10,169	-	850
Loans payable	680,700	-	3,525,000	-
Total Noncurrent Liabilities	681,399	10,169	3,525,000	850
Total Liabilities	778,594	187,112	4,063,564	2,708
NET ASSETS				
Invested in capital assets, net of related debt	476,194	1,039,870	1,706,631	-
Restricted for energy scheduling services	-	351,287	-	-
Unrestricted	121,114	765,680	520,366	16,547
Total Net Assets	\$ 597,308	\$ 2,156,837	\$ 2,226,997	\$ 16,547

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

Total

\$ 900,249
1,009,407
1,836
287,393
351,287

2,550,172

1,352,504
6,126,991

7,479,495

10,029,667

116,546
48,105
405,150
58,951
41,300
64,332
29,076
51,100

814,560

11,718
4,205,700

4,217,418

5,031,978

3,222,695
351,287
1,423,707

\$ 4,997,689

CITY OF BIGGS, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Other Enterprise Funds</u>
	<u>Sewer</u>	<u>Electric</u>	<u>Water</u>	
<u>OPERATING REVENUES</u>				
Charges for services	\$ 270,747	\$ 2,473,850	\$ 367,472	\$ 139,140
Total Operating Revenues	<u>270,747</u>	<u>2,473,850</u>	<u>367,472</u>	<u>139,140</u>
<u>OPERATING EXPENSES</u>				
Personnel costs	159,800	331,890	92,952	31,375
Utilities	16,142	1,690	30,643	185
Supplies	50,803	11,429	11,213	1,796
Maintenance and operations	2,170	190,735	871	-
Contractual services	145,791	2,202,402	84,654	120,712
Depreciation	42,219	46,566	82,559	-
Other expense	21,700	33,912	4,503	1,571
Total Operating Expenses	<u>438,625</u>	<u>2,818,624</u>	<u>307,395</u>	<u>155,639</u>
Operating Income (Loss)	<u>(167,878)</u>	<u>(344,774)</u>	<u>60,077</u>	<u>(16,499)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest income	6,276	9,029	7,161	(144)
Intergovernmental revenues	-	-	(3,000)	-
Other revenues	-	482	805	-
Interest expense	(39,624)	-	(196,106)	-
Total Non-Operating Revenues (Expenses)	<u>(33,348)</u>	<u>9,511</u>	<u>(191,140)</u>	<u>(144)</u>
Income (Loss) Before Transfers	<u>(201,226)</u>	<u>(335,263)</u>	<u>(131,063)</u>	<u>(16,643)</u>
Transfers in	-	-	906,804	-
Transfers out	-	(197,089)	(767,429)	(98,000)
Change in Net Assets	<u>(201,226)</u>	<u>(532,352)</u>	<u>8,312</u>	<u>(114,643)</u>
Total Net Assets - Beginning	<u>798,534</u>	<u>2,689,189</u>	<u>2,218,685</u>	<u>131,190</u>
Total Net Assets - Ending	<u>\$ 597,308</u>	<u>\$ 2,156,837</u>	<u>\$ 2,226,997</u>	<u>\$ 16,547</u>

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

Total

\$ 3,251,209

3,251,209

616,017

48,660

75,241

193,776

2,553,559

171,344

61,686

3,720,283

(469,074)

22,322

(3,000)

1,287

(235,730)

(215,121)

(684,195)

906,804

(1,062,518)

(839,909)

5,837,598

\$ 4,997,689

CITY OF BIGGS, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Other Enterprise Funds</u>
	<u>Sewer</u>	<u>Electric</u>	<u>Water</u>	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 271,658	\$ 2,528,335	\$ 608,939	\$ 137,824
Payments to suppliers	(235,756)	(2,357,618)	(356,745)	(124,290)
Payments to employees	(156,096)	(327,753)	(96,333)	(31,156)
Net Cash Provided (Used) by Operating Activities	(120,194)	(157,036)	155,861	(17,622)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Grants and other receipts	-	482	(2,195)	-
Transfers from other funds	-	-	906,804	-
Transfers to other funds	-	(197,089)	(767,429)	(98,000)
Interfund loans received	40,506	-	-	302
Interfund loans made	(40,506)	(246,887)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	(443,494)	137,180	(97,698)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(3,703)	-	(402,634)	-
Principal paid on capital debt	(10,600)	-	(40,000)	-
Interest paid on capital debt	(29,906)	-	(157,719)	-
Net Cash Provided (Used) for Capital and Related Financing Activities	(44,209)	-	(600,353)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and dividends	6,949	8,706	8,440	775
Net Cash Provided (Used) by Investing Activities	6,949	8,706	8,440	775
Net Increase (Decrease) in Cash and Cash Equivalents	(157,454)	(591,824)	(298,872)	(114,545)
Balances - Beginning of the Year	289,542	1,085,176	573,681	114,545
Balances - End of the Year	\$ 132,088	\$ 493,352	\$ 274,809	\$ -
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)	(167,878)	(344,774)	60,077	(16,499)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	42,219	46,566	82,559	-
Decrease (increase) in:				
Accounts receivable	911	52,293	241,467	(1,316)
Prepaid power	-	58,110	-	-
Increase (decrease) in:				
Accounts payable	850	14,529	(224,861)	(26)
Deposits payable	-	9,911	-	-
Unearned revenue	-	2,192	-	-
Compensated absences	3,704	4,137	(3,381)	219
Net Cash Provided (Used) by Operating Activities	\$ (120,194)	\$ (157,036)	\$ 155,861	\$ (17,622)

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

Total

\$ 3,546,756
(3,074,409)
(611,338)

(138,991)

(1,713)
906,804
(1,062,518)
40,808
(287,393)

(404,012)

(406,337)
(50,600)
(187,625)

(644,562)

24,870

24,870

(1,162,695)

2,062,944

\$ 900,249

(469,074)

171,344

293,355
58,110

(209,508)
9,911
2,192
4,679

\$ (138,991)

CITY OF BIGGS, CALIFORNIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 3,439
Interest receivable	<u>11</u>
Total Assets	<u>\$ 3,450</u>
<u>LIABILITIES</u>	
Agency obligations	<u>\$ 3,450</u>
Total Liabilities	<u>\$ 3,450</u>

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

BASIC FINANCIAL STATEMENTS
Notes to Basic Financial Statements

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CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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

A. Reporting Entity

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

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

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

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

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

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

B. Basis of Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

The City reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as public safety, community development, and recreation and culture services.
- The SR2S Improvement fund is a special revenue fund used to account for revenues and expenditures related to Safe Routes to School.
- The HOME Grant fund is a special revenue fund used to account for revenues and expenditures related to HOME program income.

The City reports the following major proprietary funds:

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

The City reports the following additional fund types:

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

C. Basis of Accounting and Measurement Focus

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

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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

C. Basis of Accounting and Measurement Focus (Continued)

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

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

For its business-type activities and enterprise funds, the City has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", to apply all applicable pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units.

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

D. Cash and Cash Equivalents

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

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

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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

E. Cash and Investments (Continued)

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.

F. Receivables

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

The City records an allowance for doubtful accounts based on past experience. The allowance for doubtful accounts at June 30, 2009 are General fund \$14,025, Sewer fund \$5,521, Electric fund \$19,047, Water fund \$3,869, and Solid Waste \$2,332.

G. Interfund Transactions

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

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

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each governmental function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

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

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

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

H. Inventory and Prepaid Costs

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

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

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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

I. Loans Receivable

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

J. Capital Assets

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

Government-Wide Financial Statements

In the government-wide financial statements, property, plant, equipment, and infrastructure are accounted for as exhaustible capital assets in the governmental or business-type activities column. Capital assets are defined by the City as an asset with a cost greater than \$500 and a useful life of more than two years.

Equipment is reported at actual historical cost. Structures and improvements, and land, have been stated at actual cost when available or estimated historical cost. Estimated historical cost was arrived at by a variety of methods including comparative sales. Infrastructure assets, for the enterprise funds have been stated at estimated historical cost. The City is considered a phase 3 government for GASB 34 implementation and has elected to report general infrastructure prospectively only. Contributed capital assets are recorded at estimated fair market value at the date of donation.

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

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

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

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

K. Unearned Revenue/Deferred Revenue

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

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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

K. Unearned Revenue/Deferred Revenue (Continued)

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

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

L. Long-Term Debt

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

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

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

M. Compensated Absences

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

N. Net Assets/Fund Balances

Government-Wide Financial Statements

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

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

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

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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

N. Net Assets/Fund Balances (Continued)

Fund Financial Statements

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

As of June 30, 2009, reservations of fund balance included:

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

As of June 30, 2009, designations of fund balance included:

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

As of June 30, 2009, the City's designations are reported in the financial statements as follows:

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

O. Property Tax

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

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

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

P. Grant Revenues

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

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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

Q. Expenditures/Expenses

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

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

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

R. Estimates

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Assets

The following major governmental funds had a deficit fund balance at June 30, 2009:

The SR2S Improvement fund	\$226,356
The HOME Grant fund	\$51,713

Some of these deficits may be eliminated in the future through grant reimbursements. Other deficits may be the result of expenditures in excess of reimbursements or misclassification of revenues or expenditures.

The following nonmajor special revenue funds had deficit fund balances at June 30, 2009:

The CalTrans SR2S#4 Grant fund	\$6,470
The TEA Grant fund	\$24,074
The SD-325-TDA Fund's fund	\$11,251
The Tea 2005 Grant fund	\$261,949
The HOME 2007 Grant fund	\$2,134
The Sixth St. Bridge fund	\$19,521
The 07-CDBG PTA DOW fund	\$23,567
The 2007 PTAE fund	\$7,184
The 01-STBG-1797 fund	\$15,362
The 2005 CDBG fund	\$46,482

Some of these deficits may be eliminated in the future through grant or developer reimbursements. Other deficits may be the result of expenditures in excess of reimbursements or misclassification of revenues or expenditures.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3: DETAILED NOTES

A. Cash and Investments

As of June 30, 2009, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 1,303,124
Agency funds	<u>3,439</u>
Total Cash and Investments	<u>\$ 1,306,563</u>

As of June 30, 2009, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 400
Deposits (less outstanding checks)	<u>179,281</u>
Total Cash	<u>179,681</u>
Investments:	
In City's pool	<u>1,126,882</u>
Total Investments	<u>1,126,882</u>
Total Cash and Investments	<u>\$ 1,306,563</u>

Cash

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$179,281 and the bank balance was \$378,225. 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 in excess of the Federal Deposit Insurance Corporation coverage must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

Investments

As of June 30, 2009, the City's investments consisted of the following:

	Interest Rates	Maturities			Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years	Over 5 years		
Pooled Investments						
Local Agency Investment Fund (LAIF)	Variable	\$ 1,126,882	\$ -	\$ -	\$ 1,126,882	-
Total Pooled Investments		<u>\$ 1,126,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,126,882</u>	<u>-</u>

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

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and City investment policy limits investments in commercial paper to the rating of A or better by Standards & Poor's or P-1 or better by Moody's Investors Service; and corporate bonds to the rating of A or better by both Standards & Poor's and Moody's Investors Service. No limits are placed on U.S. government agency securities and U.S. Treasuries. The City's investment policy does not further limit its investment choices.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Investments (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City requires that all of its managed investments be held in the name of the City. The City's investment policy does not further limit the exposure to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law restricts the City's investments in commercial paper to 40% of its investment pool and to 10% per issuer, corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer, and banker's acceptances to 15% of its investment pool and to 10% per issuer. The City has invested all cash, other than imprest cash and deposits held by fiscal agents, in the California Local Agency Investment Fund (LAIF). At June 30, 2009, 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, 2009, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$1,126,882, which approximates fair value and is the same as the value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$50,853,707,566. Of that amount, 85.29% is invested in non-derivative financial products and 14.71% 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.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2009
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 152,124	\$ -	\$ -	\$ -	\$ 152,124
Construction in progress	-	1,006,053	-	-	1,006,053
Total Capital Assets, Not Being Depreciated	152,124	1,006,053	-	-	1,158,177
Capital Assets, Being Depreciated:					
Buildings and improvements	2,521,133	-	-	-	2,521,133
Machinery and equipment	499,277	-	-	5,000	504,277
Total Capital Assets, Being Depreciated	3,020,410	-	-	5,000	3,025,410
Less Accumulated Depreciation For:					
Buildings and improvements	(221,814)	(65,351)	-	-	(287,165)
Machinery and equipment	(320,057)	(32,784)	-	(5,000)	(357,841)
Total Accumulated Depreciation	(541,871)	(98,135)	-	(5,000)	(645,006)
Total Capital Assets, Being Depreciated, Net	2,478,539	(98,135)	-	-	2,380,404
Total Governmental Activities, Net	\$ 2,630,663	\$ 907,918	\$ -	\$ -	\$ 3,538,581

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3: DETAILED NOTES (CONTINUED)

B. Capital Assets (Continued)

	Balance <u>July 1, 2008</u>	Additions	Retirements	Adjustments/ Transfers	Balance <u>June 30, 2009</u>
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 37,158	\$ -	\$ -	\$ -	\$ 37,158
Construction in progress	<u>920,975</u>	<u>394,371</u>	-	-	<u>1,315,346</u>
Total Capital Assets, Not Being Depreciated	<u>958,133</u>	<u>394,371</u>	-	-	<u>1,352,504</u>
Capital Assets, Being Depreciated:					
Structures and improvements	167,000	-	-	-	167,000
Machinery and equipment	1,611,350	3,704	-	-	1,615,054
Infrastructure	<u>6,217,502</u>	<u>14,521</u>	-	-	<u>6,232,023</u>
Total Capital Assets, Being Depreciated	<u>7,995,852</u>	<u>18,225</u>	-	-	<u>8,014,077</u>
Less Accumulated Depreciation For:					
Structures and improvements	(61,900)	(3,800)	-	-	(65,700)
Machinery and equipment	(500,041)	(52,589)	-	-	(552,630)
Infrastructure	<u>(1,153,801)</u>	<u>(114,955)</u>	-	-	<u>(1,268,756)</u>
Total Accumulated Depreciation	<u>(1,715,742)</u>	<u>(171,344)</u>	-	-	<u>(1,887,086)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,280,110</u>	<u>(153,119)</u>	-	-	<u>6,126,991</u>
Total Business-type Activities, Net	<u>\$ 7,238,243</u>	<u>\$ 241,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,479,495</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 5,758
Public ways and facilities	35,951
Public protection	20,167
Culture and recreation	<u>36,259</u>
Total Depreciation Expense -- Governmental Functions	<u>\$ 98,135</u>

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

Sewer	\$ 42,219
Electric	46,566
Water	<u>82,559</u>
Total Depreciation Expense -- Business-Type Functions	<u>\$ 171,344</u>

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on W. Biggs-Gridley Road, west side storm drain and well rehab project. Construction in progress for business-type activities relates primarily to work performed on water projects

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3: DETAILED NOTES (CONTINUED)

C. Unearned/Deferred Revenue

At June 30, 2009, the components of deferred revenue and unearned revenue reported were as follows:

	<u>Deferred</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
State grant revenue receivable	\$ 44,259	\$ -	\$ 44,259
SR2S Improvement			
State grant revenue receivable	177,805	-	177,805
HOME Grant			
Loans receivable	-	437,484	437,484
Non Major Governmental Funds			
State, Federal and other grant revenue receivable	52,606	-	52,606
Loans receivable	-	312,522	312,522
Electric			
Public benefit fees	-	<u>64,332</u>	<u>64,332</u>
Total	<u>\$ 274,670</u>	<u>\$ 814,338</u>	<u>\$ 1,089,008</u>

D. Long-Term Liabilities

The following is a summary of all long-term liabilities transactions for the year ended June 30, 2009:

	<u>Balance July 1, 2008</u>	<u>Additions/ Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Loans	\$ 280,000	\$ -	\$ 4,000	\$ 276,000	\$ 4,000
Capital leases (Note 3E)	36,446	-	19,307	17,139	17,139
Compensated Absences (Note 1M)	<u>9,735</u>	<u>18,315</u>	<u>12,128</u>	<u>15,922</u>	<u>8,700</u>
Total Governmental Activities	<u>\$ 326,181</u>	<u>\$ 18,315</u>	<u>\$ 35,435</u>	<u>\$ 309,061</u>	<u>\$ 29,839</u>
Business-Type Activities					
Loans	\$ 4,307,400	\$ -	\$ 50,600	\$ 4,256,800	\$ 51,100
Compensated Absences (Note 1M)	<u>36,115</u>	<u>35,608</u>	<u>30,929</u>	<u>40,794</u>	<u>29,076</u>
Total Business-Type Activities	<u>\$ 4,343,515</u>	<u>\$ 35,608</u>	<u>\$ 81,529</u>	<u>\$ 4,297,594</u>	<u>\$ 80,176</u>
				<u>Governmental Activities</u>	<u>Business-type Activities</u>

At June 30, 2009, loans consisted of the following:

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

\$ 276,000 \$ -

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.

- 431,600

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.

- 144,200

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3: DETAILED NOTES (CONTINUED)

D. Long-Term Liabilities (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
At June 30, 2009, loans consisted of the following: (Continued)		
United States Department of Agriculture Loan, issued in the amount of \$133,000, dated February 9, 2000, payable in annual installments of \$1,700 to \$5,900, with an interest rate of 3.25% and maturity of September 1, 2039. Loan proceeds were used for wastewater system improvements.	-	116,000
United States Department of Agriculture Loan, issued in the amount of \$3,675,000, dated November 9, 2006, payable in annual installments of \$35,000 to \$190,000 with an interest rate of 4.375% and a maturity of April 1, 2046. Loan proceeds were used for water infrastructure rehabilitation and replacement.	-	3,565,000
Total Loans	<u>\$ 276,000</u>	<u>\$ 4,256,800</u>

The annual aggregate maturities for the years subsequent to June 30, 2009, are as follows:

<u>Year Ended June 30</u>	<u>Loans</u>				<u>Total</u>
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 4,000	\$ 13,700	\$ 51,100	\$ 185,414	\$ 254,214
2011	4,000	13,500	51,600	183,181	252,281
2012	4,000	13,300	57,100	180,927	255,327
2013	4,000	13,100	57,500	178,435	253,035
2014	4,000	12,900	63,100	175,921	255,921
2015-2019	26,000	60,850	344,700	837,045	1,268,595
2020-2024	33,000	53,525	427,000	754,990	1,268,515
2025-2029	42,000	44,150	528,300	652,810	1,267,260
2030-2034	54,000	32,250	659,700	525,994	1,271,944
2035-2039	68,000	17,100	812,500	369,370	1,266,970
2040-2044	33,000	1,675	834,200	189,408	1,058,283
2045-2049	-	-	370,000	24,500	394,500
Total	<u>\$ 276,000</u>	<u>\$ 276,050</u>	<u>\$ 4,256,800</u>	<u>\$ 4,257,995</u>	<u>\$ 9,066,845</u>

E. Leases

Operating Leases

Rental expenses incurred under operating leases are not considered material.

Capital Leases

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

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2009</u>
Governmental activities	5.17	\$ 17,139
Total		<u>\$ 17,139</u>

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3: DETAILED NOTES (CONTINUED)

E. Leases (Continued)

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

	Governmental Activities
Equipment	\$ 196,879
Less: Accumulated depreciation	(98,440)
Net Value	\$ 98,439

As of June 30, 2009, capital lease annual amortization is as follows:

Year Ended June 30	Governmental Activities
2010	\$ 18,025
Total Requirements	18,025
Less Interest	(886)
Present Value of Remaining Payments	\$ 17,139

F. Interfund Transactions

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2009:

	Due from Other funds	Due to Other funds
General fund	\$ 66,145	\$ -
SR2S Improvement	-	57,196
Home Grant	-	53,258
Nonmajor Governmental Funds	151,657	353,441
Sewer	40,506	40,670
Electric	246,887	164
Water	-	164
Nonmajor Enterprise Funds	-	302
Total	\$ 505,195	\$ 505,195

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2009:

	Transfer In	Transfer Out
General Fund	\$ 169,826	\$ 13,700
Nonmajor Governmental Funds	37,887	38,299
Electric	-	197,089
Water	906,804	767,429
Nonmajor Enterprise Funds	-	98,000
Total	\$ 1,114,517	\$ 1,114,517

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 4: EMPLOYEES' RETIREMENT PLAN

Plan Description

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

Funding Policy

Miscellaneous plan members are required to contribute 8 percent of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2008/2009 was 8.418 percent for miscellaneous employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2008/2009, the City's annual pension cost of \$33,749 for the miscellaneous plan was equal to the City's actual contributions. The required contribution for fiscal year 2008/2009 was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent, depending on age, service, and type of employment, and (c) 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets was determined using techniques that smooth the effect of short term volatility in the market value of investments over a two to five year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. The table below presents three-year trend information.

Miscellaneous

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	24,752	100%	-
June 30, 2008	33,147	100%	-
June 30, 2009	33,749	100%	-

Funded Status and Funding Progress

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

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

NOTE 5: POST EMPLOYMENT BENEFITS

The City provided retiree benefits for two employees. These benefits are financed on a pay as you go basis. The cost of this coverage for the year ended June 30, 2009, was \$1,843.

CITY OF BIGGS, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

NOTE 6: RISK MANAGEMENT

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

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

NOTE 7: OTHER INFORMATION

A. 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.

B. Joint Agencies

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

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

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

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, 2009

SCHEDULE OF FUNDING PROGRESS - PENSION

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2009, for the risk pool containing the City Miscellaneous Plan.

Miscellaneous Plan:

Valuation Date	Entry Age Normal Accrued Liability	Unfunded Actuarial Value of Assets	Liability (Excess Assets)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
June 30, 2006	478,122,215	454,602,459	23,519,756	95.1%	100.4%	170,458,082	13.8%
June 30, 2007	498,934,859	479,520,670	19,414,189	96.1%	110.5%	171,052,819	11.3%
June 30, 2008	532,483,463	513,147,099	19,336,364	96.4%	97.4%	183,387,608	10.5%

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, 2009

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 151,700	\$ 159,100	\$ 186,284	\$ 27,184
Licenses and permits	7,100	7,100	7,606	506
Fines and forfeitures	-	-	194	194
Use of money	50,530	50,530	25,028	(25,502)
Intergovernmental	327,426	327,426	249,974	(77,452)
Charges for services	25,300	25,300	37,805	12,505
Other revenues	250,700	10,700	65,725	55,025
Total Revenues	812,756	580,156	572,616	(7,540)
<u>EXPENDITURES</u>				
Current:				
General government	760,037	573,537	110,245	463,292
Public ways and facilities	132,383	75,509	230,791	(155,282)
Public protection	60,989	342,758	333,035	9,723
Culture and recreation	-	59,874	63,196	(3,322)
Community development	-	91,441	62,658	28,783
Debt service	39,126	39,126	39,125	1
Capital outlay	4,500	4,500	-	4,500
Total Expenditures	997,035	1,186,745	839,050	347,695
Excess of Revenues Over (Under) Expenditures	(184,279)	(606,589)	(266,434)	340,155
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	156,089	156,339	169,826	13,487
Transfers out	-	-	(13,700)	(13,700)
Total Other Financing Sources (Uses)	156,089	156,339	156,126	(213)
Net Change in Fund Balance	(28,190)	(450,250)	(110,308)	339,942
Fund Balance - Beginning	335,016	335,016	335,016	-
Fund Balance - Ending	\$ 306,826	\$ (115,234)	\$ 224,708	\$ 339,942

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

See the accompanying notes to the required supplementary information.

CITY OF BIGGS, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SR2S IMPROVEMENT - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Use of money	\$ -	\$ -	\$ (343)	\$ (343)
Intergovernmental	416,700	416,700	145,133	(271,567)
Total Revenues	<u>416,700</u>	<u>416,700</u>	<u>144,790</u>	<u>(271,910)</u>
<u>EXPENDITURES</u>				
Current:				
Public ways and facilities	-	-	37,313	(37,313)
Capital outlay	384,000	384,000	310,645	73,355
Total Expenditures	<u>384,000</u>	<u>384,000</u>	<u>347,958</u>	<u>36,042</u>
Excess of Revenues Over (Under) Expenditures	<u>32,700</u>	<u>32,700</u>	<u>(203,168)</u>	<u>(235,868)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>32,700</u>	<u>32,700</u>	<u>(203,168)</u>	<u>(235,868)</u>
Fund Balance - Beginning	<u>(23,188)</u>	<u>(23,188)</u>	<u>(23,188)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 9,512</u>	<u>\$ 9,512</u>	<u>\$ (226,356)</u>	<u>\$ (235,868)</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, 2009

A. SCHEDULE OF FUNDING PROGRESS - PENSION

The Schedule of Funding Progress - Pension 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 pension 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.

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

B. BUDGETARY BASIS OF ACCOUNTING

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

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

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

Generally by the first of July, after adjustment as appropriate by the City Council, the budget is to be legally enacted through council motion.

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

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

COMBINING NONMAJOR FUND STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

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NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

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CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	<u>Gas Tax</u>	<u>Development Impact Fees</u>	<u>Traffic Congestion</u>	<u>CalTrans SR2S #4 Grant</u>	<u>TEA Grant</u>
<u>ASSETS</u>					
Cash and investments	\$ 9,774	\$ 24,365	\$ 11,450	\$ -	\$ -
Accounts receivable (net of allowance)	3,679	-	-	2,552	2,750
Due from other government agencies	-	-	3,581	-	-
Interest receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	\$ 13,453	\$ 24,365	\$ 15,031	\$ 2,552	\$ 2,750
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 718	\$ -	\$ -	\$ -	\$ -
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	9,022	26,824
Deferred revenue	3,679	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	4,397	-	-	9,022	26,824
FUND BALANCES					
Reserved for:					
Loans receivable	-	-	-	-	-
Unreserved:					
Undesignated	9,056	24,365	15,031	(6,470)	(24,074)
Total Fund Balances	9,056	24,365	15,031	(6,470)	(24,074)
Total Liabilities and Fund Balances	\$ 13,453	\$ 24,365	\$ 15,031	\$ 2,552	\$ 2,750

SB-325 TDA Funds	Prop 1B	SB-620 STA Funds	STIP Exchange	TEA Exchange	TEA 2005 Grant	HOME 2007 Grant	Sixth St Bridge
\$ -	\$ 31,618	\$ 371	\$ 5,218	\$ -	\$ -	\$ -	\$ -
8,078	-	-	-	-	-	-	24,700
-	860	-	-	-	-	-	-
-	93,043	-	13,055	-	-	-	-
-	-	-	-	-	-	98,380	-
<u>\$ 8,078</u>	<u>\$ 125,521</u>	<u>\$ 371</u>	<u>\$ 18,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,380</u>	<u>\$ 24,700</u>
\$ 1,722	\$ 7,265	\$ -	\$ 476	\$ -	\$ 92,948	\$ 820	\$ -
-	20,749	-	-	-	22,346	-	-
13,055	-	-	-	-	146,655	1,314	19,521
4,552	-	-	-	-	-	-	24,700
-	-	-	-	-	-	98,380	-
<u>19,329</u>	<u>28,014</u>	<u>-</u>	<u>476</u>	<u>-</u>	<u>261,949</u>	<u>100,514</u>	<u>44,221</u>
-	-	-	-	-	-	-	-
<u>(11,251)</u>	<u>97,507</u>	<u>371</u>	<u>17,797</u>	<u>-</u>	<u>(261,949)</u>	<u>(2,134)</u>	<u>(19,521)</u>
<u>(11,251)</u>	<u>97,507</u>	<u>371</u>	<u>17,797</u>	<u>-</u>	<u>(261,949)</u>	<u>(2,134)</u>	<u>(19,521)</u>
<u>\$ 8,078</u>	<u>\$ 125,521</u>	<u>\$ 371</u>	<u>\$ 18,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,380</u>	<u>\$ 24,700</u>

CITY OF BIGGS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	1982 CDBG	1986 HUD	CDBG Miscellaneous	1994 CDBG	07-CDGB PTA DOW
<u>ASSETS</u>					
Cash and investments	\$ -	\$ -	\$ 3,570	\$ 76,339	\$ -
Accounts receivable (net of allowance)	-	-	-	236	-
Due from other government agencies	-	-	-	-	-
Interest receivable	-	-	-	-	-
Due from other funds	-	-	45,068	-	-
Loans receivable	3,215	24,145	-	134,239	-
Total Assets	\$ 3,215	\$ 24,145	\$ 48,638	\$ 210,814	\$ -
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	23,567
Deferred revenue	-	-	-	-	-
Unearned revenue	-	-	-	3,032	-
Total Liabilities	-	-	-	3,032	23,567
FUND BALANCES					
Reserved for:					
Loans receivable	3,215	24,145	-	131,207	-
Unreserved:					
Undesignated	-	-	48,638	76,575	(23,567)
Total Fund Balances	3,215	24,145	48,638	207,782	(23,567)
Total Liabilities and Fund Balances	\$ 3,215	\$ 24,145	\$ 48,638	\$ 210,814	\$ -

<u>2007 PTAE</u>	<u>08-PTAE-5403 CDBG</u>	<u>Housing Element</u>	<u>ADA City Library</u>	<u>01-STBG-1797</u>	<u>2005 CDBG</u>	<u>2005 PTA</u>	<u>2005 PTA ED</u>
\$ -	\$ 350	\$ 350	\$ 350	\$ -	\$ -	\$ -	\$ -
7,175	-	-	-	-	12,500	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	491	-	-
-	-	-	-	240,816	-	-	-
<u>\$ 7,175</u>	<u>\$ 350</u>	<u>\$ 350</u>	<u>\$ 350</u>	<u>\$ 240,816</u>	<u>\$ 12,991</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
7,184	-	-	-	45,068	46,973	-	-
7,175	-	-	-	-	12,500	-	-
-	-	-	-	211,110	-	-	-
<u>14,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,178</u>	<u>59,473</u>	<u>-</u>	<u>-</u>
-	-	-	-	29,706	-	-	-
<u>(7,184)</u>	<u>350</u>	<u>350</u>	<u>350</u>	<u>(45,068)</u>	<u>(46,482)</u>	<u>-</u>	<u>-</u>
<u>(7,184)</u>	<u>350</u>	<u>350</u>	<u>350</u>	<u>(15,362)</u>	<u>(46,482)</u>	<u>-</u>	<u>-</u>
<u>\$ 7,175</u>	<u>\$ 350</u>	<u>\$ 350</u>	<u>\$ 350</u>	<u>\$ 240,816</u>	<u>\$ 12,991</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BIGGS, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2009**

	Developer Fees	Totals
<u>ASSETS</u>		
Cash and investments	\$ 53,659	\$ 217,414
Accounts receivable (net of allowance)	19,470	73,965
Due from other government agencies	-	10,756
Interest receivable	-	860
Due from other funds	-	151,657
Loans receivable	-	500,795
	\$ 73,129	\$ 955,447
<u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES		
Accounts payable	\$ 22,607	\$ 126,556
Retention payable	10,825	53,920
Due to other funds	14,258	353,441
Deferred revenue	-	52,606
Unearned revenue	-	312,522
	47,690	899,045
FUND BALANCES		
Reserved for:		
Loans receivable	-	188,273
Unreserved:		
Undesignated	25,439	(131,871)
	25,439	56,402
Total Fund Balances	25,439	56,402
Total Liabilities and Fund Balances	\$ 73,129	\$ 955,447

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CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Gas Tax	Development Impact Fees	Traffic Congestion	CalTrans SR2S #4 Grant	TEA Grant
<u>REVENUES</u>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money	(6)	338	2	107	(373)
Intergovernmental	31,097	-	15,029	-	-
Charges for services	-	-	-	-	-
Other revenues	-	-	-	-	-
Total Revenues	31,091	338	15,031	107	(373)
<u>EXPENDITURES</u>					
Current:					
Public ways and facilities	37,995	-	-	19,424	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	37,995	-	-	19,424	-
Excess of Revenues Over (Under) Expenditures	(6,904)	338	15,031	(19,317)	(373)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(6,904)	338	15,031	(19,317)	(373)
Fund Balances - Beginning	15,960	24,027	-	12,847	(23,701)
Fund Balances - Ending	\$ 9,056	\$ 24,365	\$ 15,031	\$ (6,470)	\$ (24,074)

SB-325 TDA Funds	Prop 1B	SB-620 STA Funds	STIP Exchange	TEA Exchange	TEA 2005 Grant	HOME 2007 Grant	Sixth St Bridge
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	859	-	-	-	-	-	-
45,303	-	6,302	11,430	-	-	111,116	-
-	-	-	-	-	-	-	-
3,000	-	-	-	-	-	-	-
<u>48,303</u>	<u>859</u>	<u>6,302</u>	<u>11,430</u>	<u>-</u>	<u>-</u>	<u>111,116</u>	<u>-</u>
42,763	55,239	5,932	3,807	-	27,640	-	27,548
-	-	-	-	-	-	111,673	-
24,564	207,490	-	-	-	223,462	-	-
<u>67,327</u>	<u>262,729</u>	<u>5,932</u>	<u>3,807</u>	<u>-</u>	<u>251,102</u>	<u>111,673</u>	<u>27,548</u>
<u>(19,024)</u>	<u>(261,870)</u>	<u>370</u>	<u>7,623</u>	<u>-</u>	<u>(251,102)</u>	<u>(557)</u>	<u>(27,548)</u>
-	-	-	-	-	6,035	-	-
-	-	-	-	(6,035)	-	(487)	-
-	-	-	-	(6,035)	6,035	(487)	-
<u>(19,024)</u>	<u>(261,870)</u>	<u>370</u>	<u>7,623</u>	<u>(6,035)</u>	<u>(245,067)</u>	<u>(1,044)</u>	<u>(27,548)</u>
7,773	359,377	1	10,174	6,035	(16,882)	(1,090)	8,027
<u>\$ (11,251)</u>	<u>\$ 97,507</u>	<u>\$ 371</u>	<u>\$ 17,797</u>	<u>\$ -</u>	<u>\$ (261,949)</u>	<u>\$ (2,134)</u>	<u>\$ (19,521)</u>

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>1982 CDBG</u>	<u>1986 HUD</u>	<u>CDBG Miscellaneous</u>	<u>1994 CDBG</u>	<u>07-CDBG PTA DOW</u>
<u>REVENUES</u>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money	257	-	(1)	696	-
Intergovernmental	-	-	-	-	7,983
Charges for services	(275)	-	275	-	-
Other revenues	-	-	-	77	-
Total Revenues	(18)	-	274	773	7,983
<u>EXPENDITURES</u>					
Current:					
Public ways and facilities	-	-	-	-	-
Community development	-	-	-	7,096	31,550
Capital outlay	-	-	-	-	-
Total Expenditures	-	-	-	7,096	31,550
Excess of Revenues Over (Under) Expenditures	(18)	-	274	(6,323)	(23,567)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	24,104	3,840	-
Transfers out	(6,725)	(17,379)	-	(700)	-
Total Other Financing Sources (Uses)	(6,725)	(17,379)	24,104	3,140	-
Net Change in Fund Balances	(6,743)	(17,379)	24,378	(3,183)	(23,567)
Fund Balances - Beginning	9,958	41,524	24,260	210,965	-
Fund Balances - Ending	\$ 3,215	\$ 24,145	\$ 48,638	\$ 207,782	\$ (23,567)

2007 PTAE	08-PTAE-5403 CDBG	Housing Element	ADA City Library	01-STBG-1797	2005 CDBG	2005 PTA	2005 PTA ED
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21,639	-	-	-	1,229	-	-	-
-	-	-	-	-	146,613	-	-
-	-	-	-	-	-	-	-
21,639	-	-	-	1,229	146,613	-	-
-	-	-	-	-	-	-	-
29,173	-	-	-	-	5,668	-	-
-	-	-	-	-	-	-	-
29,173	-	-	-	-	131,642	-	-
-	-	-	-	-	-	-	-
(7,534)	-	-	-	-	137,310	-	-
-	-	-	-	1,229	9,303	-	-
350	350	350	350	-	-	2,500	-
-	-	-	-	(3,840)	-	-	(2,500)
350	350	350	350	(3,840)	-	2,500	(2,500)
(7,184)	350	350	350	(2,611)	9,303	2,500	(2,500)
-	-	-	-	(12,751)	(55,785)	(2,500)	2,500
\$ (7,184)	\$ 350	\$ 350	\$ 350	\$ (15,362)	\$ (46,482)	\$ -	\$ -

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Developer Fees	Totals
<u>REVENUES</u>		
Taxes and assessments	\$ 19,756	\$ 19,756
Use of money	859	3,967
Intergovernmental	-	396,512
Charges for services	53,538	53,538
Other revenues	112,000	115,077
	186,153	588,850
Total Revenues		
<u>EXPENDITURES</u>		
Current:		
Public ways and facilities	93,014	319,030
Community development	-	179,492
Capital outlay	108,250	695,408
	201,264	1,193,930
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	(15,111)	(605,080)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers in	8	37,887
Transfers out	(633)	(38,299)
	(625)	(412)
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	(15,736)	(605,492)
Fund Balances - Beginning	41,175	661,894
Fund Balances - Ending	\$ 25,439	\$ 56,402

Continued (Page 3 of 3)

NONMAJOR PROPRIETARY FUNDS
Enterprise Funds

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CITY OF BIGGS, CALIFORNIA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2009

	Solid Waste	Totals
<u>ASSETS</u>		
Current Assets		
Accounts receivable (net of allowance)	\$ 19,255	\$ 19,255
Total Current Assets	19,255	19,255
Total Assets	19,255	19,255
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	3	3
Due to other funds	302	302
Compensated absences	1,553	1,553
Total Current Liabilities	1,858	1,858
Noncurrent Liabilities		
Compensated absences	850	850
Total Noncurrent Liabilities	850	850
Total Liabilities	2,708	2,708
<u>NET ASSETS</u>		
Unrestricted	16,547	16,547
Total Net Assets	\$ 16,547	\$ 16,547

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Solid Waste	Totals
<u>OPERATING REVENUES</u>		
Charges for services	\$ 139,140	\$ 139,140
Total Operating Revenues	139,140	139,140
<u>OPERATING EXPENSES</u>		
Personnel cost	31,375	31,375
Utilities	185	185
Supplies	1,796	1,796
Contractual services	120,712	120,712
Other expense	1,571	1,571
Total Operating Expenses	155,639	155,639
Operating Income (Loss)	(16,499)	(16,499)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest income	(144)	(144)
Total Non-Operating Revenues (Expenses)	(144)	(144)
Income (Loss) Before Transfers	(16,643)	(16,643)
Transfers in	-	-
Transfers out	(98,000)	(98,000)
Change in Net Assets	(114,643)	(114,643)
Total Net Assets - Beginning	131,190	131,190
Total Net Assets - Ending	\$ 16,547	\$ 16,547

CITY OF BIGGS, CALIFORNIA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Solid Waste</u>	<u>Totals</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 137,824	\$ 137,824
Payments to suppliers	(124,290)	(124,290)
Payments to employees	(31,156)	(31,156)
	<u>(17,622)</u>	<u>(17,622)</u>
Net Cash Provided (Used) by Operating Activities		
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers to other funds	(98,000)	(98,000)
Interfund loans received	302	302
	<u>(97,698)</u>	<u>(97,698)</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	775	775
	<u>775</u>	<u>775</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(114,545)	(114,545)
Balances - Beginning of the Year	114,545	114,545
Balances - End of the Year	<u>\$ -</u>	<u>\$ -</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ (16,499)	\$ (16,499)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease (increase) in:		
Accounts receivable	(1,316)	(1,316)
Increase (decrease) in:		
Accounts payable	(26)	(26)
Compensated absences	219	219
	<u>219</u>	<u>219</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (17,622)</u>	<u>\$ (17,622)</u>

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FIDUCIARY FUNDS

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CITY OF BIGGS, CALIFORNIA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2009

<u>ASSETS</u>	<u>'39 Fire Truck</u>	<u>Total Agency Funds</u>
Cash and investments	\$ 3,439	\$ 3,439
Interest receivable	11	11
Total Assets	<u>\$ 3,450</u>	<u>\$ 3,450</u>
<u>LIABILITIES</u>		
Agency obligations	<u>\$ 3,450</u>	<u>\$ 3,450</u>
Total Liabilities	<u>\$ 3,450</u>	<u>\$ 3,450</u>

CITY OF BIGGS, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>'39 Fire Truck</u>				
<u>ASSETS</u>				
Cash and investments	\$ 6,296	\$ -	\$ (2,857)	\$ 3,439
Interest receivable	19	-	(8)	11
Total Assets	<u>\$ 6,315</u>	<u>\$ -</u>	<u>\$ (2,865)</u>	<u>\$ 3,450</u>
<u>LIABILITIES</u>				
Agency obligations	\$ 6,315	\$ -	\$ (2,865)	\$ 3,450
Total Liabilities	<u>\$ 6,315</u>	<u>\$ -</u>	<u>\$ (2,865)</u>	<u>\$ 3,450</u>