

**CITY OF BANNING, CALIFORNIA**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
- David E. Hale, C.P.A., C.F.P.  
A Professional Corporation
- Donald G. Slater, C.P.A.
- Richard K. Kikuchi, C.P.A.
- Susan F. Matz, C.P.A.

## INDEPENDENT AUDITORS' REPORT

To The Honorable Mayor and Members of the City Council  
City of Banning, 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 Banning, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Banning'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 by the United States of America and the standards applicable to financial audits contained in the *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 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 opinion.

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 of Banning as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund 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 9, 2009, on our consideration of the City of Banning's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, 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 accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.



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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual 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.

*Lance, Soll & Luyhard, LLP*

February 9, 2009



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Banning, we offer readers of the City of Banning's financial statements this narrative overview and analysis of the financial activities of the City of Banning for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The City's governmental activities net assets and business-type activities net assets were \$121.3 million and \$108.6 million, respectively, at June 30, 2008.
- During the year, the City had revenues that were \$8.4 million more than the \$30.3 million expenses recorded by the City in its governmental activities.
- In the City's business-type activities, revenues were \$4.1 million more than the \$45.5 million in expenses recorded.
- The revenues available for expenditure were \$.35 million less than budgeted for in the General Fund. The City kept General Fund expenditures within spending limits by \$1.6 million.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 16. For governmental activities, these fund statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds and other funds. The remaining fiduciary (Agency) fund statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### **REPORTING THE CITY AS A WHOLE**

#### **The Statement of Net Assets and the Statement of Activities:**

The analysis of the City as a whole begins on page 3. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that answers this question. These statements include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and *changes*. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or

*financial position*. Over time, *increases or decreases* in the City's net assets are an indication of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the economy due to external factors that will cause a decrease in consumer spending.

In the statement of Net Assets and the Statement of Activities, we separate the City Activities as follows:

**Governmental activities** – Most of the City's basic services are reported in this category, including the general administration (city manager, city clerk, finance, etc.), police and fire protection, public works, community development, parks and recreation, and interest on long-term debt. Property taxes, sales tax, transient occupancy tax, user fees, interest income, franchise fees, state and federal grants, contributions from other agencies, and other revenues finance these activities.

**Business-type activities** – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's municipal airport, transit, refuse, electric, water and wastewater operations are reported in this category.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements:

The fund financial statements provide detailed information about the most significant funds and other funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other resources. The City's two types of funds are governmental and proprietary.

**Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

**Proprietary funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's proprietary funds are the same as the business-type activities we report in the

government-wide statements but provide more detail and additional information such as a statement of cash flows.

## THE CITY AS TRUSTEE

### Reporting the City's Fiduciary Responsibilities:

The City is the trustee, or *fiduciary*, for certain funds held on behalf of those entities outside of the government. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE CITY AS A WHOLE

The City's combined net assets were \$229.9 million at June 30, 2008. A separate review of the net change in the governmental and business-type activities depicts two different stories. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

TABLE 1  
NET ASSETS  
(IN MILLIONS)  
As of June 30, 2008 and 2007

	Governmental Activities	Business Type Activities	2008 Total	2007 Total
Current and other assets	\$ 73.24	\$ 114.91	188.15	\$ 164.45
Capital assets	101.36	93.42	194.78	156.45
<b>TOTAL ASSETS</b>	<b>174.60</b>	<b>208.33</b>	<b>382.93</b>	<b>320.90</b>
Long-term liabilities				
outstanding	49.24	91.54	140.78	94.52
Other liabilities	4.05	8.22	12.27	9.26
<b>TOTAL LIABILITIES</b>	<b>53.29</b>	<b>99.76</b>	<b>153.05</b>	<b>103.78</b>
Net assets:				
Invested in capital				
assets, net of				
related debt	95.44	59.87	155.31	115.68
Restricted for:				
Public Safety	17.24		17.24	15.69
Public Works	2.23		2.23	3.15
Capital Projects	32.08	49.78	81.86	60.83
Debt Service	7.37	5.72	13.09	6.68
Other Purpose	30.77		30.77	13.28
Unrestricted	(63.83)	(6.80)	(70.63)	1.81
<b>TOTAL NET ASSETS</b>	<b>\$ 121.30</b>	<b>\$ 108.57</b>	<b>\$ 229.87</b>	<b>\$ 217.12</b>

The City's Net Assets are made-up of three components: Invested in Capital Assets, Net of Related Debt, Restricted and Unrestricted Net Assets.

The net assets of the governmental activities of the City increased by \$8.35 million, while net assets of the business-type funds increased by \$4.12 million.

TABLE 2  
CHANGES IN NET ASSETS  
(IN MILLIONS)

As of June 30, 2008 and 2007

	Governmental Activities	Business Type Activities	2008 Total	2007 Total
REVENUES:				
Program Revenues:				
Charges for services	\$ 4.09	\$ 38.88	\$ 42.97	\$ 40.87
Operating grants and contributions	3	1.21	3.83	6.33
Capital grants and contributions	11.14	3.73	14.87	3.73
General Revenues:				
Property taxes	10.33	-	10.33	9.30
Sales tax	3.86	-	3.86	3.99
Franchise Taxes	0.74	-	0.74	0.68
Other taxes	0.67	-	0.67	0.70
Motor Vehicle In-Lieu	0.12	-	0.12	0.15
Use of Money & Property	4.11	5.01	9.12	6.90
Capital Contributions	-		0.00	0.00
Other Revenues	0.92	0.83	1.75	3.12
TOTAL REVENUES	<u>38.60</u>	<u>49.66</u>	<u>88.26</u>	<u>75.77</u>
EXPENSES:				
General Government	5.08	-	5.08	6.31
Public Safety	14.94	-	14.94	12.17
Public Works	6.82	-	6.82	6.17
Parks and Recreation	1.33	-	1.33	0.87
Interest on long-term debt	2.08	-	2.08	1.18
Airport		0.40	0.40	0.34
Transit		1.41	1.41	1.30
Water	-	7.69	7.69	6.84
Electric		29.87	29.87	22.74
Wastewater	-	3.29	3.29	3.13
Refuse	-	2.88	2.88	2.73
TOTAL EXPENSES	<u>30.25</u>	<u>45.54</u>	<u>75.79</u>	<u>63.78</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 8.35</u>	<u>\$ 4.12</u>	<u>\$ 12.47</u>	<u>\$ 11.99</u>

## Governmental Activities

The following presents the cost of each of the City's five largest programs – general government, public safety, public works, parks and recreation and interest on long-term debt – as well as each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions (see Table 3).

TABLE 3  
PROGRAM NET COST  
GOVERNMENTAL ACTIVITIES  
(IN MILLIONS)

As of June 30, 2008

	Total Cost of <u>Services</u>	Net Revenue <u>(Expense)</u>
General Government	\$ 5.08	(\$ 1.94)
Public Safety	14.94	(13.09)
Public Works	6.82	5.90
Parks and Recreation	1.33	(1.18)
Interest on long-term debt	<u>2.08</u>	<u>(2.08)</u>
Total	<u>\$30.25</u>	<u>(\$12.39)</u>

## Business-Type Activities

The following presents the cost of each of the City's six programs - airport, transit, water utility, electric utility, wastewater utility and refuse utility - as well as each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions (see Table 4).

TABLE 4  
PROGRAM NET COST  
BUSINESS-TYPE ACTIVITIES  
(IN MILLIONS)

As of June 30, 2008

	Total Cost of <u>Services</u>	Net Revenue <u>(Expense)</u>
Airport	\$ 0.40	\$(0.12)
Transit	1.41	(0.18)
Water Utility	7.69	2.95
Electric Utility	29.87	(4.33)

Wastewater Utility	3.29	(0.06)
Refuse Utility	<u>2.88</u>	<u>0.03</u>
Total	<u>\$45.54</u>	<u>\$ (1.71)</u>

## **THE CITY'S FUNDS**

On page 16, the governmental funds balance sheet is shown. The total fund balance for all governmental funds is \$65.30 million. This total includes the general fund balance of \$7.84 million. The City's general fund balance includes reserves for loans receivable as well as City Council adopted designations of fund balance totaling \$3.32 million.

### **General Fund Budgetary Highlights**

During the year, with the recommendation from the City's staff, the City Council revised the City budget several times. Budgetary adjustments were made on an ongoing basis in an effort to accurately reflect the City's financial position. These adjustments included, but were not limited to, new projects or contracts, change orders to existing projects or contracts, and other adjustments deemed necessary to maintain current service levels. All adjustments that either increase or decrease appropriations or estimated revenue are approved by the City Council.

For the City's general fund, actual ending revenues of \$16.38 million were \$.35 million less than the final budgeted revenues of \$16.73 million. The most significant variance was in other intergovernmental revenues, which was budgeted to be \$1.39 million; however, the actual was \$1.23 million. The other significant variances were in various forms of taxes. In these five categories, the City budgeted a total of \$9.33 million, and the actual was \$9.16 million.

The general fund actual ending expenditures of \$17.74 million were \$1.64 million less than the final budget of \$19.38 million. There were significant changes in the original budget compared to the final budget during the year. The original expenditure budget was \$18.11 million compared to the final budget of \$19.38 million, a \$1.27 million increase.

Even though the City's general fund appropriations increased by \$1.27 million to \$19.38 million, mainly due to the carryover of continuing appropriations as well as grants secured throughout the year, final expenditures were only \$17.74 million. The City's general fund still had an actual net increase in fund balance of \$1.29 million.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2008, the City had \$194.79 million invested in a broad range of capital assets (See Table 5).

TABLE 5  
CAPITAL ASSETS BY ACTIVITY  
(IN MILLIONS)

June 30, 2008

	Governmental Activities	Business Type Activities	Total
Land	\$ 6.38	\$ 1.18	\$ 7.56
Construction in progress	5.93	25.29	31
Buildings and Structures	3.31	0.16	3.47
Improvements	5.25	1.14	6.39
Machinery and Equipment	0.55	0.02	0.57
Vehicles	1.53	-	1.53
Utility Plant	-	65.63	65.63
Infrastructure	78.42	-	78.42
<b>TOTALS</b>	<b><u>\$101.37</u></b>	<b><u>\$ 93.42</u></b>	<b><u>\$ 194.79</u></b>

As presented in the Adopted Operating budget for Fiscal Year 2007-08, the CIP totals \$8.11 million for all categories of the capital improvement projects reported by the various City departments. The amount of the adopted projects reflects a \$5.39 million decrease over the previous fiscal year's Capital Budget of \$13.5 million. However, several other capital projects were added to the budget throughout the year. For additional information on capital assets refer to the Notes to the Financial Statements.

### Debt

At year-end, the City's governmental activities had \$50.09 million in bonds, loans, advances, leases, and compensated absences outstanding while the business-type activities had \$90.43 million in debt (see Table 6).

**TABLE 6**  
**DEBT RECAP BY ACTIVITY**  
**(IN MILLIONS)**

June 30, 2008

	Governmental Activities	Business Type Activities	Total
Compensated absences	\$ 1.52	\$ 0.54	\$ 2.06
Tax Allocation Bonds	42.58	-	42.58
Certificates of Participation	4.75	-	4.75
Revenue Bonds		86.57	
Claims & Judgements	0.94		
Loans	0.30	3.32	3.62
<b>TOTALS</b>	<b>\$ 50.09</b>	<b>\$ 90.43</b>	<b>\$ 140.52</b>

During fiscal year ended June 30, 2008, the City paid \$0.38 million toward Redevelopment Tax Allocation Bonds and \$0.25 million toward COP's. The City was able to meet its current debt obligations in a timely manner.

Debt in the business-type activities consists of a Water and Wastewater Revenue Bonds, a loan payable to the California Water Resources Control Board to assist with upgrades to the wastewater treatment facility and compensated absences. In addition, the City issued an additional \$45.79 million in Electric Revenue Bonds during the fiscal year. For additional information on long term debt refer to the Notes to the Financial Statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the budget for 2009, management looked at the following economic factors:

- The possible impact to the City of Banning's revenues due to the State of California's fiscal problems
- The trends in the local economy and projected regional growth

Key budget assumptions for forecasting General Fund revenues include the following:

- The State's fiscal problems will not result in any City revenue reductions for 2008
- The recent downturn in the housing market will have an adverse impact on various City revenues



- Sales Tax revenue will not experience growth and may even decline
- Property Tax revenue will not experience growth and may even decline
- The State has decreased Motor Vehicle License Fees significantly, however, the entire reduction is being backfilled by the State with property taxes
- Development related revenues will be significantly lower than the prior year levels due to activity levels falling below last year despite the implementation of a user fee update
- City revenues will not be adversely affected by court decisions, state legislative actions, various propositions, initiatives, or other actions beyond the City's control

The General Fund 2008-09 Expenditure Budget of \$18.30 million is approximately \$1.08 million lower than the Final Amended Budget for Fiscal Year 2007-08. This net decrease is attributable to the absence of one-time expenditures and major capital projects as well as a planned reduction of expenditures in various departments in the adopted 2008-09 budget.

The Operating Budget for Fiscal Year 2008-09 is a budget that reflects the City's commitment to provide its citizens a safe environment in which to work, play and live as well as provide the highest level of service to the community within the City's financial constraint and is consistent with the City Council's goals and objectives. Questions or requests for information regarding the City of Banning's 2008-09 budget should be sent to the Finance Department at the address below.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Banning's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, at the City of Banning, P.O. Box 998, Banning Ca., 92220.

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## CITY OF BANNING

STATEMENT OF NET ASSETS  
JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 30,411,470	\$ 45,530,355	\$ 75,941,825
Receivables:			
Accounts	468,862	5,723,312	6,192,174
Contract and notes	50,363	314,513	364,876
Accrued interest	210,449	321,116	531,565
Internal balances	(1,047,509)	1,047,509	-
Deposits	-	1,364,583	1,364,583
Due from other governments	2,177,132	126,809	2,303,941
Inventories	90,134	2,123,811	2,213,945
Unamortized debt issuance costs	1,413,504	1,938,735	3,352,239
Restricted assets:			
Cash and investments	-	914,846	914,846
Cash with fiscal agent	39,450,562	55,502,812	94,953,374
Capital assets not being depreciated	12,304,370	26,477,380	38,781,750
Capital assets, net of depreciation	89,065,258	66,945,160	156,010,418
<b>Total Assets</b>	<b>174,594,595</b>	<b>208,330,941</b>	<b>382,925,536</b>
<b>Liabilities:</b>			
Accounts payable	1,331,933	6,576,846	7,908,779
Accrued liabilities	488,024	258,141	746,165
Accrued interest	793,777	569,002	1,362,779
Unearned revenue	17,630	252,775	270,405
Pass-through payable	928	-	928
Deposits payable	744,781	567,617	1,312,398
Due to other governments	666,842	-	666,842
Noncurrent liabilities:			
Due within one year	1,294,075	1,827,957	3,122,032
Due in more than one year	47,947,192	89,708,167	137,655,359
<b>Total Liabilities</b>	<b>53,285,182</b>	<b>99,760,505</b>	<b>153,045,687</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	95,440,873	59,867,160	155,308,033
Restricted for:			
Public safety	17,235,661	-	17,235,661
Public works	2,234,787	-	2,234,787
Capital projects	32,079,868	49,782,458	81,862,326
Debt service	7,370,694	5,720,354	13,091,048
Other purpose	30,773,118	-	30,773,118
Unrestricted	(63,825,588)	(6,799,536)	(70,625,124)
<b>Total Net Assets</b>	<b>\$ 121,309,413</b>	<b>\$ 108,570,436</b>	<b>\$ 229,879,849</b>

## CITY OF BANNING

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 5,076,456	\$ 2,719,789	\$ 414,463	\$ -
Public safety	14,945,312	153,350	1,697,429	-
Parks and recreation	1,331,990	116,535	-	32,641
Public works	6,817,001	1,096,775	509,091	11,110,864
Interest on long-term debt	2,079,726	-	-	-
<b>Total Governmental Activities</b>	<b>30,250,485</b>	<b>4,086,449</b>	<b>2,620,983</b>	<b>11,143,505</b>
Business-Type Activities:				
Airport	395,184	271,230	-	-
Transit	1,414,921	105,152	1,132,078	-
BUA Water Utility	7,693,018	7,696,699	-	2,944,026
Electric Utility	29,865,455	25,325,018	37,975	169,510
BUA Wastewater Utility	3,295,162	2,615,548	-	615,120
Refuse Utility	2,879,636	2,868,587	43,041	-
<b>Total Business-Type Activities</b>	<b>45,543,376</b>	<b>38,882,234</b>	<b>1,213,094</b>	<b>3,728,656</b>
<b>Total Primary Government</b>	<b>\$ 75,793,861</b>	<b>\$ 42,968,683</b>	<b>\$ 3,834,077</b>	<b>\$ 14,872,161</b>

**General Revenues:**

## Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu

Use of money and property

Other

Transfers

**Total General Revenues, Contributions,  
Special Items and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

**Net Assets at End of Year**

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**Net (Expenses) Revenues and Changes in Net Assets**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,942,204)	\$ -	\$ (1,942,204)
(13,094,533)	-	(13,094,533)
(1,182,814)	-	(1,182,814)
5,899,729	-	5,899,729
(2,079,726)	-	(2,079,726)
<b>(12,399,548)</b>	<b>-</b>	<b>(12,399,548)</b>
-	(123,954)	(123,954)
-	(177,691)	(177,691)
-	2,947,707	2,947,707
-	(4,332,952)	(4,332,952)
-	(64,494)	(64,494)
-	31,992	31,992
<b>-</b>	<b>(1,719,392)</b>	<b>(1,719,392)</b>
<b>(12,399,548)</b>	<b>(1,719,392)</b>	<b>(14,118,940)</b>
10,325,416	-	10,325,416
229,824	-	229,824
3,856,883	-	3,856,883
735,010	-	735,010
169,070	-	169,070
274,306	-	274,306
123,063	-	123,063
4,111,943	5,010,718	9,122,661
583,099	1,174,694	1,757,793
342,336	(342,336)	-
<b>20,750,950</b>	<b>5,843,076</b>	<b>26,594,026</b>
8,351,402	4,123,684	12,475,086
112,983,052	104,139,561	217,122,613
(25,041)	307,191	282,150
<b>\$ 121,309,413</b>	<b>\$ 108,570,436</b>	<b>\$ 229,879,849</b>

## CITY OF BANNING

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

		Capital Projects Funds	
	General	Capital Improvement	Redevelopment Agency
<b>Assets:</b>			
Pooled cash and investments	\$ 7,354,237	\$ -	\$ 10,867,147
Receivables:			
Accounts	349,010	-	9,823
Loans	45,068	-	-
Interest	76,348	-	65,311
Due from other governments	1,216,645	-	11,883
Due from other funds	1,363,518	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	16,009,518	19,288,913
<b>Total Assets</b>	<b>\$ 10,404,826</b>	<b>\$ 16,009,518</b>	<b>\$ 30,243,077</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 404,554	\$ 38,850	\$ 490,045
Accrued liabilities	348,577	-	24,369
Deferred revenues	499,050	-	-
Unearned revenues	17,630	-	-
Deposits payable	625,948	-	20,256
Due to other governments	666,842	-	-
Due to other funds	-	63,518	-
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b>2,562,601</b>	<b>102,368</b>	<b>534,670</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	289,959	-	1,586,709
Reserved for loans receivable	45,068	-	-
Reserved for special donations	-	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Designated for capital projects	-	-	23,249,096
Designated for low and moderate housing	-	-	4,862,602
Designated for debt service	-	-	-
Designated for compensated absences	605,175	-	-
Designated for working capital	1,829,567	-	-
Designated for RBEG grant program	-	-	10,000
Designated for continuing appropriations	549,308	12,977,726	-
Undesignated	4,523,148	2,929,424	-
<b>Total Fund Balances</b>	<b>7,842,225</b>	<b>15,907,150</b>	<b>29,708,407</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,404,826</b>	<b>\$ 16,009,518</b>	<b>\$ 30,243,077</b>

## CITY OF BANNING

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Pooled cash and investments	\$ 4,669,592	\$ 4,594,120	\$ 27,485,096
Receivables:			
Accounts	-	40,103	398,936
Loans	-	179	45,247
Interest	27,066	30,711	199,436
Due from other governments	204,266	726,616	2,159,410
Due from other funds	-	-	1,363,518
Restricted assets:			
Cash and investments with fiscal agents	4,152,131	-	39,450,562
<b>Total Assets</b>	<b>\$ 9,053,055</b>	<b>\$ 5,391,729</b>	<b>\$ 71,102,205</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 16	\$ 339,806	\$ 1,273,271
Accrued liabilities	-	35,046	407,992
Deferred revenues	-	11,797	510,847
Unearned revenues	-	-	17,630
Deposits payable	-	98,577	744,781
Due to other governments	-	-	666,842
Due to other funds	1,300,000	439,340	1,802,858
Advances from other funds	382,345	-	382,345
<b>Total Liabilities</b>	<b>1,682,361</b>	<b>924,566</b>	<b>5,806,566</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	-	1,425,300	3,301,968
Reserved for loans receivable	-	179	45,247
Reserved for special donations	-	19,730	19,730
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	2,315,437	2,315,437
Capital projects funds	-	706,517	706,517
Designated for capital projects	-	-	23,249,096
Designated for low and moderate housing	-	-	4,862,602
Designated for debt service	7,370,694	-	7,370,694
Designated for compensated absences	-	-	605,175
Designated for working capital	-	-	1,829,567
Designated for RBEG grant program	-	-	10,000
Designated for continuing appropriations	-	-	13,527,034
Undesignated	-	-	7,452,572
<b>Total Fund Balances</b>	<b>7,370,694</b>	<b>4,467,163</b>	<b>65,295,639</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,053,055</b>	<b>\$ 5,391,729</b>	<b>\$ 71,102,205</b>

CITY OF BANNING

GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2008

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Fund balances of governmental funds	\$ 65,295,639
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	100,861,086
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Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.	1,413,504
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Long-term debt and compensated absences  
that have not been included in the governmental fund activity:

Long-term liabilities	(46,792,821)
Compensated Absences	(1,335,584)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(793,777)
--	-----------

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	510,847
--	---------

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	2,150,519
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<b>Net assets of governmental activities</b>	<b>\$ 121,309,413</b>
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## CITY OF BANNING

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008**

		<b>Capital Projects Funds</b>	
	<b>General</b>	<b>Capital Improvement</b>	<b>Redevelopment Agency</b>
<b>Revenues:</b>			
Taxes	\$ 9,161,897	\$ -	\$ 1,261,798
Licenses and permits	269,441	-	-
Intergovernmental	1,356,392	-	-
Charges for services	3,437,344	-	-
Use of money and property	542,496	726,467	1,710,480
Fines and forfeitures	352,289	-	-
Miscellaneous	415,833	-	7,319
<b>Total Revenues</b>	<b>15,535,692</b>	<b>726,467</b>	<b>2,979,597</b>
<b>Expenditures:</b>			
Current:			
General government	2,444,243	-	2,333,228
Public safety	11,055,153	83,388	-
Parks and recreation	1,059,242	-	-
Public works	2,089,310	-	-
Capital outlay	474,169	472,567	9,033,893
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>17,122,117</b>	<b>555,955</b>	<b>11,367,121</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,586,425)	170,512	(8,387,524)
<b>Other Financing Sources (Uses):</b>			
Transfers in	537,657	-	2,065,670
Transfers out	(620,063)	(13,048)	(202,518)
Notes and loans issued	304,670	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>222,264</b>	<b>(13,048)</b>	<b>1,863,152</b>
Net Change in Fund Balances	(1,364,161)	157,464	(6,524,372)
Fund Balances, Beginning of Year	9,206,386	15,749,686	36,232,779
<b>Fund Balances, End of Year</b>	<b>\$ 7,842,225</b>	<b>\$ 15,907,150</b>	<b>\$ 29,708,407</b>

## CITY OF BANNING

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008**

	Debt Service Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 4,148,286	\$ 1,035,884	\$ 15,607,865
Licenses and permits	-	-	269,441
Intergovernmental	-	1,620,083	2,976,475
Charges for services	-	610	3,437,954
Use of money and property	814,730	187,191	3,981,364
Fines and forfeitures	-	-	352,289
Miscellaneous	-	136,208	559,360
<b>Total Revenues</b>	<b>4,963,016</b>	<b>2,979,976</b>	<b>27,184,748</b>
<b>Expenditures:</b>			
Current:			
General government	43,944	-	4,821,415
Public safety	-	348,672	11,487,213
Parks and recreation	-	52,237	1,111,479
Public works	-	1,051,438	3,140,748
Capital outlay	-	2,610,951	12,591,580
Debt service:			
Principal retirement	630,000	-	630,000
Interest and fiscal charges	1,725,000	-	1,725,000
<b>Total Expenditures</b>	<b>2,398,944</b>	<b>4,063,298</b>	<b>35,507,435</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,564,072	(1,083,322)	(8,322,687)
<b>Other Financing Sources (Uses):</b>			
Transfers in	193,183	1,040,356	3,836,866
Transfers out	(2,065,670)	(593,231)	(3,494,530)
Notes and loans issued	-	-	304,670
<b>Total Other Financing Sources (Uses)</b>	<b>(1,872,487)</b>	<b>447,125</b>	<b>647,006</b>
Net Change in Fund Balances	691,585	(636,197)	(7,675,681)
Fund Balances, Beginning of Year	6,679,109	5,103,360	72,971,320
<b>Fund Balances, End of Year</b>	<b>\$ 7,370,694</b>	<b>\$ 4,467,163</b>	<b>\$ 65,295,639</b>

CITY OF BANNING

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2008

---

Net change in fund balances - total governmental funds \$ (7,675,681)

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 costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 15,745,448

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 316,346

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets. (29,494)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. (316,248)

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 10,035

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. 359,534

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. (58,538)

**Change in net assets of governmental activities** \$ 8,351,402

## CITY OF BANNING

**BUDGETARY COMPARISON STATEMENT  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 9,206,386	\$ 9,206,386	\$ 9,206,386	\$ -
<b>Resources (Inflows):</b>				
Taxes:				
Sales and use	3,132,571	3,049,229	2,964,530	(84,699)
Property	4,508,437	4,954,437	4,882,142	(72,295)
Franchise	689,816	700,316	735,010	34,694
Transient occupancy	270,000	270,000	229,824	(40,176)
Other	409,318	355,118	350,391	(4,727)
<b>Subtotal</b>	<b>9,010,142</b>	<b>9,329,100</b>	<b>9,161,897</b>	<b>(167,203)</b>
Licenses and permits:				
Building permits	400,000	89,500	143,193	53,693
Other permits	209,875	159,466	126,248	(33,218)
<b>Subtotal</b>	<b>609,875</b>	<b>248,966</b>	<b>269,441</b>	<b>20,475</b>
Intergovernmental:				
State motor vehicle in-lieu fees	160,700	160,700	123,063	(37,637)
Other intergovernmental revenues	1,281,190	1,389,750	1,233,329	(156,421)
<b>Subtotal</b>	<b>1,441,890</b>	<b>1,550,450</b>	<b>1,356,392</b>	<b>(194,058)</b>
Charges for services:				
Engineering, police, fire and other fees	1,073,238	912,097	980,684	68,587
Recreation fees	97,260	80,030	89,160	9,130
Interfund charges	2,367,500	2,367,500	2,367,500	-
<b>Subtotal</b>	<b>3,537,998</b>	<b>3,359,627</b>	<b>3,437,344</b>	<b>77,717</b>
Use of money and property:				
Interest and rents	483,800	498,795	542,496	43,701
<b>Subtotal</b>	<b>483,800</b>	<b>498,795</b>	<b>542,496</b>	<b>43,701</b>
Fines and forfeitures				
Parking fines	22,600	27,400	15,485	(11,915)
Court fines and other fines	342,000	322,200	336,804	14,604
<b>Subtotal</b>	<b>364,600</b>	<b>349,600</b>	<b>352,289</b>	<b>2,689</b>
Miscellaneous	285,032	467,107	415,833	(51,274)
Transfers in	556,440	529,604	537,657	8,053
Notes and loans issued	-	395,000	304,670	(90,330)
<b>Amounts Available for Appropriation</b>	<b>25,496,163</b>	<b>25,934,635</b>	<b>25,584,405</b>	<b>(350,230)</b>

## CITY OF BANNING

**BUDGETARY COMPARISON STATEMENT**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government				
City council	188,637	193,427	189,846	3,581
City manager	199,388	429,147	305,505	123,642
Personnel	220,136	235,167	159,922	75,245
City clerk	129,816	137,982	142,259	(4,277)
City attorney	227,500	227,500	275,364	(47,864)
Finance	314,111	287,251	205,574	81,677
Community enhancement	75,861	79,749	77,309	2,440
Central services	1,093,084	1,096,444	1,088,464	7,980
<b>Subtotal</b>	<b>2,448,533</b>	<b>2,686,667</b>	<b>2,444,243</b>	<b>242,424</b>
Public safety				
Police	8,069,722	7,850,725	7,970,223	(119,498)
Animal control	242,000	262,295	141,992	120,303
Fire	3,333,038	3,354,601	2,942,938	411,663
<b>Subtotal</b>	<b>11,644,760</b>	<b>11,467,621</b>	<b>11,055,153</b>	<b>412,468</b>
Parks and recreation				
Parks	368,368	366,024	338,180	27,844
Recreation	742,010	771,255	721,062	50,193
<b>Subtotal</b>	<b>1,110,378</b>	<b>1,137,279</b>	<b>1,059,242</b>	<b>78,037</b>
Public works				
Building safety	1,037,115	1,043,703	911,481	132,222
Planning	531,354	659,018	339,536	319,482
Engineering	634,474	760,058	641,648	118,410
Building maintenance	223,081	276,113	196,645	79,468
<b>Subtotal</b>	<b>2,426,024</b>	<b>2,738,892</b>	<b>2,089,310</b>	<b>649,582</b>
Capital outlay	8,000	680,006	474,169	205,837
Transfers out	470,063	675,851	620,063	55,788
<b>Total Charges to Appropriations</b>	<b>18,107,758</b>	<b>19,386,316</b>	<b>17,742,180</b>	<b>1,644,136</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,388,405</b>	<b>\$ 6,548,319</b>	<b>\$ 7,842,225</b>	<b>\$ 1,293,906</b>

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## CITY OF BANNING

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2008

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
<b>Assets:</b>			
Current:			
Cash and investments	\$ 9,294,025	\$ 22,550,812	\$ 12,857,385
Receivables:			
Accounts	1,213,845	3,754,260	326,448
Loans	5,010	308,049	1,454
Interest	77,847	151,864	85,033
Due from other governments	72,854	37,975	-
Due from other funds	-	-	439,340
Inventories	393,644	1,712,562	-
Deposits with other agencies	-	1,364,583	-
Restricted:			
Cash and investments	-	914,846	-
Cash with fiscal agent	15,415,234	36,273,318	3,814,260
<b>Total Current Assets</b>	<b>26,472,459</b>	<b>67,068,269</b>	<b>17,523,920</b>
Noncurrent:			
Unamortized debt issuance costs	863,565	800,282	274,888
Advances to other funds	-	382,345	56,245
Capital assets - net of accumulated depreciation	40,247,344	33,100,824	18,017,425
<b>Total Noncurrent Assets</b>	<b>41,110,909</b>	<b>34,283,451</b>	<b>18,348,558</b>
<b>Total Assets</b>	<b>\$ 67,583,368</b>	<b>\$ 101,351,720</b>	<b>\$ 35,872,478</b>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 947,964	\$ 5,246,558	\$ 91,808
Accrued liabilities	65,095	136,855	21,873
Accrued interest	277,969	186,132	104,901
Unearned revenues	-	-	-
Deposits payable	105,662	313,876	57,690
Bonds, notes, and loans payable	640,000	725,000	462,957
<b>Total Current Liabilities</b>	<b>2,036,690</b>	<b>6,608,421</b>	<b>739,229</b>
Noncurrent:			
Advances from other funds	-	-	-
Compensated absences	119,323	304,655	51,243
Claims and judgments	-	-	-
Bonds, notes, and loans payable	34,493,379	45,632,643	9,042,948
<b>Total Noncurrent Liabilities</b>	<b>34,612,702</b>	<b>45,937,298</b>	<b>9,094,191</b>
<b>Total Liabilities</b>	<b>36,649,392</b>	<b>52,545,719</b>	<b>9,833,420</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	21,392,764	23,816,781	12,600,668
Restricted for capital projects	12,778,887	33,311,811	3,691,760
Restricted for debt service	2,636,347	2,961,507	122,500
Unrestricted	(5,874,022)	(11,284,098)	9,624,130
<b>Total Net Assets</b>	<b>30,933,976</b>	<b>48,806,001</b>	<b>26,039,058</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 67,583,368</b>	<b>\$ 101,351,720</b>	<b>\$ 35,872,478</b>
<b>Reconciliation of Net Assets to the Statement of Net Assets</b>			
Net Assets per Statement of Net Assets - Proprietary Funds			
Prior years' accumulated adjustment to reflect the consolidation of			
internal service funds activities related to the enterprise funds			
Current years' adjustments to reflect the consolidation of internal			
service activities related to enterprise funds			
<b>Net Assets per Statement of Net Assets</b>			



## CITY OF BANNING

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2008

	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>Assets:</b>			
Current:			
Cash and investments	\$ 828,133	\$ 45,530,355	\$ 2,926,374
Receivables:			
Accounts	428,759	5,723,312	69,926
Loans	-	314,513	5,116
Interest	6,372	321,116	11,013
Due from other governments	15,980	126,809	17,722
Due from other funds	-	439,340	-
Inventories	17,605	2,123,811	90,134
Deposits with other agencies	-	1,364,583	-
Restricted:			
Cash and investments	-	914,846	-
Cash with fiscal agent	-	55,502,812	-
<b>Total Current Assets</b>	<b>1,296,849</b>	<b>112,361,497</b>	<b>3,120,285</b>
Noncurrent:			
Unamortized debt issuance costs	-	1,938,735	-
Advances to other funds	-	438,590	-
Capital assets - net of accumulated depreciation	2,056,947	93,422,540	508,542
<b>Total Noncurrent Assets</b>	<b>2,056,947</b>	<b>95,799,865</b>	<b>508,542</b>
<b>Total Assets</b>	<b>\$ 3,353,796</b>	<b>\$ 208,161,362</b>	<b>\$ 3,628,827</b>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 290,516	\$ 6,576,846	\$ 58,663
Accrued liabilities	34,318	258,141	80,032
Accrued interest	-	569,002	-
Unearned revenues	252,775	252,775	-
Deposits payable	90,389	567,617	928
Bonds, notes, and loans payable	-	1,827,957	-
<b>Total Current Liabilities</b>	<b>667,998</b>	<b>10,052,338</b>	<b>139,623</b>
Noncurrent:			
Advances from other funds	56,245	56,245	-
Compensated absences	63,976	539,197	176,814
Claims and judgments	-	-	936,048
Bonds, notes, and loans payable	-	89,168,970	-
<b>Total Noncurrent Liabilities</b>	<b>120,221</b>	<b>89,764,412</b>	<b>1,112,862</b>
<b>Total Liabilities</b>	<b>788,219</b>	<b>99,816,750</b>	<b>1,252,485</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	2,056,947	59,867,160	508,542
Restricted for capital projects	-	49,782,458	-
Restricted for debt service	-	5,720,354	-
Unrestricted	508,630	(7,025,360)	1,867,800
<b>Total Net Assets</b>	<b>2,565,577</b>	<b>108,344,612</b>	<b>2,376,342</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,353,796</b>	<b>\$ 208,161,362</b>	<b>\$ 3,628,827</b>
<b>Reconciliation of Net Assets to the Statement of Net Assets</b>			
Net Assets per Statement of Net Assets - Proprietary Funds		\$ 108,344,612	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds		519,672	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds		(293,848)	
<b>Net Assets per Statement of Net Assets</b>		<b>\$ 108,570,436</b>	

## CITY OF BANNING

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2008**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Banning Utility Authority Water</b>	<b>Electric Utility</b>	<b>Banning Utility Authority Wastewater</b>
<b>Operating Revenues:</b>			
Sales and service charges	\$ 7,684,315	\$25,322,723	\$ 2,615,548
Connection fees	12,384	2,295	-
<b>Total Operating Revenues</b>	<b>7,696,699</b>	<b>25,325,018</b>	<b>2,615,548</b>
<b>Operating Expenses:</b>			
Salaries and benefits	1,668,211	2,806,341	572,483
Supplies and services	3,215,851	4,465,181	1,332,734
Repairs and maintenance	11,989	18,799	43,805
Street lighting costs	-	144,287	-
Power purchased	-	19,030,154	-
Insurance premiums	-	-	-
Depreciation expense	1,048,832	1,016,614	890,801
<b>Total Operating Expenses</b>	<b>5,944,883</b>	<b>27,481,376</b>	<b>2,839,823</b>
Operating Income (Loss)	1,751,816	(2,156,358)	(224,275)
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental	-	37,975	-
Interest revenue	1,179,368	3,064,245	731,776
Interest expense	(1,655,913)	(2,229,201)	(374,849)
Miscellaneous	74,565	1,029,158	62,821
Amortization of bond costs	(43,559)	-	(44,848)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(445,539)</b>	<b>1,902,177</b>	<b>374,900</b>
Income (Loss) Before Transfers	1,306,277	(254,181)	150,625
Capital contributions	2,944,026	169,510	615,120
Transfers out	(277,668)	(9,668)	-
Changes in Net Assets	3,972,635	(94,339)	765,745
<b>Net Assets:</b>			
Beginning of Year, as previously reported	26,600,951	48,923,685	25,298,667
Restatements	360,390	(23,345)	(25,354)
Beginning of Fiscal Year, as restated	26,961,341	48,900,340	25,273,313
<b>End of Fiscal Year</b>	<b>\$ 30,933,976</b>	<b>\$48,806,001</b>	<b>\$ 26,039,058</b>
<b>Reconciliation of Changes in Net Assets to the Statement of Activities:</b>			
Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds			
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds			
<b>Changes in Net Assets of Business-Type Activities per Statement of Activities</b>			

## CITY OF BANNING

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2008**

	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>Operating Revenues:</b>			
Sales and service charges	\$ 3,244,969	\$ 38,867,555	\$ 4,607,428
Connection fees	-	14,679	-
<b>Total Operating Revenues</b>	<b>3,244,969</b>	<b>38,882,234</b>	<b>4,607,428</b>
<b>Operating Expenses:</b>			
Salaries and benefits	802,692	5,849,727	1,765,692
Supplies and services	3,496,404	12,510,170	2,347,833
Repairs and maintenance	11,276	85,869	192,844
Street lighting costs	-	144,287	-
Power purchased	-	19,030,154	-
Insurance premiums	-	-	910,670
Depreciation expense	321,519	3,277,766	63,467
<b>Total Operating Expenses</b>	<b>4,631,891</b>	<b>40,897,973</b>	<b>5,280,506</b>
Operating Income (Loss)	(1,386,922)	(2,015,739)	(673,078)
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental	1,175,119	1,213,094	29,832
Interest revenue	35,329	5,010,718	130,579
Interest expense	(3,185)	(4,263,148)	-
Miscellaneous	8,150	1,174,694	160,280
Amortization of bond costs	-	(88,407)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,215,413</b>	<b>3,046,951</b>	<b>320,691</b>
Income (Loss) Before Transfers	(171,509)	1,031,212	(352,387)
Capital contributions	-	3,728,656	-
Transfers out	(55,000)	(342,336)	-
Changes in Net Assets	(226,509)	4,417,532	(352,387)
<b>Net Assets:</b>			
Beginning of Year, as previously reported	2,796,586	103,619,889	2,728,729
Restatements	(4,500)	307,191	-
Beginning of Fiscal Year, as restated	2,792,086	103,927,080	2,728,729
<b>End of Fiscal Year</b>	<b>\$ 2,565,577</b>	<b>\$ 108,344,612</b>	<b>\$ 2,376,342</b>
<b>Reconciliation of Changes in Net Assets to the Statement of Activities:</b>			
Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds		\$ 4,417,532	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds		(293,848)	
<b>Changes in Net Assets of Business-Type Activities per Statement of Activities</b>		<b>\$ 4,123,684</b>	

## CITY OF BANNING

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Enterprise Funds				Governmental	
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater	Other Enterprise Funds	Totals	Activities- Internal Service Funds
<b>Cash Flows from Operating Activities:</b>						
Cash received from customers and users	\$ 7,683,198	\$ 24,715,134	\$ 2,648,733	\$ 3,228,056	\$ 38,275,121	\$ -
Cash received from interfund service provided	-	-	-	-	-	4,649,698
Cash paid to supplies for goods and services	(2,495,067)	(21,145,460)	(1,327,999)	(3,468,594)	(28,437,120)	(2,536,230)
Cash paid to employees for services	(1,784,505)	(2,723,862)	(605,408)	(785,166)	(5,898,941)	(1,756,263)
Cash paid for claims	-	-	-	-	-	(895,959)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,403,626</b>	<b>845,812</b>	<b>715,326</b>	<b>(1,025,704)</b>	<b>3,939,060</b>	<b>(538,754)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Cash transfers in	-	-	-	-	-	-
Cash transfers out	(277,668)	(9,668)	-	(55,000)	(342,336)	-
Due from other funds	-	-	1,479,832	-	1,479,832	-
Due to other funds	-	-	(186,584)	-	(186,584)	-
Repayment of advances	-	62,465	55,000	(55,000)	62,465	29,832
Intergovernmental	-	37,975	-	1,175,119	1,213,094	-
Miscellaneous	74,565	1,029,158	62,821	8,150	1,174,694	160,280
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(203,103)</b>	<b>1,119,930</b>	<b>1,411,069</b>	<b>1,073,269</b>	<b>3,401,165</b>	<b>190,112</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Proceeds from capital debt	-	45,790,000	-	-	45,790,000	-
Capital contributions	2,944,026	169,510	615,120	-	3,728,656	-
Acquisition and construction of capital assets	(8,138,359)	(15,315,895)	(2,420,570)	(80,887)	(25,955,711)	(63,114)
Principal paid on capital debt	(310,000)	-	(332,433)	-	(642,433)	-
Interest paid on capital debt	(1,683,842)	(2,275,708)	(384,936)	(3,185)	(4,347,671)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(7,188,175)</b>	<b>28,367,907</b>	<b>(2,522,819)</b>	<b>(84,072)</b>	<b>18,572,841</b>	<b>(63,114)</b>
<b>Cash Flows from Investing Activities:</b>						
Interest received	1,240,869	3,200,634	792,034	38,258	5,271,795	143,406
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,240,869</b>	<b>3,200,634</b>	<b>792,034</b>	<b>38,258</b>	<b>5,271,795</b>	<b>143,406</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,746,783)</b>	<b>33,534,283</b>	<b>395,610</b>	<b>1,751</b>	<b>31,184,861</b>	<b>(268,350)</b>
Cash and Cash Equivalents at Beginning of Year	27,456,042	26,204,693	16,276,035	826,382	70,763,152	3,194,724
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 24,709,259</b>	<b>\$ 59,738,976</b>	<b>\$ 16,671,645</b>	<b>\$ 828,133</b>	<b>\$101,948,013</b>	<b>\$ 2,926,374</b>

## CITY OF BANNING

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater	Other Enterprise Funds		
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ 1,751,816	\$ (2,156,358)	\$ (224,275)	\$ (1,386,922)	\$ (2,015,739)	\$ (673,078)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>						
Depreciation	1,048,832	1,016,614	890,801	321,519	3,277,766	63,467
(Increase) decrease in accounts receivable	(13,501)	(571,909)	25,417	(48,852)	(608,845)	14,487
(Increase) decrease in loans receivable	(5,010)	(304,245)	(1,454)	-	(310,709)	(1,764)
(Increase) decrease in due from other governments	-	(37,975)	7,768	31,939	1,732	27,783
(Increase) decrease in inventories	(73,588)	(648,064)	-	(6,419)	(728,071)	(31,433)
(Increase) decrease in deposits with other agencies	-	(226,207)	-	-	(226,207)	-
Increase (decrease) in accounts payable	806,833	3,802,296	43,995	65,294	4,718,418	37,644
Increase (decrease) in accrued liabilities	2,497	24,307	(1,184)	7,052	32,672	11,968
Increase (decrease) in deposits payable	4,538	(110,819)	5,999	14,098	(86,184)	-
Increase (decrease) in unearned revenue	-	-	-	(33,887)	(33,887)	-
Increase (decrease) in claims and judgments	-	-	-	-	-	14,711
Increase (decrease) in compensated absences	(118,791)	58,172	(31,741)	10,474	(81,886)	(2,539)
<b>Total Adjustments</b>	<b>1,651,810</b>	<b>3,002,170</b>	<b>939,601</b>	<b>361,218</b>	<b>5,954,799</b>	<b>134,324</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 3,403,626</b>	<b>\$ 845,812</b>	<b>\$ 715,326</b>	<b>\$ (1,025,704)</b>	<b>\$ 3,939,060</b>	<b>\$ (538,754)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>						
Contribution of capital assets	\$ 2,944,026	\$ 169,510	\$ 615,120	\$ -	\$ 3,728,656	\$ -

CITY OF BANNING

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 663,660
Receivables:	
Accrued interest	3,769
Due from other governments	29,899
Restricted assets:	
Cash and investments with fiscal agents	<u>549,534</u>
<b>Total Assets</b>	<b><u>\$ 1,246,862</u></b>
 <b>Liabilities:</b>	
Deposits payable	\$ 200,279
Due to bondholders	<u>1,046,583</u>
<b>Total Liabilities</b>	<b><u>\$ 1,246,862</u></b>

**CITY OF BANNING**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the Reporting Entity**

The City of Banning was incorporated in 1913 under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Banning (the primary government) and its component units. The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City of Banning.

**Blended Component Units**

The Banning Redevelopment Agency (the Agency) was established in 1973 pursuant to the State of California Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Banning. Separate financial statements may be obtained from Banning City Hall.

The Banning Wastewater Facilities Corporation (the Corporation) was organized at the request of the City in 1984 pursuant to the Nonprofit Public Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code). In 1986, an amendment to its articles of incorporation changed the name of the Corporation to the Banning Public Facilities Corporation. It exists for the purposes of participating with the City of Banning in projects to improve the health, safety and welfare of the City and its residents, purchasing and leasing real and personal property in connection with such projects, and assisting the City in financing, acquiring and constructing such projects. It does not issue separate financial statements. Its activities are included with the City's activities in these financial statements.

The City of Banning Financing Authority (the Authority) was formed by a joint exercise of powers agreement between the City of Banning and the Banning Redevelopment Agency. It was established November 12, 2003 under Article 1 (commencing with Section 6500) of the Joint Powers Law of the State of California for the purpose of providing an entity to assist in providing financing for the City and the Agency. Separate financial statements are not prepared for the Authority.

The Banning Utility Authority (the Utility Authority) was formed on July 12, 2005, pursuant to a joint exercise of powers agreement between the City of Banning and the Banning Redevelopment Agency. The purpose of the Utility Authority is to provide for the lease, ownership, operation, management and maintenance of the City owned Water and Wastewater Utility Systems, and the financing of Public Capital Improvements or Working Capital Requirements relating to the Water and Wastewater Utility Systems. Separate financial statements are not prepared for the Utility Authority. Its activities are included with the City's activities in these financial statements.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**c. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for gas tax which is 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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



**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Capital Improvement Fund is used to account for a variety of capital improvement projects throughout the City.
- The Redevelopment Agency Capital Projects Fund accounts for financial resources used for the acquisition of major capital facilities.
- The Redevelopment Agency Debt Service Fund accounts for the Agency's tax increment revenues and debt service expenditures.

The City reports the following major proprietary funds:

- The Banning Utility Authority Water Fund is used to account for the construction, operation and maintenance of the City's water service area.
- The Electric Utility Fund is used to account for the costs of labor and materials used in the maintenance, construction and consumption of electric services throughout the City.
- The Banning Utility Authority Wastewater Fund is used to account for the costs of labor and materials, construction and consumption of wastewater services within the City's wastewater service area.

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- The Capital Projects Funds account for the financial resources to be used for the acquisition or construction of major capital facilities.
- The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- Internal Service Funds are used to account for the financing of goods or services provided by one department or agency for other departments or agencies of the City, or to other governments, on a cost reimbursement basis.
- The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City's agency funds account for assessments levied for debt service on bond issues which are not a debt of the City.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Certain indirect costs are included in the program expense reported for individual functions and activities.

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 and of the Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**d. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments and Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the fiscal year in which the change occurred. All investments have been stated at fair value.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

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 expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The noncurrent portion of receivables related to revenue is set up as deferred revenue and recognized as revenue when the receivables become current. The noncurrent portion of loans and other receivables are offset by fund balance reserve accounts. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations are established by the Assessor of the County of Riverside for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies are limited to 1% of appraised value, which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as they exist at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments; the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10, and the second is due on January 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payment.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Tax Levy Apportionments are due to the nature of the citywide maximum levy. It is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees for the State of California fiscal year 1990-1991 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded net of administrative fees withheld during the fiscal year.

**Inventories and Prepaid Items**

Inventories of materials and supplies (if material) are carried at cost on a first-in, first-out (FIFO) basis. The City uses the consumption method of accounting for inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Structures	20 - 50
Improvements	15 - 25
Machinery and Equipment	3 - 25
Vehicles	5 - 10
Infrastructure	40 - 50
Airport Master Plan	10 - 20
Utility Plant	20 - 60

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**Compensated Absences**

Compensated absences are the amounts due to employees for future absences that are attributable to services already rendered. The City has determined that no current liability exists for compensated absences; therefore, the liability for governmental activities is shown only in the government-wide statements. For Proprietary Funds the liability for compensated absences, if any, is segregated between short-term and long-term as indicated above and both portions are reflected in the fund involved.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Sick leave is payable when an employee is unable to work because of illness or upon termination. Compensatory time and holiday pay are payable at the time leave is taken or upon termination.

The vested portion of these compensated absences is accrued in the Government-Wide statements and is also accrued in proprietary funds at year-end.

The following are summaries of the City's compensated leave policies:

Compensatory Time may be accrued in the following manner: Police up to 80 hours, general employees up to 320 hours, exempt managers receive 80 hours per year that may be accrued without limit, non-exempt managers and utility employees can accrue up to 240 hours of compensatory time. All compensatory time is payable to the employee upon termination at the rate of pay at termination. Utility employees may cash out 40 hours of compensatory time, sick, or vacation or any combination thereof annually. Management employees may elect to cash out 60 hours per year.

Sick Leave accrues to employees in the following manner: Police employees accrue sick leave without limit, each employee may be eligible to convert up to 40 hours of unused sick leave to vacation each year, and after 10 years of service to the City, each employee, upon voluntary separation or involuntary disability, shall be eligible to be paid 40% of accrued sick leave. General union personnel shall accrue sick leave without limit. Upon termination, voluntary or involuntary, or disability, each employee after 10 years of continuous service shall be eligible to receive up to 30% of unused sick leave. Managers shall accrue sick leave without limit. Annually, managers may receive a 96-hour sick leave pay off. Upon separation, service retirement, disability retirement or termination, each employee is eligible to receive payment for up to 96 hours of accrued sick leave and after 10 years of service, up to 30% of accrued sick leave over 96 hours. Utility personnel can accrue sick leave without limit. Annually, utility employees may receive an 80-hour sick leave pay off. Upon voluntary separation or involuntary disability, each employee may receive a cash payment for up to 80 hours of accrued sick leave, in addition, after 10 years of service, 30% of any hours accrued over 80 hours shall be paid. General employees may elect to receive a buyout of 40 hours of sick, vacation or compensatory time, or any combination thereof, annually. Beginning with the 11th year of service, all employees have the option to convert their sick leave bank less 40 hours to deferred compensation or the City's Retiree Health Savings Plan. Upon separation, 100% of the value of unused sick leave - 40 hours can be contributed to deferred comp or the Retiree Health Savings Plan.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Vacation and Holiday Leave for police employees accrue according to a schedule set forth in a memorandum of understanding. After six months of employment, each employee is eligible to be paid for accrued vacation and holiday leave. Maximum accrual for vacation is 320 hours and 336 hours for non-supervisory and supervisory personnel, respectively. Holiday leave may be accrued to a maximum of 160 hours.

Union personnel accrue vacation leave in accordance with schedules set forth in a memorandum of understanding. Upon termination, all union personnel with at least six months service will be paid for all accrued hours. Vacation leave accrues up to a maximum of 320 hours.

All members of the Association of Managers accrue vacation and holiday leave in accordance with schedules set forth in a memorandum of understanding. All accrued vacation and holiday leave shall be paid upon termination up to a maximum of 320 hours for vacation and an unlimited amount of hours for holiday after six months of service.

Utility employees accrue vacation leave in accordance with a schedule set forth in a memorandum of understanding. Vacation shall accrue to the maximum of 320 hours. Any employee that terminates after six months of service shall be paid for all accrued hours. Employees may cash out vacation time annually as follows:

	<u>Hours</u>
Managers	80
Police	40

**Claims and Judgments**

Both the long-term and short-term liability for claims and judgments payable are reported in an internal service fund. The short-term liability, which will be liquidated with expendable available financial resources, is the amount of settlement reached, but unpaid related to claims and judgments entered.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**e. Reconciliation of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance - governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debt has not been included in the governmental fund activity." The detail of the (\$46,792,821) long-term debt difference is as follows:

Long-term debt:	
Certificates of participation payable	\$ (4,750,000)
Tax allocation bonds payable	(42,590,000)
Deferred discount on bonds	
(to be amortized over life of debt)	851,849
Loan from Electric Fund	<u>(304,670)</u>
Net adjustment to reduce fund balance of total	
governmental funds to arrive at net assets of	
governmental activities	<u><u>\$ (46,792,821)</u></u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "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." The detail of this \$15,745,448 difference is as follows:

Capital outlay	\$ 20,456,916
Less: depreciation expense	<u>(4,711,468)</u>
Net adjustment to increase net changes in fund balances -	
total governmental funds to arrive at changes in net	
assets of governmental activities	<u><u>\$ 15,745,448</u></u>

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$316,346 difference are as follows:

Debt issued or incurred:	
Loan from Electric Fund	\$ (304,670)
Principal repayments:	
Certificates of participation	250,000
Tax allocation bonds	380,000
Amortization of bond discount	<u>(8,984)</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 316,346</u>

**II. STEWARDSHIP**

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

**a. Budgets and Budgetary Accounting**

The City Council has the responsibility for adoption of the City's budgets. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one-year contracts with an option for renewal for another fiscal year.

Budgetary comparison is provided in the accompanying financial statements for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds. Budgeted revenue and expenditure amounts shown represent the City's originally adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP).



**City of Banning**  
**Notes to Financial Statements (Continued)**

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

**b. Encumbrances**

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, are employed as an extension of formal budgetary integration in the governmental fund types. Encumbrances outstanding at the end of the year are cleared out and re-appropriated in the following year's budget.

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

As of June 30, 2008, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 69,862,032
Business-type activities	101,948,013
Fiduciary funds	<u>1,213,194</u>
Total Cash and Investments	<u><u>\$ 173,023,239</u></u>

The City of Banning maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

**Deposits**

At June 30, 2008, the carrying amount of the City's deposits was \$2,120,348, and the bank balance was \$1,670,814. The \$449,534 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 3: Cash and Investments (Continued)**

Investments

Under provision of the City's investment policy and in accordance with the California Government Code, the following investments are authorized:

- Securities issued or guaranteed by the U.S. Treasury or agencies of the United States Government
- Bank certificates of deposit
- Shares of savings certificates of savings and loan associations
- Mortgage backed securities
- State of California Local Agency Investment Fund

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for certain investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy does not limit investments in Federal Agency Securities to ratings issued by nationally recognized statistical rating organizations. As of June 30, 2008, the City's investments in Federal Agency Securities consisted of investments in Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes and Federal National Mortgage Corporation. At June 30, 2008, all Federal Agency Securities were rated "AAA" by Standard & Poor's. All securities were investment grade and were legal under State and City law. As of June 30, 2008, the City's investments in external investment pools are unrated.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 3: Cash and Investments (Continued)**

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2008, none of the City's deposits or investments was exposed to custodial credit risk.

**Concentration of Credit Risk**

The City's investment policy imposes restrictions on the percentage that the City can invest in certain types of investments. As of June 30, 2008, in accordance with GASB 40 requirements, the City has not invested more than 5% of its total investments in any one issuer. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

**Interest Rate Risk**

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2008, the City had the following investments and maturities:

Investment Type	Remaining Investment Maturities					Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	
Federal Agency Securities	\$ 10,000,200	\$ 937,432	\$ 12,086,599	\$ -	\$ -	\$ 23,024,231
Local Agency Investment Fund	50,697,249	-	-	-	-	50,697,249
Cash with Fiscal Agents:						
Money Market	36,399,101	-	-	-	-	36,399,101
Federal Agency Securities	-	-	-	-	-	-
U.S T-Note	986,854	-	-	-	-	986,854
Repurchase agreement	23,226,143	-	36,046,751	-	-	59,272,894
Investment agreement	-	-	-	-	522,562	522,562
<b>Total</b>	<b>\$ 121,309,547</b>	<b>\$ 937,432</b>	<b>\$ 48,133,350</b>	<b>\$ -</b>	<b>\$ 522,562</b>	<b>\$ 170,902,891</b>

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 4: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2008, is as follows:

Due To/From Other Funds

Funds	Due To Other Funds			Total
	Capital Improvement Fund	RDA Debt Service Fund	Other Governmental Funds	
Due From Other Funds:				
General Fund	\$ 63,518	\$ 1,300,000	\$ -	\$ 1,363,518
BUA Wastewater Fund	-	-	439,340	439,340
Total	<u>\$ 63,518</u>	<u>\$ 1,300,000</u>	<u>\$ 439,340</u>	<u>\$ 1,802,858</u>

The interfund balances were the results of routine interfund transactions not cleared prior to year-end.

Advances To/From Other Funds

Funds	Advances to Other Funds:		
	Electric Utility	BUA Wastewater Utility	Total
Advances from Other Funds:			
RDA Debt Service	\$ 382,345	\$ -	\$ 382,345
Nonmajor Enterprise Funds	-	56,245	56,245
Total	<u>\$ 382,345</u>	<u>\$ 56,245</u>	<u>\$ 438,590</u>

During the current and previous fiscal years, the City of Banning has made loans to the Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated with the next fiscal year. As of June 30, 2008, loans to and accrued unpaid interest owed on those loans was \$382,345. The Airport Enterprise Fund has received funds from the Wastewater Utility Enterprise Fund for the acquisition of airport hangars. The outstanding balance at June 30, 2008, was \$56,245. There is no definite repayment information.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 4: Interfund Receivables, Payables and Transfers (Continued)**

Interfund Transfers

Funds	Transfers In:				Totals
	General Fund	Capital Projects RDA	Debt Service RDA	Nonmajor Governmental Funds	
Transfers Out:					
General	\$ -	\$ -	\$ -	\$ 620,063	\$ 620,063
Capital Improvement	13,048	-	-	-	13,048
Capital Projects RDA	9,335	-	193,183	-	202,518
Debt Service RDA	-	2,065,670	-	-	2,065,670
Nonmajor Governmental Funds	505,938	-	-	87,293	593,231
Water Utility	4,668	-	-	273,000	277,668
Electric Utility	4,668	-	-	5,000	9,668
Nonmajor Proprietary Funds	-	-	-	55,000	55,000
Totals	<u>\$ 537,657</u>	<u>\$ 2,065,670</u>	<u>\$ 193,183</u>	<u>\$ 1,040,356</u>	<u>\$ 3,836,866</u>

During the year, certain funds made payments to the General Fund for project costs and to reimburse expenditures made by the General Fund on behalf of the other funds. These transfers to the General Fund for the year were \$537,657.

Amounts were transferred from the Capital Projects RDA Fund to the Debt Service RDA Fund for the Low and Moderate Housing portion of debt service. Amounts were transferred from the Debt Service RDA Fund to the Capital Projects RDA Fund for administrative costs.

Transfers out of the General, Water, Electric, Nonmajor Governmental Funds, Nonmajor Proprietary Funds and Internal Service Funds to other Nonmajor Governmental Funds are to pay certain costs incurred in other Nonmajor governmental funds.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 5: Changes in Capital Assets**

Capital asset activity for the year ended June 30, 2008, is as follows:

	Beginning Balance	Adjustments*	Adjusted Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 3,093,600	\$ -	\$ 3,093,600	\$ 3,282,770	\$ -	\$ -	\$ 6,376,370
Construction-in-progress	8,343,747	40	8,343,787	5,249,837	-	(7,665,624)	5,928,000
Total Capital Assets, Not Being Depreciated	11,437,347	40	11,437,387	8,532,607	-	(7,665,624)	12,304,370
Capital assets, being depreciated:							
Buildings and structures	11,334,316	(1,824)	11,332,492	73,513	-	16,284	11,422,289
Land improvements	2,395,622	-	2,395,622	17,996	-	4,449,209	6,862,827
Machinery and equipment	3,458,378	-	3,458,378	129,843	-	-	3,588,221
Vehicles	4,239,428	-	4,239,428	71,946	30,301	-	4,281,073
Infrastructure	94,898,590	-	94,898,590	11,694,125	-	3,200,131	109,792,846
Total Capital Assets, Being Depreciated	116,326,334	(1,824)	116,324,510	11,987,423	30,301	7,665,624	135,947,256
Less accumulated depreciation:							
Buildings and structures	7,721,083	-	7,721,083	394,674	-	-	8,115,757
Land improvements	1,411,146	-	1,411,146	196,277	-	-	1,607,423
Machinery and equipment	2,721,066	-	2,721,066	322,714	-	-	3,043,780
Vehicles	2,311,946	-	2,311,946	466,638	30,301	-	2,748,283
Infrastructure	27,948,866	23,257	27,972,123	3,394,632	-	-	31,366,755
Total Accumulated Depreciation	42,114,107	23,257	42,137,364	4,774,935	30,301	-	46,881,998
Total Capital Assets, Being Depreciated, Net	74,212,227	(25,081)	74,187,146	7,212,488	-	7,665,624	89,065,258
Governmental Activities Capital Assets, Net	\$ 85,649,574	\$ (25,041)	\$ 85,624,533	\$ 15,745,095	\$ -	\$ -	\$ 101,369,628

\*Adjustments made to adjust prior year's accumulated depreciation and to agree to clients capital assets reports.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 5: Changes in Capital Assets (Continued)**

	Beginning Balance	Adjustments*	Adjusted Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:							
Capital assets, not being depreciated:							
Land	\$ 1,184,229	\$ -	\$ 1,184,229	\$ -	\$ -	\$ -	\$ 1,184,229
Construction-in-progress	4,786,091	-	4,786,091	20,562,637	44,854	(10,723)	25,293,151
Total Capital Assets, Not Being Depreciated	5,970,320	-	5,970,320	20,562,637	44,854	(10,723)	26,477,380
Capital assets, being depreciated:							
Airport master plan	38,875	-	38,875	-	-	-	38,875
Buildings and structures	519,247	-	519,247	-	-	-	519,247
Land improvements	2,074,939	-	2,074,939	-	-	-	2,074,939
Machinery and equipment	29,106	-	29,106	-	-	-	29,106
Utility plant	107,025,885	294,536	107,320,421	5,392,073	-	10,723	112,723,217
Infrastructure	294,536	(294,536)	-	-	-	-	-
Total Capital Assets, Being Depreciated	109,982,588	-	109,982,588	5,392,073	-	10,723	115,385,384
Less accumulated depreciation:							
Airport master plan	38,875	-	38,875	-	-	-	38,875
Buildings and structures	350,253	-	350,253	8,020	-	-	358,273
Land improvements	846,581	-	846,581	98,935	-	-	945,516
Machinery and equipment	6,016	-	6,016	5,035	-	-	11,051
Utility plant	43,912,388	8,345	43,920,733	3,165,776	-	-	47,086,509
Total Accumulated Depreciation	45,154,113	8,345	45,162,458	3,277,766	-	-	48,440,224
Total Capital Assets, Being Depreciated, Net	64,828,475	(8,345)	64,820,130	2,114,307	-	10,723	66,945,160
Business-type Activities Capital Assets, Net	\$ 70,798,795	\$ (8,345)	\$ 70,790,450	\$ 22,676,944	\$ 44,854	\$ -	\$ 93,422,540

\* To properly classify the amount to the correct capital asset type.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 5: Changes in Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the primary government is as follows:

Governmental Activities:	
General government	\$ 239,665
Public safety	682,798
Public works	3,573,268
Parks and recreation	215,737
Internal service funds	63,467
Total Depreciation Expense - Governmental Activities	<u>\$ 4,774,935</u>
Business-Type Activities:	
Airport	\$ 108,055
Transit	209,529
Banning Utility Authority Water	1,048,832
Electric Utility	1,016,614
Banning Utility Authority Wastewater	890,801
Refuse Utility	3,935
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,277,766</u>

**Note 6: Accounts Receivable**

Accounts receivable for Enterprise Funds are shown net of applicable allowances for doubtful accounts. The accounts receivable and respective allowances are as follows:

	Gross Receivable	Allowance For Doubtful Accounts	Net Receivable
Water	\$ 1,202,396	\$ (11,449)	\$ 1,213,845
Electric	3,705,376	(48,884)	3,754,260
Wastewater	319,583	(6,865)	326,448
Airport	905	-	905
Transit	2,149	-	2,149
Refuse	420,196	(5,509)	425,705
	<u>\$ 5,650,605</u>	<u>\$ (72,707)</u>	<u>\$ 5,723,312</u>

**Note 7: Loans Receivable**

The City has entered into various loan agreements with various employees of the City. The amounts loaned to employees are for purchases of computers and firearms. The loans are non-interest bearing and are repaid through payroll withholding.

\$ 364,876



**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 8: Deposits with Other Agencies**

On August 14, 2001, the City of Banning adopted Resolution 2001-85, approving the Utility Services Agreement between the City of Banning and the City of Riverside. Under this agreement, the City of Riverside shall provide scheduling, dispatching and other related electric utility services to the City. The implementation of this agreement required the payment of a refundable deposit by the City of Banning to the City of Riverside. The amount of deposit with the City of Riverside as of June 30, 2008, amounted to \$1,364,583.

**Note 9: Long-Term Debt**

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2008:

	Balance at July 1, 2007	Incurred	Retired	Balance at June 30, 2008	Due Within One Year
<b>Governmental Activities:</b>					
1997 Refunding COPs	\$ 5,000,000	\$ -	\$ 250,000	\$ 4,750,000	\$ 265,000
2003 Tax Allocation Bonds	13,005,000	-	380,000	12,625,000	400,000
2007 Tax Allocation Bonds	29,965,000	-	-	29,965,000	-
Loan from Electric Fund	-	304,670	-	304,670	-
Employee Benefits Payable:					
Governmental Funds	1,345,619	334,661	344,696	1,335,584	346,287
Internal Service Funds	179,353	55,608	58,147	176,814	48,776
Claims & Judgment	921,337	585,539	570,828	936,048	234,012
Total	<u>\$ 50,416,309</u>	<u>\$ 1,280,478</u>	<u>\$ 1,603,671</u>	50,093,116	<u>\$ 1,294,075</u>
Less:					
Unamortized original issue discount				(851,849)	
Net Governmental Activities				<u>\$ 49,241,267</u>	
<b>Business-Type Activities:</b>					
Loans Payable	\$ 3,532,897	\$ -	\$ 212,433	\$ 3,320,464	\$ 217,957
2005 Water Revenue Bond	34,495,000	-	310,000	34,185,000	640,000
2005 Wastewater Revenue Bond	6,715,000	-	120,000	6,595,000	245,000
Electric Revenue Bond	-	45,790,000	-	45,790,000	725,000
Employee Benefits Payable	621,083	198,393	280,279	539,197	243,326
Total	<u>\$ 45,363,980</u>	<u>\$ 45,988,393</u>	<u>\$ 922,712</u>	90,429,661	<u>\$ 2,071,283</u>
Less:					
Unamortized original issue premium				1,957,377	
Unamortized original issue discount				(115,952)	
Unamortized loss on defeasance				(734,962)	
Net Business-Type Activities				<u>\$ 91,536,124</u>	

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

**a. 1997 Refunding Certificates of Participation**

On February 21, 1997, the Banning Redevelopment Agency issued \$6,810,000 in Refunding Certificates of Participation with an average interest rate of 4.90% to advance refund \$6,150,000 of outstanding 1990 Certificates of Participation with an average interest rate of 7.01%, the proceeds of which were used to construct the City administration building and certain capital improvements, and acquire related equipment. The net proceeds of \$6,431,045 (after payment of \$378,955 in issuance costs), plus an additional \$242,642 of the 1990 Certificates sinking fund, was used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 Certificates. As a result, the 1990 Certificates of Participation are considered to be defeased and the liability for those Certificates has been removed from long-term debt.

The Agency advance refunded the 1990 Certificates to reduce its total debt service payments over the next 24 years by approximately \$857,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$261,150.

The 1997 Certificates of Participation represent proportionate undivided interests of the registered owners thereof in lease payments to be made by the City to the Agency under the lease agreement. The City will lease certain real property and improvements located in the City to the Agency pursuant to a Site Lease dated as of March 1, 1997. The Agency will lease the leased property to the City pursuant to a Lease Agreement dated as of March 1, 1997, by and between the City and the Agency.

Pursuant to an Assignment Agreement dated March 1, 1997, between the Agency and the Trustee, the Agency will assign to the Trustee, for the benefit of the owners of the Certificates, all of its rights, title and interest in and to the Site Lease and the Lease Agreement. Pursuant to the Trust Agreement, the Trustee is to distribute lease payments received from the City as principal and interest represented by the Certificates. A reserve fund was established in the amount of \$522,615 from the Certificate proceeds for the benefit of the City and as security for the Certificate owners.

The Certificates maturing from 1997 to 2011, are serial certificates payable in annual installments of \$45,000 to \$305,000, while the Certificates maturing between 2012 and 2020 are term certificates with sinking fund payments payable in annual installments of \$320,000 to \$495,000. Interest is payable semi-annually on each May 1 and November 1, commencing November 1, 1997, at rates ranging from 4.0% to 5.5% per annum. The outstanding principal balance at June 30, 2008, was \$4,750,000.

The total debt service requirements to maturity with respect to the 1997 Certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 265,000	\$ 250,720	\$ 515,720
2010	275,000	237,083	512,083
2011	290,000	222,530	512,530
2012	305,000	206,908	511,908
2013	320,000	190,026	510,026
2014-2018	1,890,000	657,526	2,547,526
2019-2023	1,405,000	118,662	1,523,662
Total	<u>\$ 4,750,000</u>	<u>\$ 1,883,455</u>	<u>\$ 6,633,455</u>

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

**b. 2003 Tax Allocation Bonds**

On December 16, 2003, the Banning Public Financing Authority issued \$14,095,000 in Tax Allocation Bonds. The proceeds were used to currently refund the Agency's \$4,130,000 Series 1992 Tax Allocation Bonds and to finance various redevelopment activities.

The bonds consist of serial bonds maturing in the years 2004 to 2018 payable August 1 in annual installments of \$360,000 to \$570,000. The bonds bear interest at 2.0% to 5.0%. Bonds maturing after August 1, 2018, in the amount of \$7,485,000 are term bonds and bear interest at 5.0%.

Serial bonds maturing on or after August 1, 2014, are subject to redemption in whole or in part at the option of the Agency from any available source of funds. Term bonds maturing on August 1, 2023 and 2028, are subject to mandatory redemption in part by lot from sinking fund payments made by the Agency.

A reserve fund was established in the amount of \$972,264 from the bond proceeds for the benefit of the City and as security for the Bond owners. The bonds are further secured by a financial guarantee insurance policy. The bonds are a special obligation of the Banning Redevelopment Agency payable from tax revenues. The amount of bonds outstanding at June 30, 2008, totaled \$12,625,000.

Year Ending June 30,	Principal	Interest	Total
2009	\$ 390,000	\$ 575,801	\$ 965,801
2010	400,000	564,439	964,439
2011	410,000	551,520	961,520
2012	425,000	536,898	961,898
2013	440,000	518,195	958,195
2014-2018	2,505,000	2,284,363	4,789,363
2019-2023	3,135,000	1,635,735	4,770,735
2024-2028	3,995,000	749,875	4,744,875
2029-2033	925,000	23,125	948,125
Total	<u>\$ 12,625,000</u>	<u>\$ 7,439,951</u>	<u>\$ 20,064,951</u>

**c. 2007 Tax Allocation Bonds**

On May 15, 2007, the Banning Public Financing Authority issued \$29,965,000 in Tax Allocation Bonds. The proceeds were used to provide funds for the redevelopment activities of the Agency, to fund a reserve fund for the Bonds and pay the expenses of the Agency in connection with the issuance of the Bonds.

The bonds consist of serial bonds maturing in the years 2009 to 2030 payable August 1 in annual installments of \$245,000 to \$1,805,000. The bonds bear interest at 4.0% to 4.25%. Bonds maturing after August 1, 2030, in the amount of \$9,500,000 are term bonds and bear interest at 4.375%.

Serial bonds maturing on or after August 1, 2014, are subject to redemption prior to maturity, in whole or in part at the option of the Agency from any available source of funds. Term bonds maturing on August 1, 2037, are subject to mandatory redemption in part or by lot from sinking fund payments made by the Agency. The amount of bonds outstanding at June 30, 2008, totaled \$29,965,000.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

Year Ending June 30,	Principal	Interest	Total
2009	\$ -	\$ 1,243,191	\$ 1,243,191
2010	245,000	1,238,291	1,483,291
2011	365,000	1,227,004	1,592,004
2012	505,000	1,210,516	1,715,516
2013	570,000	1,189,016	1,759,016
2014-2018	3,740,000	5,551,201	9,291,201
2019-2023	4,515,000	4,766,928	9,281,928
2024-2028	5,515,000	3,745,444	9,260,444
2029-2033	7,610,000	2,308,875	9,918,875
2034-2038	6,900,000	736,313	7,636,313
Total	<u>\$ 29,965,000</u>	<u>\$ 23,216,779</u>	<u>\$ 53,181,779</u>

**d. Interfund Loan Payable - Electric Fund**

On July 24, 2007, the City entered into an interfund loan agreement with the Electric Fund. The loan was to provide the City with funding for desired technological upgrades. The loan amount is up to \$395,000 but the Electric Fund will only provide funding for actual expenditures spent during the current fiscal year. The loan is not subject to interest and there is no set repayment schedule. The outstanding loan balance at June 30, 2008, was \$304,670. The loan is recorded in the General Fund.

**e. 2005 Water Revenue Bonds**

On December 8, 2005, the Banning Utility Authority issued \$35,635,000 in Water Enterprise Revenue Bonds, Refunding and Improvement Projects. The Proceeds of these Bonds were utilized to refund and defease \$2,475,000 in 1986 Water Utility Fund Certificates of Participation and \$1,890,000 in 1989 Water Utility Fund Certificates of Participation and to provide additional funds to pay for certain capital project improvements.

As a result, the 1986 and 1989 Water Utility Fund Certificates of Participation are considered to be defeased and the liability for those bonds has been removed from long-term debt. The advance refunding resulted in a decrease in the Authority's debt service payments over the next 14 years of approximately \$1,050,648. The economic gain (difference between the present values of the debt service payments on the old and new debt) amounts to approximately \$686,786.

The bonds consist of serial bonds maturing in the years 2006 to 2020 are payable November 1 in annual installments of \$620,000 to \$1,025,000. The bonds bear interest at 3.25% to 4.5%. Bonds maturing after November 1, 2020, in the amount of \$23,585,000 are term bonds and bear interest at 5.25%. The total debt service payment requirements with respect to the above bonds are as follows:

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

Year Ending June 30,	Principal	Interest	Total
2009	\$ 640,000	\$ 1,656,613	\$ 2,296,613
2010	665,000	1,633,775	2,298,775
2011	685,000	1,608,438	2,293,438
2012	715,000	1,580,438	2,295,438
2013	740,000	1,551,338	2,291,338
2014-2018	4,200,000	7,257,413	11,457,413
2019-2023	5,170,000	6,250,500	11,420,500
2024-2028	6,595,000	4,777,456	11,372,456
2029-2033	8,515,000	2,805,994	11,320,994
2034-2038	6,260,000	504,263	6,764,263
Sub-total	34,185,000	<u>\$ 29,626,228</u>	<u>\$ 63,811,228</u>
Less:			
Unamortized original issue premium	1,389,734		
Unamortized loss on defeasance	<u>(441,356)</u>		
Total	<u>\$ 35,133,378</u>		

**f. 2005 Wastewater Revenue Bonds**

On December 8, 2005, the Banning Utility Authority issued \$7,100,000 in Wastewater Enterprise Revenue Bonds, Refunding and improvement projects. The Proceeds of these Bonds were utilized to refund and defease \$1,895,000 in 1989 Wastewater Utility Fund Certificates of Participation and to provide additional funds to pay for certain capital project improvements.

As a result, the 1989 Wastewater Utility Fund Certificates of Participation are considered to be defeased and the liability for those bonds has been removed from long-term debt. The advance refunding resulted in a decrease in the Authority's debt service payments over the next 14 years of approximately \$1,550,638. The economic loss (difference between the present values of the debt service payments on the old and new debt) amounts to approximately \$404,306.

The bonds consist of serial bonds maturing in the years 2006 to 2020 are payable November 1 in annual installments of \$135,000 to \$265,000. The bonds bear interest at 3.25% to 4.5%. Bonds maturing between November 1, 2021 and November 1, 2025, in the amount of \$1,100,000 are term bonds and bear interest at 4.5%. Bonds maturing between November 1, 2026 and November 1, 2035, in the amount of \$3,105,000 are term bonds and bear interest at 4.625%.

The total debt service payment requirements with respect to the above bonds are as follows:

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

Year Ending June 30,	Principal	Interest	Total
2009	\$ 245,000	\$ 280,034	\$ 525,034
2010	250,000	271,741	521,741
2011	265,000	262,854	527,854
2012	135,000	255,753	390,753
2013	140,000	250,664	390,664
2014-2018	795,000	1,163,773	1,958,773
2019-2023	970,000	982,575	1,952,575
2024-2028	1,205,000	742,034	1,947,034
2029-2033	1,510,000	430,588	1,940,588
2034-2038	1,080,000	76,313	1,156,313
Sub-total	6,595,000	<u>\$ 4,716,329</u>	<u>\$ 11,311,329</u>
Less:			
Unamortized original issue discount	(115,952)		
Unamortized loss on defeasance	<u>(293,606)</u>		
Total	<u>\$ 6,185,442</u>		

**g. Loan Payable - California Water Resource Control Board**

On March 17, 1999, the City entered into a loan contract with the California Water Resource Control Board (Board). The loan was to provide the City with assistance for the Wastewater treatment facility upgrade project. The loan amount was \$4,658,883 and is subject to an interest rate of 2.6% per annum. The loan is to be repaid within 20 years through 20 equal annual installments of principal and interest. The outstanding loan balance at June 30, 2008, was \$3,320,464. The loan is recorded in the Wastewater Utility Enterprise Fund.

Year Ending June 30,	Principal	Interest	Total
2009	\$ 217,957	\$ 86,332	\$ 304,289
2010	223,624	80,665	304,289
2011	229,438	74,851	304,289
2012	235,403	68,886	304,289
2013	241,524	62,765	304,289
2014-2018	1,305,141	216,302	1,521,443
2019-2023	867,377	45,489	912,866
Total	<u>\$ 3,320,464</u>	<u>\$ 635,290</u>	<u>\$ 3,955,754</u>

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

**h. Electric Revenue Bond**

In July 2007, the City of Banning Financing Authority issued \$45,790,000 in Revenue Bonds (Electric System Project) Series 2007. The proceeds of these bonds will be used to finance certain improvements to the electric system of the City of Banning. The bonds consist of serial bonds maturing in the years 2009 through 2029 and are payable June 1 in annual installments from \$725,000 through \$1,815,000. The bonds bear interest at 4.0% to 5.0%. The bonds also consist of term bonds maturing in the years 2025 through 2038 and are payable June 1 ranging in amounts between \$3,240,000 through \$15,025,000 and bearing interest between 4.5% to 5.0%

The total debt service payment requirements with respect to the above bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 725,000	\$ 2,249,788	\$ 2,974,788
2010	755,000	2,220,788	2,975,788
2011	785,000	2,190,588	2,975,588
2012	815,000	2,159,188	2,974,188
2013	850,000	2,126,588	2,976,588
2014-2018	4,875,000	9,993,325	14,868,325
2019-2023	6,220,000	8,655,000	14,875,000
2024-2028	7,915,000	6,936,500	14,851,500
2029-2033	10,035,000	4,758,500	14,793,500
2034-2038	12,815,000	1,984,750	14,799,750
Sub-total	45,790,000	<u>\$ 43,275,015</u>	<u>\$ 89,065,015</u>
Less:			
Unamortized original issue premium	<u>567,643</u>		
Total	<u>\$ 46,357,643</u>		

**Note 10: Compensated Absences**

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2008, was \$1,335,584, which includes \$176,814 recorded in the internal service funds. These amounts are payable from future resources and, therefore, have been recorded in the Statement of Net Assets. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used. For enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$539,197.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 11: Capitalized Lease Obligation**

Capital leases represent the acquisition or construction of a general capital asset. The acquisition or construction of the general capital asset will be recorded both as a capital expenditure and as another financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of long-term debt.

The City signed a capitalized lease agreement with the Banning Redevelopment Agency for the acquisition of the City administration building in March 1997. Under the terms of the lease, the City will make lease payments each year in an amount sufficient to pay the annual principal and interest due with respect to the \$6,810,000 1997 Refunding Certificates of Participation.

The Agency is treated as a component unit of the City. Therefore, this lease between the City and the Agency has been eliminated from these financial statements.

**Note 12: Assessment District and Community Facilities District Bonds**

Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Municipal Improvement Acts of 1911, 1913 and 1915, as well as the Mello-Roos Community Facilities District Act, are liabilities of the property owners and are secured by liens against the assessed properties. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders. Neither the faith and credit, nor the taxing power, of the City of Banning or the Agency has been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds are shown in the financial statements of the City.

	<u>Amount of Issue</u>	<u>Outstanding June 30, 2008</u>
AD 91-1 1992	\$ 3,422,134	\$ 1,300,000
AD 2004-1	2,898,000	2,800,000

**Note 13: Single Family Mortgage Revenue Bonds**

The Redevelopment Agency has issued mortgage revenue bonds as follows:

	<u>Outstanding Balance June 30, 2008</u>
Redevelopment Agency of the City of Banning Single Family Residential Mortgage Revenue Refunding Bonds	<u>\$ 340,000</u>



**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 13: Single Family Mortgage Revenue Bonds (Continued)**

The Bonds are special obligations payable solely from payments made on the loans and are secured by a pledge of such loans. Neither the faith and credit, nor the taxing power, of the City of Banning or the Agency has been pledged to the payment of the bonds; therefore, the bonds are not shown in the financial statements of the City.

**Note 14: Operating Lease**

In December 2005, the Banning Utility Authority entered into an operating lease with the City of Banning for the use of the City's water and wastewater systems. The lease agreement states that an initial payment of \$17,000,000 be paid to the City, with additional annual installments equal to the total surplus revenues and other funds pledged. The lease agreement is for a term of 55 years and the amount paid to the City over that time can not exceed the fair value of the water and wastewater systems. In 2005-2006, the Banning Utility Authority paid the City the initial payment of \$17,000,000. The Banning Utility Authority made a payment of \$250,000 during the fiscal year June 30, 2008.

**Note 15: Prior Period Adjustments**

Beginning fund balance has been restated as follows:

Proprietary Funds:

Enterprise Funds:

Banning Utility Authority Water	
To recognize refundable deposit balances from prior years.	\$ 360,390
Electric Utility	
To write-off a work-in-progress balance.	(15,000)
To record prior years depreciation expense.	(8,345)
Banning Utility Authority Wastewater	
To write-off a work-in-progress balance.	(25,354)
Other Enterprise Funds	
To write-off a work-in-progress balance.	(4,500)
Total Proprietary Funds	<u>\$ 307,191</u>

Beginning net assets has been restated as follows:

Governmental Activities:

To adjust for capital asset valuation	\$ (25,041)
Total Governmental Activities	<u>\$ (25,041)</u>

Business-Type Activities:

Enterprise funds restatement detailed above	\$ 307,191
Total Net Asset Restatements	<u>\$ 282,150</u>

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 16: City Employees Retirement Plan (Defined Benefit Pension Plan)**

**a. PERS**

Miscellaneous Plan

Plan Description

The City of Banning contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension 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.

Funding Policy

Participants are required to contribute 8% of their annual covered salary and the City contributes towards the employees' share per MOU agreements. The City's contribution varies according to unit as follows: 3.5% of 8% for part-time employees hired prior to February 1, 2002; 7% of 8% for general and utility employees; and 8% for managers, confidential, and executive employees. The City is also required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the year ended June 30, 2008, was 13.211% for miscellaneous employees. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

Annual Pension Cost

For the year ended June 30, 2008, the City's annual pension cost (employer contribution) of \$1,072,803 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information for PERS - Safety Plan			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)*</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligations</u>
6/30/2006	\$ 818,011	100%	\$ -
6/30/2007	942,052	100%	-
6/30/2008	1,072,803	100%	-

\* Employer contribution

The actuarial assumptions included: a) 7.75% investment rate of return (net of administrative expenses), b) 3.25% to 14.45% projected annual salary increases that vary by duration of service, and c) 3.25% per year cost-of-living adjustments. Both a) and b) included an inflation component of 3.00%. The actuarial value of PERS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and current service unfunded liability into single initial unfunded liability.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 16: City Employees Retirement Plan (Defined Benefit Pension Plan (Continued))**

Schedule of Funding Progress for PERS Miscellaneous Plan  
Most Current Available  
(Amounts in Thousands)

Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/05:	\$31,113	\$26,117	\$4,996	83.9 %	\$5,998	83.3 %
6/30/06:	33,927	28,522	5,405	84.1 %	6,768	79.9 %
6/30/07:	36,843	31,412	5,431	85.3 %	8,228	66.0 %

Safety Plan

Plan Description

The City of Banning contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension 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 State statute and City ordinance.

Funding Policy

Participants are required to contribute 9% of their annual covered salary, which is paid by the City per MOU agreements. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the year ended June 30, 2008, was 29.097% for safety employees. Benefit provisions and all other requirements are established by State statute and City contract with employee bargaining groups.

Annual Pension Cost

For the year ended June 30, 2008, the City's annual pension cost (employer contribution) of \$971,279 for safety employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information for PERS - Safety Plan

Fiscal Year	Annual Pension Cost (APC)*	Percentage of APC Contributed	Net Pension Obligations
6/30/2006	\$ 867,761	100%	\$ -
6/30/2007	960,836	100%	-
6/30/2008	971,279	100%	-

\* Employer contribution

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 16: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)**

**b. PARS**

Plan Description

Effective July 2005, the City of Banning began participating in a Public Agency Retirement System (PARS) program, which is a defined contribution retirement plan for part-time, seasonal and temporary employees. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

As established by the plan, all eligible employees of the City will become participants in the plan from the date they are hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing benefits under the Public Employees Retirement System.

Funding Plan

Contributions made to the plan vest immediately. As determined by the plan, all members must contribute 7.5% of their gross earnings to the plan. The City is not required to contribute.

Annual Contributions

The amount of employee contributions was \$12,776 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was \$171,105.

**Note 17: Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employee. Participants' rights under the plan are equal to an amount equal to the fair market of the deferred account for each participant.

The City has no liability for losses under the plan.

**Note 18: Insurance Programs**

The City maintains self-insurance programs for workers' compensation and general liability. For general liability claims, the City is at risk for up to \$50,000 per occurrence; amounts in excess of \$50,000 up to \$40,000,000 are covered through the Public Entity Risk Management Authority (PERMA). For workers' compensation claims, the City is at risk for up to \$250,000 per occurrence. Losses exceeding \$250,000 up to statutory limits are covered by the PERMA under their risk-sharing pool program. Estimates for all liabilities, including an estimate for incurred but not reported claims (IBNR's), have been included in the Self-Insurance Internal Service Fund.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 18: Insurance Programs (Continued)**

PERMA also provides a non-risk sharing "deductible" or claims-servicing pool for general liability claims within the self-insured retention (SIR) level (\$50,000). Annual contributions are deposited with the Authority from which claims are paid on behalf of the City. Any claims paid by PERMA for the City in excess of deposits at year-end are recorded as "Due to Other Agencies" within the Self-Insurance Internal Service Fund.

In addition, the City makes deposits with PERMA for workers' compensation claims below the \$250,000 SIR from which claims are paid on behalf of the City.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2008, the amount of these liabilities was \$936,048. The amount represents an estimate of \$499,863 for reported claims through June 30, 2008, and \$436,185 of estimate incurred but not reported claims. This liability is the City's best estimate based on available information. There are no significant reductions in insurance coverages from prior years and, also, there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

Changes in the reported liability since June 30, 2008, resulted from the following:

<u>Year</u>	<u>Liability at Beginning</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End</u>
2007	\$ 457,184	\$ 986,360	\$ 522,207	\$ 921,337
2008	921,337	585,538	570,827	936,048

The City of Banning is a member of the Public Entity Risk Management Authority (a joint powers authority of 22 California cities, one Transit Agency and one other special district) for the purpose of pooling losses and claims of general liability with those of other member cities and agencies. The City continues to carry commercial companies for all other risks of loss.

**Note 19: Contingencies**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments and fees were imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 20: Commitments**

The City has entered into a joint venture agreement with nine other public entities for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation or transmission of electric energy. The Board of Directors of the Southern California Public Power Authority (SCPPA) consists of one member from each participating agency.

The City has entered into a Power Sales Contract with SCPPA. The City is a 1% participant in SCPPA and, therefore, under the contract, has a binding obligation to purchase 1% of the net energy generation of the project. The contract expires October 31, 2030. The City is obligated to pay for the power from the revenues of its electric system and cannot be offset or reduced if the project is not operating or if its output has been suspended (take or pay basis).

The revenue generated by SCPPA from each participant will be used to service the debt on the Power Project Revenue Bonds issued by SCPPA in the amount of \$2,173,447,000. The City's portion of the outstanding debt of SCPPA as of June 30, 2008, was \$53,342,000.

Summary financial information (audited) of SCPPA for the fiscal year ended June 30, 2008, follows:

	<u>Amounts (in thousands)</u>
Total Assets	\$ 2,390,400
Total Liabilities	<u>2,531,009</u>
Total Net Assets	<u>\$ (140,609)</u>
Beginning Net Assets	\$ (217,083)
Total Revenues (including investment)	501,765
Total Expenses (including debt and loss on refunding)	(427,255)
Net Contributions by Participants	<u>1,964</u>
Ending Net Assets	<u>\$ (140,609)</u>

Separate audited financial statements for SCPPA are available from SCPPA.

**Note 21: Subsequent Events**

ERAF Tax Increment Revenue Shift

On September 30, 2008, the California Legislature passed AB 1389, requiring a shift in tax increment revenues during fiscal year 2008-2009 to the state Educational Revenue Augmentation Fund (ERAF). It is estimated that the Agency's share of the ERAF shift for fiscal year 2008-2009 will amount to approximately \$392,038.

**City of Banning**  
**Notes to Financial Statements (Continued)**

**Note 21: Subsequent Events (Continued)**

Financial Concerns Relating to the California Economy

As indicated in the State of California's 2008-2009 Proposed Budget Summary – Economic Outlook:

“The California and national economies faced considerable headwinds - a deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices. Upward resets of subprime mortgage rates made payments unaffordable for many borrowers and helped push mortgage defaults and foreclosures to record levels. Several large financial institutions reported huge losses on subprime mortgages and securities backed by these mortgages. Uncertainty about how far the problems with these mortgages would spread increased financial market volatility and prompted lenders to tighten credit standards. The Federal Reserve injected liquidity into the financial markets and eased monetary policy on a number of occasions in the second half of the year, but as year-end neared, financial markets were still not functioning normally.”

While the values shown in the attached financial statements reflect those present at June 30, 2008, substantial changes have occurred in the economy in which the City and its component units operate. Therefore, the projection of the financial data for the City and its component units into future periods must recognize these factors and consider the effect of these on its operations and costs.

In September, 2008 certain financial institutions in the United States encountered difficulties, causing volatility in the financial markets. It is not possible to determine what effect the volatility of the financial markets could have on the fair value of this asset in future fiscal periods.

Land Purchases

The Agency purchased real property on August 25, 2008 and September 19, 2008, for \$600,000 and \$1,800,000, respectively.

## CITY OF BANNING

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2008

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk
<b>Assets:</b>				
Pooled cash and investments	\$ 248,523	\$ 807,269	\$ 141,084	\$ 5
Receivables:				
Accounts	460	-	-	-
Loans	179	-	-	-
Interest	2,358	5,365	906	-
Due from other governments	178,457	177,165	-	319,174
<b>Total Assets</b>	<b>\$ 429,977</b>	<b>\$ 989,799</b>	<b>\$ 141,990</b>	<b>\$ 319,179</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,057	\$ 251,331	\$ -	\$ 30,334
Accrued liabilities	22,902	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	95,961	-	-	-
Due to other funds	-	-	-	309,685
<b>Total Liabilities</b>	<b>120,920</b>	<b>251,331</b>	<b>-</b>	<b>340,019</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	96,212	-	75,842
Reserved for loans receivable	179	-	-	-
Reserved for special donations	-	-	-	-
Unreserved:				
Designated for continuing appropriations	150,000	120,371	-	-
Undesignated	158,878	521,885	141,990	(96,682)
<b>Total Fund Balances</b>	<b>309,057</b>	<b>738,468</b>	<b>141,990</b>	<b>(20,840)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 429,977</b>	<b>\$ 989,799</b>	<b>\$ 141,990</b>	<b>\$ 319,179</b>



## CITY OF BANNING

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2008

(Continued)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 101,467	\$ 240,373	\$ 2,382
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	-	554	1,502	15
Due from other governments	10,000	14,771	8,824	-
<b>Total Assets</b>	<b>\$ 10,000</b>	<b>\$ 116,792</b>	<b>\$ 250,699</b>	<b>\$ 2,397</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 4,417	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	11,797	-	-
Deposits payable	-	-	-	-
Due to other funds	10,000	-	-	-
<b>Total Liabilities</b>	<b>10,000</b>	<b>16,214</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for special donations	-	-	-	-
Unreserved:				
Designated for continuing appropriations	-	30,000	-	-
Undesignated	-	70,578	250,699	2,397
<b>Total Fund Balances</b>	<b>-</b>	<b>100,578</b>	<b>250,699</b>	<b>2,397</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,000</b>	<b>\$ 116,792</b>	<b>\$ 250,699</b>	<b>\$ 2,397</b>

## CITY OF BANNING

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2008

	Special Revenue Funds			
	San Gorgonio Gang Task Force	Supplemental Law Enforcement	Public Safety Sales Tax	State Park Bond Act
<b>Assets:</b>				
Pooled cash and investments	\$ 2,777	\$ 38,047	\$ 47,162	\$ 889
Receivables:				
Accounts	-	3,253	-	-
Loans	-	-	-	-
Interest	19	576	276	6
Due from other governments	-	-	18,225	-
<b>Total Assets</b>	<b>\$ 2,796</b>	<b>\$ 41,876</b>	<b>\$ 65,663</b>	<b>\$ 895</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for special donations	-	-	-	-
Unreserved:				
Designated for continuing appropriations	-	41,876	-	-
Undesignated	2,796	-	65,663	895
<b>Total Fund Balances</b>	<b>2,796</b>	<b>41,876</b>	<b>65,663</b>	<b>895</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,796</b>	<b>\$ 41,876</b>	<b>\$ 65,663</b>	<b>\$ 895</b>

## CITY OF BANNING

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2008

(Continued)

	Special Revenue Funds			
	Peacock Valley II	Special Donations	Senior Center Activities	Animal Control Reserve
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 21,266	\$ 70,560	\$ 4,668
Receivables:				
Accounts	-	1,080	-	-
Loans	-	-	-	-
Interest	-	-	458	30
Due from other governments	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 22,346</b>	<b>\$ 71,018</b>	<b>\$ 4,698</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 28	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	2,616	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>2,616</b>	<b>28</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for special donations	-	19,730	-	-
Unreserved:				
Designated for continuing appropriations	-	-	-	-
Undesignated	-	-	70,990	4,698
<b>Total Fund Balances</b>	<b>-</b>	<b>19,730</b>	<b>70,990</b>	<b>4,698</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 22,346</b>	<b>\$ 71,018</b>	<b>\$ 4,698</b>

## CITY OF BANNING

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2008

	Special Revenue Funds			
	Police Volunteer	D.A.R.E./ G.R.E.A.T.	Ramsey/ Highland Home Signal	Wilson Median Improvement
<b>Assets:</b>				
Pooled cash and investments	\$ 1,019	\$ -	\$ 76,779	\$ 359,274
Receivables:				
Accounts	-	35,310	-	-
Loans	-	-	-	-
Interest	9	-	493	2,307
Due from other governments	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,028</b>	<b>\$ 35,310</b>	<b>\$ 77,272</b>	<b>\$ 361,581</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,588	\$ -	\$ -
Accrued liabilities	-	6,955	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	16,515	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>25,058</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for special donations	-	-	-	-
Unreserved:				
Designated for continuing appropriations	-	10,252	-	-
Undesignated	1,028	-	77,272	361,581
<b>Total Fund Balances</b>	<b>1,028</b>	<b>10,252</b>	<b>77,272</b>	<b>361,581</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,028</b>	<b>\$ 35,310</b>	<b>\$ 77,272</b>	<b>\$ 361,581</b>

## CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

(Continued)

	Special Revenue Fund	Capital Projects Funds		
	Riverside County MOU	Police Facilities Development	Fire Facilities Development	Traffic Control Facilities
<b>Assets:</b>				
Pooled cash and investments	\$ 331,239	\$ 7,289	\$ 858,548	\$ 365,903
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	2,220	189	5,505	2,342
Due from other governments	-	-	-	-
<b>Total Assets</b>	<b>\$ 333,459</b>	<b>\$ 7,478</b>	<b>\$ 864,053</b>	<b>\$ 368,245</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 12,525
Accrued liabilities	5,189	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>5,189</b>	<b>-</b>	<b>-</b>	<b>12,525</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	8,475
Reserved for loans receivable	-	-	-	-
Reserved for special donations	-	-	-	-
Unreserved:				
Designated for continuing appropriations	-	-	-	8,475
Undesignated	328,270	7,478	864,053	338,770
<b>Total Fund Balances</b>	<b>328,270</b>	<b>7,478</b>	<b>864,053</b>	<b>355,720</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 333,459</b>	<b>\$ 7,478</b>	<b>\$ 864,053</b>	<b>\$ 368,245</b>

## CITY OF BANNING

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2008

	Capital Projects Funds			
	General Facilities	Park Development	Sunset Grade Separation	Total Governmental Funds
<b>Assets:</b>				
Pooled cash and investments	\$ 436,894	\$ 430,703	\$ -	\$ 4,594,120
Receivables:				
Accounts	-	-	-	40,103
Loans	-	-	-	179
Interest	2,817	2,764	-	30,711
Due from other governments	-	-	-	726,616
<b>Total Assets</b>	<b>\$ 439,711</b>	<b>\$ 433,467</b>	<b>\$ -</b>	<b>\$ 5,391,729</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 660	\$ 36,866	\$ 339,806
Accrued liabilities	-	-	-	35,046
Deferred revenues	-	-	-	11,797
Deposits payable	-	-	-	98,577
Due to other funds	-	-	103,140	439,340
<b>Total Liabilities</b>	<b>-</b>	<b>660</b>	<b>140,006</b>	<b>924,566</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	1,244,771	1,425,300
Reserved for loans receivable	-	-	-	179
Reserved for special donations	-	-	-	19,730
Unreserved:				
Designated for continuing appropriations	-	277,057	-	638,031
Undesignated	439,711	155,750	(1,384,777)	2,383,923
<b>Total Fund Balances</b>	<b>439,711</b>	<b>432,807</b>	<b>(140,006)</b>	<b>4,467,163</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 439,711</b>	<b>\$ 433,467</b>	<b>\$ -</b>	<b>\$ 5,391,729</b>

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## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk
<b>Revenues:</b>				
Taxes	\$ -	\$ 704,481	\$ -	\$ -
Intergovernmental	516,160	207,000	-	319,174
Charges for services	-	-	-	-
Use of money and property	19,322	35,622	5,442	706
Miscellaneous	2,099	-	-	-
<b>Total Revenues</b>	<b>537,581</b>	<b>947,103</b>	<b>5,442</b>	<b>319,880</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	933,722	-	-	-
Capital outlay	338,430	1,136,368	-	720,010
<b>Total Expenditures</b>	<b>1,272,152</b>	<b>1,136,368</b>	<b>-</b>	<b>720,010</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(734,571)	(189,265)	5,442	(400,130)
<b>Other Financing Sources (Uses):</b>				
Transfers in	549,636	-	-	255,455
Transfers out	(81,838)	(255,456)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>467,798</b>	<b>(255,456)</b>	<b>-</b>	<b>255,455</b>
Net Change in Fund Balances	(266,773)	(444,721)	5,442	(144,675)
Fund Balances, Beginning of Year	575,830	1,183,189	136,548	123,835
<b>Fund Balances, End of Year</b>	<b>\$ 309,057</b>	<b>\$ 738,468</b>	<b>\$ 141,990</b>	<b>\$ (20,840)</b>



## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

(Continued)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
<b>Revenues:</b>				
Taxes	\$ -	\$ 92,985	\$ -	\$ -
Intergovernmental	27,241	-	33,767	-
Charges for services	-	-	-	-
Use of money and property	-	1,947	8,539	92
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>27,241</b>	<b>94,932</b>	<b>42,306</b>	<b>92</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Parks and recreation	15,000	-	-	-
Public works	-	105,191	-	-
Capital outlay	12,241	-	-	-
<b>Total Expenditures</b>	<b>27,241</b>	<b>105,191</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(10,259)	42,306	92
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	67,265	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>67,265</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	57,006	42,306	92
Fund Balances, Beginning of Year	-	43,572	208,393	2,305
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 100,578</b>	<b>\$ 250,699</b>	<b>\$ 2,397</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	San Gorgonio Gang Task Force	Supplemental Law Enforcement	Public Safety Sales Tax	State Park Bond Act
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 238,418	\$ -
Intergovernmental	-	100,000	-	-
Charges for services	-	-	-	-
Use of money and property	117	5,642	1,827	5
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>117</b>	<b>105,642</b>	<b>240,245</b>	<b>5</b>
<b>Expenditures:</b>				
Current:				
Public safety	383	73,837	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	22,703	-	-
<b>Total Expenditures</b>	<b>383</b>	<b>96,540</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(266)	9,102	240,245	5
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(240,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(240,000)</b>	<b>-</b>
Net Change in Fund Balances	(266)	9,102	245	5
Fund Balances, Beginning of Year	3,062	32,774	65,418	890
<b>Fund Balances, End of Year</b>	<b>\$ 2,796</b>	<b>\$ 41,876</b>	<b>\$ 65,663</b>	<b>\$ 895</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

(Continued)

	Special Revenue Funds			
	Peacock Valley II	Special Donations	Senior Center Activities	Animal Control Reserve
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	610	-
Use of money and property	-	-	2,750	180
Miscellaneous	-	4,465	14,660	-
<b>Total Revenues</b>	<b>-</b>	<b>4,465</b>	<b>18,020</b>	<b>180</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Parks and recreation	-	25,250	11,987	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>25,250</b>	<b>11,987</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(20,785)	6,033	180
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	15,000	-	-
Transfers out	(2,016)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,016)</b>	<b>15,000</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(2,016)	(5,785)	6,033	180
Fund Balances, Beginning of Year	2,016	25,515	64,957	4,518
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 19,730</b>	<b>\$ 70,990</b>	<b>\$ 4,698</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	Police Volunteer	D.A.R.E./ G.R.E.A.T.	Ramsey/ Highland Home Signal	Wilson Median Improvement
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	116,741	-	-
Charges for services	-	-	-	-
Use of money and property	74	26	2,962	13,858
Miscellaneous	-	35,310	-	-
<b>Total Revenues</b>	<b>74</b>	<b>152,077</b>	<b>2,962</b>	<b>13,858</b>
<b>Expenditures:</b>				
Current:				
Public safety	3,482	144,804	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>3,482</b>	<b>144,804</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,408)	7,273	2,962	13,858
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,000	-	-	-
Transfers out	-	(13,921)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>3,000</b>	<b>(13,921)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(408)	(6,648)	2,962	13,858
Fund Balances, Beginning of Year	1,436	16,900	74,310	347,723
<b>Fund Balances, End of Year</b>	<b>\$ 1,028</b>	<b>\$ 10,252</b>	<b>\$ 77,272</b>	<b>\$ 361,581</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

(Continued)

	Special Revenue Fund	Capital Projects Funds		
	Riverside County MOU	Police Facilities Development	Fire Facilities Development	Traffic Control Facilities
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	300,000	-	-	-
Charges for services	-	-	-	-
Use of money and property	4,436	1,098	32,677	16,180
Miscellaneous	-	13,683	19,867	26,888
<b>Total Revenues</b>	<b>304,436</b>	<b>14,781</b>	<b>52,544</b>	<b>43,068</b>
<b>Expenditures:</b>				
Current:				
Public safety	126,166	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	12,525
Capital outlay	-	30,195	-	175,531
<b>Total Expenditures</b>	<b>126,166</b>	<b>30,195</b>	<b>-</b>	<b>188,056</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	178,270	(15,414)	52,544	(144,988)
<b>Other Financing Sources (Uses):</b>				
Transfers in	150,000	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	328,270	(15,414)	52,544	(144,988)
Fund Balances, Beginning of Year	-	22,892	811,509	500,708
<b>Fund Balances, End of Year</b>	<b>\$ 328,270</b>	<b>\$ 7,478</b>	<b>\$ 864,053</b>	<b>\$ 355,720</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

	Capital Projects Funds			Total Governmental Funds
	General Facilities	Park Development	Sunset Grade Separation	
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,035,884
Intergovernmental	-	-	-	1,620,083
Charges for services	-	-	-	610
Use of money and property	17,035	16,654	-	187,191
Miscellaneous	7,131	12,105	-	136,208
<b>Total Revenues</b>	<b>24,166</b>	<b>28,759</b>	<b>-</b>	<b>2,979,976</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	348,672
Parks and recreation	-	-	-	52,237
Public works	-	-	-	1,051,438
Capital outlay	19,336	16,131	140,006	2,610,951
<b>Total Expenditures</b>	<b>19,336</b>	<b>16,131</b>	<b>140,006</b>	<b>4,063,298</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,830	12,628	(140,006)	(1,083,322)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	1,040,356
Transfers out	-	-	-	(593,231)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447,125</b>
Net Change in Fund Balances	4,830	12,628	(140,006)	(636,197)
Fund Balances, Beginning of Year	434,881	420,179	-	5,103,360
<b>Fund Balances, End of Year</b>	<b>\$ 439,711</b>	<b>\$ 432,807</b>	<b>\$ (140,006)</b>	<b>\$ 4,467,163</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**GAS TAX STREET**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 575,830	\$ 575,830	\$ 575,830	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	520,000	280,000	516,160	236,160
Use of money and property	31,000	31,000	19,322	(11,678)
Miscellaneous	1,200	1,200	2,099	899
Transfers in	535,063	587,459	535,063	(52,396)
<b>Amounts Available for Appropriation</b>	<b>1,663,093</b>	<b>1,475,489</b>	<b>1,648,474</b>	<b>172,985</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	1,043,161	1,113,920	933,722	180,198
Capital outlay	-	437,953	338,430	99,523
Transfers out	67,265	67,265	67,265	-
<b>Total Charges to Appropriations</b>	<b>1,110,426</b>	<b>1,619,138</b>	<b>1,339,417</b>	<b>279,721</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 552,667</b>	<b>\$ (143,649)</b>	<b>\$ 309,057</b>	<b>\$ 452,706</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**MEASURE A**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 1,183,189	\$ 1,183,189	\$ 1,183,189	\$ -
<b>Resources (Inflows):</b>				
Taxes	720,000	660,000	704,481	44,481
Intergovernmental	-	207,000	207,000	-
Use of money and property	20,000	20,000	35,622	15,622
<b>Amounts Available for Appropriation</b>	<b>1,923,189</b>	<b>2,070,189</b>	<b>2,130,292</b>	<b>60,103</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	707,000	1,387,000	1,136,368	250,632
Transfers out	-	298,856	255,456	43,400
<b>Total Charges to Appropriations</b>	<b>707,000</b>	<b>1,685,856</b>	<b>1,391,824</b>	<b>294,032</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,216,189</b>	<b>\$ 384,333</b>	<b>\$ 738,468</b>	<b>\$ 354,135</b>



CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE

SB 300 STREET

YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 136,548	\$ 136,548	\$ 136,548	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	5,000	5,000	5,442	442
<b>Amounts Available for Appropriation</b>	<b>141,548</b>	<b>141,548</b>	<b>141,990</b>	<b>442</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 141,548</b>	<b>\$ 141,548</b>	<b>\$ 141,990</b>	<b>\$ 442</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**ARTICLE 3 SIDEWALK**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 123,835	\$ 123,835	\$ 123,835	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	412,174	319,174	(93,000)
Use of money and property	1,200	1,200	706	(494)
Transfers in	-	298,856	255,455	(43,401)
<b>Amounts Available for Appropriation</b>	<b>125,035</b>	<b>836,065</b>	<b>699,170</b>	<b>(136,895)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	826,076	720,010	106,066
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>826,076</b>	<b>720,010</b>	<b>106,066</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 125,035</b>	<b>\$ 9,989</b>	<b>\$ (20,840)</b>	<b>\$ (30,829)</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	180,873	314,525	27,241	(287,284)
<b>Amounts Available for Appropriation</b>	<b>180,873</b>	<b>314,525</b>	<b>27,241</b>	<b>(287,284)</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	45,000	55,322	15,000	40,322
Capital outlay	135,873	259,203	12,241	246,962
<b>Total Charges to Appropriations</b>	<b>180,873</b>	<b>314,525</b>	<b>27,241</b>	<b>287,284</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE  
 LANDSCAPE MAINTENANCE DISTRICT  
 YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 43,572	\$ 43,572	\$ 43,572	\$ -
<b>Resources (Inflows):</b>				
Taxes	104,735	104,735	92,985	(11,750)
Use of money and property	1,000	1,000	1,947	947
Transfers in	67,265	67,265	67,265	-
<b>Amounts Available for Appropriation</b>	<b>216,572</b>	<b>216,572</b>	<b>205,769</b>	<b>(10,803)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	173,000	173,000	105,191	67,809
<b>Total Charges to Appropriations</b>	<b>173,000</b>	<b>173,000</b>	<b>105,191</b>	<b>67,809</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 43,572</b>	<b>\$ 43,572</b>	<b>\$ 100,578</b>	<b>\$ 57,006</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**AQMD AIR POLLUTION PROGRAM**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 208,393	\$ 208,393	\$ 208,393	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	33,000	33,000	33,767	767
Use of money and property	3,000	3,000	8,539	5,539
<b>Amounts Available for Appropriation</b>	<b>244,393</b>	<b>244,393</b>	<b>250,699</b>	<b>6,306</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	27,000	162,789	-	162,789
<b>Total Charges to Appropriations</b>	<b>27,000</b>	<b>162,789</b>	<b>-</b>	<b>162,789</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 217,393</b>	<b>\$ 81,604</b>	<b>\$ 250,699</b>	<b>\$ 169,095</b>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
 ASSET FORFEITURE  
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,305	\$ 2,305	\$ 2,305	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	200	200	92	(108)
<b>Amounts Available for Appropriation</b>	<b>2,505</b>	<b>2,505</b>	<b>2,397</b>	<b>(108)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,505</b>	<b>\$ 2,505</b>	<b>\$ 2,397</b>	<b>\$ (108)</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE  
 SAN GORGONIO GANG TASK FORCE  
 YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 3,062	\$ 3,062	\$ 3,062	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	117	117
<b>Amounts Available for Appropriation</b>	<b>3,062</b>	<b>3,062</b>	<b>3,179</b>	<b>117</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	383	383	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>383</b>	<b>383</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,062</b>	<b>\$ 2,679</b>	<b>\$ 2,796</b>	<b>\$ 117</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE  
 SUPPLEMENTAL LAW ENFORCEMENT  
 YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 32,774	\$ 32,774	\$ 32,774	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	100,000	100,000	-
Use of money and property	-	233	5,642	5,409
<b>Amounts Available for Appropriation</b>	<b>32,774</b>	<b>133,007</b>	<b>138,416</b>	<b>5,409</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	83,498	73,837	9,661
Capital outlay	-	49,509	22,703	26,806
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>133,007</b>	<b>96,540</b>	<b>36,467</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 32,774</b>	<b>\$ -</b>	<b>\$ 41,876</b>	<b>\$ 41,876</b>



## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**PUBLIC SAFETY SALES TAX**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 65,418	\$ 65,418	\$ 65,418	\$ -
<b>Resources (Inflows):</b>				
Taxes	230,000	230,000	238,418	8,418
Use of money and property	2,600	2,600	1,827	(773)
<b>Amounts Available for Appropriation</b>	<b>298,018</b>	<b>298,018</b>	<b>305,663</b>	<b>7,645</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	240,000	240,000	240,000	-
<b>Total Charges to Appropriations</b>	<b>240,000</b>	<b>240,000</b>	<b>240,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 58,018</b>	<b>\$ 58,018</b>	<b>\$ 65,663</b>	<b>\$ 7,645</b>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
STATE PARK BOND ACT  
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 890	\$ 890	\$ 890	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	25	25	5	(20)
<b>Amounts Available for Appropriation</b>	<b>915</b>	<b>915</b>	<b>895</b>	<b>(20)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 915</b>	<b>\$ 915</b>	<b>\$ 895</b>	<b>\$ (20)</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL DONATIONS  
YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 25,515	\$ 25,515	\$ 25,515	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	1,500	1,500	4,465	2,965
Transfers in	15,000	15,000	15,000	-
<b>Amounts Available for Appropriation</b>	<b>42,015</b>	<b>42,015</b>	<b>44,980</b>	<b>2,965</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	16,500	25,250	25,250	-
<b>Total Charges to Appropriations</b>	<b>16,500</b>	<b>25,250</b>	<b>25,250</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 25,515</b>	<b>\$ 16,765</b>	<b>\$ 19,730</b>	<b>\$ 2,965</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE  
 SENIOR CENTER ACTIVITIES  
 YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 64,957	\$ 64,957	\$ 64,957	\$ -
<b>Resources (Inflows):</b>				
Charges for services	800	800	610	(190)
Use of money and property	2,800	2,800	2,750	(50)
Miscellaneous	7,425	7,425	14,660	7,235
<b>Amounts Available for Appropriation</b>	<b>75,982</b>	<b>75,982</b>	<b>82,977</b>	<b>6,995</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	17,175	17,175	11,987	5,188
<b>Total Charges to Appropriations</b>	<b>17,175</b>	<b>17,175</b>	<b>11,987</b>	<b>5,188</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 58,807</b>	<b>\$ 58,807</b>	<b>\$ 70,990</b>	<b>\$ 12,183</b>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
ANIMAL CONTROL RESERVE  
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 4,518	\$ 4,518	\$ 4,518	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	200	200	180	(20)
<b>Amounts Available for Appropriation</b>	<b>4,718</b>	<b>4,718</b>	<b>4,698</b>	<b>(20)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,718</b>	<b>\$ 4,718</b>	<b>\$ 4,698</b>	<b>\$ (20)</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**POLICE VOLUNTEER**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 1,436	\$ 1,436	\$ 1,436	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	300	300	74	(226)
Transfers in	3,000	3,000	3,000	-
<b>Amounts Available for Appropriation</b>	<b>4,736</b>	<b>4,736</b>	<b>4,510</b>	<b>(226)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	4,628	4,628	3,482	1,146
<b>Total Charges to Appropriations</b>	<b>4,628</b>	<b>4,628</b>	<b>3,482</b>	<b>1,146</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 108</b>	<b>\$ 108</b>	<b>\$ 1,028</b>	<b>\$ 920</b>

## CITY OF BANNING

## BUDGETARY COMPARISON SCHEDULE

D.A.R.E./G.R.E.A.T.

YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 16,900	\$ 16,900	\$ 16,900	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	116,741	116,741	-
Use of money and property	350	350	26	(324)
Miscellaneous	-	35,310	35,310	-
Transfers in	-	3,392	-	(3,392)
<b>Amounts Available for Appropriation</b>	<b>17,250</b>	<b>172,693</b>	<b>168,977</b>	<b>(3,716)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	140,420	144,804	(4,384)
Capital outlay	-	4,383	-	4,383
Transfers out	-	13,921	13,921	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>158,724</b>	<b>158,725</b>	<b>(1)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 17,250</b>	<b>\$ 13,969</b>	<b>\$ 10,252</b>	<b>\$ (3,717)</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**RAMSEY/HIGHLAND HOME SIGNAL**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 74,310	\$ 74,310	\$ 74,310	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	3,000	3,000	2,962	(38)
<b>Amounts Available for Appropriation</b>	<b>77,310</b>	<b>77,310</b>	<b>77,272</b>	<b>(38)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 77,310</b>	<b>\$ 77,310</b>	<b>\$ 77,272</b>	<b>\$ (38)</b>



CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
WILSON MEDIAN IMPROVEMENT  
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 347,723	\$ 347,723	\$ 347,723	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	14,000	12,500	13,858	1,358
<b>Amounts Available for Appropriation</b>	<b>361,723</b>	<b>360,223</b>	<b>361,581</b>	<b>1,358</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 361,723</b>	<b>\$ 360,223</b>	<b>\$ 361,581</b>	<b>\$ 1,358</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**RIVERSIDE COUNTY MOU**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	150,000	300,000	150,000
Use of money and property	-	-	4,436	4,436
Transfers in	-	150,000	150,000	-
<b>Amounts Available for Appropriation</b>	<b>-</b>	<b>300,000</b>	<b>454,436</b>	<b>154,436</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	126,166	126,166	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>126,166</b>	<b>126,166</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ 173,834</b>	<b>\$ 328,270</b>	<b>\$ 154,436</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**POLICE FACILITIES DEVELOPMENT**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 22,892	\$ 22,892	\$ 22,892	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	19,000	1,000	1,098	98
Miscellaneous	123,450	25,000	13,683	(11,317)
<b>Amounts Available for Appropriation</b>	<b>165,342</b>	<b>48,892</b>	<b>37,673</b>	<b>(11,219)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	30,195	30,195	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>30,195</b>	<b>30,195</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 165,342</b>	<b>\$ 18,697</b>	<b>\$ 7,478</b>	<b>\$ (11,219)</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**FIRE FACILITIES DEVELOPMENT**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 811,509	\$ 811,509	\$ 811,509	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	28,000	28,000	32,677	4,677
Miscellaneous	210,250	50,000	19,867	(30,133)
<b>Amounts Available for Appropriation</b>	<b>1,049,759</b>	<b>889,509</b>	<b>864,053</b>	<b>(25,456)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,049,759</b>	<b>\$ 889,509</b>	<b>\$ 864,053</b>	<b>\$ (25,456)</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**TRAFFIC CONTROL FACILITIES**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 500,708	\$ 500,708	\$ 500,708	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	18,000	18,000	16,180	(1,820)
Miscellaneous	37,500	12,500	26,888	14,388
<b>Amounts Available for Appropriation</b>	<b>556,208</b>	<b>531,208</b>	<b>543,776</b>	<b>12,568</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	21,000	12,525	8,475
Capital outlay	-	175,532	175,531	1
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>196,532</b>	<b>188,056</b>	<b>8,476</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 556,208</b>	<b>\$ 334,676</b>	<b>\$ 355,720</b>	<b>\$ 21,044</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FACILITIES**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 434,881	\$ 434,881	\$ 434,881	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	17,000	13,000	17,035	4,035
Miscellaneous	71,700	10,000	7,131	(2,869)
<b>Amounts Available for Appropriation</b>	<b>523,581</b>	<b>457,881</b>	<b>459,047</b>	<b>1,166</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	19,336	19,336	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>19,336</b>	<b>19,336</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 523,581</b>	<b>\$ 438,545</b>	<b>\$ 439,711</b>	<b>\$ 1,166</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**PARK DEVELOPMENT**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 420,179	\$ 420,179	\$ 420,179	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	40,000	14,000	16,654	2,654
Miscellaneous	293,250	10,000	12,105	2,105
<b>Amounts Available for Appropriation</b>	<b>753,429</b>	<b>444,179</b>	<b>448,938</b>	<b>4,759</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	-	125,000	-	125,000
Capital outlay	150,000	168,188	16,131	152,057
<b>Total Charges to Appropriations</b>	<b>150,000</b>	<b>293,188</b>	<b>16,131</b>	<b>277,057</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 603,429</b>	<b>\$ 150,991</b>	<b>\$ 432,807</b>	<b>\$ 281,816</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL IMPROVEMENT**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 15,749,686	\$ 15,749,686	\$ 15,749,686	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	400,000	600,000	726,467	126,467
<b>Amounts Available for Appropriation</b>	<b>16,149,686</b>	<b>16,349,686</b>	<b>16,476,153</b>	<b>126,467</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	83,230	83,388	(158)
Capital outlay	-	13,460,760	472,567	12,988,193
Transfers out	-	20,932	13,048	7,884
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>13,564,922</b>	<b>569,003</b>	<b>12,995,919</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 16,149,686</b>	<b>\$ 2,784,764</b>	<b>\$ 15,907,150</b>	<b>\$ 13,122,386</b>



## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE  
 SUNSET GRADE SEPARATION  
 YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	-	(1,384,777)	-	1,384,777
<b>Amounts Available for Appropriation</b>	-	<b>(1,384,777)</b>	-	<b>1,384,777</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	1,384,777	140,006	1,244,771
<b>Total Charges to Appropriations</b>	-	<b>1,384,777</b>	<b>140,006</b>	<b>1,244,771</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ (2,769,554)</b>	<b>\$ (140,006)</b>	<b>\$ 2,629,548</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**REDEVELOPMENT AGENCY - CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 36,232,779	\$ 36,232,779	\$ 36,232,779	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,261,798	1,261,798	1,261,798	-
Use of money and property	209,300	624,300	1,710,480	1,086,180
Miscellaneous	-	-	7,319	7,319
Transfers in	2,225,000	2,340,494	2,065,670	(274,824)
<b>Amounts Available for Appropriation</b>	<b>39,928,877</b>	<b>40,459,371</b>	<b>41,278,046</b>	<b>818,675</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	3,691,942	4,893,349	2,333,228	2,560,121
Capital outlay	2,000,000	13,554,966	9,033,893	4,521,073
Transfers out	226,403	202,518	202,518	-
<b>Total Charges to Appropriations</b>	<b>5,918,345</b>	<b>18,650,833</b>	<b>11,569,639</b>	<b>7,081,194</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 34,010,532</b>	<b>\$ 21,808,538</b>	<b>\$ 29,708,407</b>	<b>\$ 7,899,869</b>

## CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE**  
**REDEVELOPMENT AGENCY - DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2008**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 6,679,109	\$ 6,679,109	\$ 6,679,109	\$ -
<b>Resources (Inflows):</b>				
Taxes	2,900,283	3,286,468	4,148,286	861,818
Use of money and property	576,500	621,500	814,730	193,230
Transfers in	193,183	193,183	193,183	-
<b>Amounts Available for Appropriation</b>	<b>10,349,075</b>	<b>10,780,260</b>	<b>11,835,308</b>	<b>1,055,048</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	33,700	33,700	43,944	(10,244)
Debt service:				
Principal retirement	692,465	692,465	630,000	62,465
Interest and fiscal charges	871,144	1,725,098	1,725,000	98
Transfers out	2,225,000	2,340,494	2,065,670	274,824
<b>Total Charges to Appropriations</b>	<b>3,822,309</b>	<b>4,791,757</b>	<b>4,464,614</b>	<b>327,143</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,526,766</b>	<b>\$ 5,988,503</b>	<b>\$ 7,370,694</b>	<b>\$ 1,382,191</b>

## CITY OF BANNING

**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2008**

	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
<b>Assets:</b>				
Current:				
Cash and investments	\$ 246,987	\$ 315,888	\$ 265,258	\$ 828,133
Receivables:				
Accounts	905	2,149	425,705	428,759
Interest	1,752	2,287	2,333	6,372
Due from other governments	-	8,563	7,417	15,980
Inventories	17,605	-	-	17,605
<b>Total Current Assets</b>	<b>267,249</b>	<b>328,887</b>	<b>700,713</b>	<b>1,296,849</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	1,797,808	242,089	17,050	2,056,947
<b>Total Noncurrent Assets</b>	<b>1,797,808</b>	<b>242,089</b>	<b>17,050</b>	<b>2,056,947</b>
<b>Total Assets</b>	<b>\$ 2,065,057</b>	<b>\$ 570,976</b>	<b>\$ 717,763</b>	<b>\$ 3,353,796</b>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 57,446	\$ 2,432	\$ 230,638	\$ 290,516
Accrued liabilities	1,864	29,605	2,849	34,318
Unearned revenues	-	252,775	-	252,775
Deposits payable	31,606	-	58,783	90,389
<b>Total Current Liabilities</b>	<b>90,916</b>	<b>284,812</b>	<b>292,270</b>	<b>667,998</b>
Noncurrent:				
Advances from other funds	56,245	-	-	56,245
Compensated absences	136	44,075	19,765	63,976
<b>Total Noncurrent Liabilities</b>	<b>56,381</b>	<b>44,075</b>	<b>19,765</b>	<b>120,221</b>
<b>Total Liabilities</b>	<b>147,297</b>	<b>328,887</b>	<b>312,035</b>	<b>788,219</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	1,797,808	242,089	17,050	2,056,947
Unrestricted	119,952	-	388,678	508,630
<b>Total Net Assets</b>	<b>1,917,760</b>	<b>242,089</b>	<b>405,728</b>	<b>2,565,577</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,065,057</b>	<b>\$ 570,976</b>	<b>\$ 717,763</b>	<b>\$ 3,353,796</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
NON-MAJOR ENTERPRISE FUNDS  
JUNE 30, 2008

	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 271,230	\$ 105,152	\$ 2,868,587	\$ 3,244,969
<b>Total Operating Revenues</b>	<b>271,230</b>	<b>105,152</b>	<b>2,868,587</b>	<b>3,244,969</b>
<b>Operating Expenses:</b>				
Salaries and benefits	40,421	699,203	63,068	802,692
Supplies and services	224,621	468,397	2,803,386	3,496,404
Repairs and maintenance	10,151	1,125	-	11,276
Depreciation expense	108,055	209,529	3,935	321,519
<b>Total Operating Expenses</b>	<b>383,248</b>	<b>1,378,254</b>	<b>2,870,389</b>	<b>4,631,891</b>
Operating Income (Loss)	(112,018)	(1,273,102)	(1,802)	(1,386,922)
<b>Nonoperating Revenues (Expenses):</b>				
Intergovernmental	-	1,132,078	43,041	1,175,119
Interest revenue	10,702	12,268	12,359	35,329
Interest expense	(3,185)	-	-	(3,185)
Miscellaneous	618	115	7,417	8,150
<b>Total Nonoperating Revenues (Expenses)</b>	<b>8,135</b>	<b>1,144,461</b>	<b>62,817</b>	<b>1,215,413</b>
Income (Loss) Before Transfers	(103,883)	(128,641)	61,015	(171,509)
Transfers out	-	-	(55,000)	(55,000)
Changes in Net Assets	(103,883)	(128,641)	6,015	(226,509)
<b>Net Assets:</b>				
Beginning of Year, as originally reported	2,021,643	375,230	399,713	2,796,586
Restatements	-	(4,500)	-	(4,500)
Beginning of Fiscal Year, as restated	2,021,643	370,730	399,713	2,792,086
<b>End of Fiscal Year</b>	<b>\$ 1,917,760</b>	<b>\$ 242,089</b>	<b>\$ 405,728</b>	<b>\$ 2,565,577</b>

## CITY OF BANNING

**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 273,542	\$ 134,883	\$ 2,819,631	\$ 3,228,056
Cash paid to supplies for goods and services	(173,680)	(501,021)	(2,793,893)	(3,468,594)
Cash paid to employees for services	(40,776)	(682,958)	(61,432)	(785,166)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>59,086</b>	<b>(1,049,096)</b>	<b>(35,694)</b>	<b>(1,025,704)</b>
<b>Cash Flows from Non-Capital</b>				
<b>Financing Activities:</b>				
Cash transfers out	-	-	(55,000)	(55,000)
Repayment of advances	(55,000)	-	-	(55,000)
Intergovernmental	-	1,132,078	43,041	1,175,119
Miscellaneous	618	115	7,417	8,150
<b>Net Cash Provided (Used) by</b>				
<b>Non-Capital Financing Activities</b>	<b>(54,382)</b>	<b>1,132,193</b>	<b>(4,542)</b>	<b>1,073,269</b>
<b>Cash Flows from Capital</b>				
<b>and Related Financing Activities:</b>				
Acquisition and construction of capital assets	-	(80,887)	-	(80,887)
Interest paid on capital debt	(3,185)	-	-	(3,185)
<b>Net Cash Provided (Used) by</b>				
<b>Capital and Related Financing Activities</b>	<b>(3,185)</b>	<b>(80,887)</b>	<b>-</b>	<b>(84,072)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	11,435	13,405	13,418	38,258
<b>Net Cash Provided (Used) by</b>				
<b>Investing Activities</b>	<b>11,435</b>	<b>13,405</b>	<b>13,418</b>	<b>38,258</b>
<b>Net Increase (Decrease) in Cash</b>				
<b>and Cash Equivalents</b>	<b>12,954</b>	<b>15,615</b>	<b>(26,818)</b>	<b>1,751</b>
Cash and Cash Equivalents at Beginning of Year	234,033	300,273	292,076	826,382
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 246,987</b>	<b>\$ 315,888</b>	<b>\$ 265,258</b>	<b>\$ 828,133</b>

## CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2008

	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	<u>\$ (112,018)</u>	<u>\$ (1,273,102)</u>	<u>\$ (1,802)</u>	<u>\$ (1,386,922)</u>
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	108,055	209,529	3,935	321,519
(Increase) decrease in accounts receivable	2,312	(2,149)	(49,015)	(48,852)
(Increase) decrease in due from other governments	-	31,880	59	31,939
(Increase) decrease in inventories	(6,419)	-	-	(6,419)
Increase (decrease) in accounts payable	57,257	2,388	5,649	65,294
Increase (decrease) in accrued liabilities	260	6,255	537	7,052
Increase (decrease) in deposits payable	10,254	-	3,844	14,098
Increase (decrease) in unearned revenue	-	(33,887)	-	(33,887)
Increase (decrease) in compensated absences	(615)	9,990	1,099	10,474
<b>Total Adjustments</b>	<u>171,104</u>	<u>224,006</u>	<u>(33,892)</u>	<u>361,218</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><b>\$ 59,086</b></u>	<u><b>\$ (1,049,096)</b></u>	<u><b>\$ (35,694)</b></u>	<u><b>\$ (1,025,704)</b></u>

**Non-Cash Investing, Capital, and Financing Activities:**

There were no noncash transactions during the year.

## CITY OF BANNING

**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2008**

	<u>Self Insurance</u>	<u>Fleet Maintenance</u>	<u>Information Services</u>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 2,232,446	\$ 114,895	\$ 237,587
Receivables:			
Accounts	-	21,796	-
Loans	-	4,149	-
Interest	6,338	1,106	1,470
Due from other governments	-	17,722	-
Inventories	-	90,134	-
<b>Total Current Assets</b>	<b>2,238,784</b>	<b>249,802</b>	<b>239,057</b>
Noncurrent:			
Capital assets - net of accumulated depreciation	-	356,686	65,963
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>356,686</b>	<b>65,963</b>
<b>Total Assets</b>	<b>\$ 2,238,784</b>	<b>\$ 606,488</b>	<b>\$ 305,020</b>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 30,980	\$ 4,923	\$ 2,113
Accrued liabilities	6,308	22,308	11,921
Deposits payable	928	-	-
<b>Total Current Liabilities</b>	<b>38,216</b>	<b>27,231</b>	<b>14,034</b>
Noncurrent:			
Compensated absences	5,468	69,353	35,976
Claims and judgments	936,048	-	-
<b>Total Noncurrent Liabilities</b>	<b>941,516</b>	<b>69,353</b>	<b>35,976</b>
<b>Total Liabilities</b>	<b>979,732</b>	<b>96,584</b>	<b>50,010</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	-	356,686	65,963
Unrestricted	1,259,052	153,218	189,047
<b>Total Net Assets</b>	<b>1,259,052</b>	<b>509,904</b>	<b>255,010</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,238,784</b>	<b>\$ 606,488</b>	<b>\$ 305,020</b>



## CITY OF BANNING

**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2008**

	Utility Billing Accounting & Collection	Totals
<b>Assets:</b>		
Current:		
Cash and investments	\$ 341,446	\$ 2,926,374
Receivables:		
Accounts	48,130	69,926
Loans	967	5,116
Interest	2,099	11,013
Due from other governments	-	17,722
Inventories	-	90,134
<b>Total Current Assets</b>	<b>392,642</b>	<b>3,120,285</b>
Noncurrent:		
Capital assets - net of accumulated depreciation	85,893	508,542
<b>Total Noncurrent Assets</b>	<b>85,893</b>	<b>508,542</b>
<b>Total Assets</b>	<b>\$ 478,535</b>	<b>\$ 3,628,827</b>
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ 20,647	\$ 58,663
Accrued liabilities	39,495	80,032
Deposits payable	-	928
<b>Total Current Liabilities</b>	<b>60,142</b>	<b>139,623</b>
Noncurrent:		
Compensated absences	66,017	176,814
Claims and judgments	-	936,048
<b>Total Noncurrent Liabilities</b>	<b>66,017</b>	<b>1,112,862</b>
<b>Total Liabilities</b>	<b>126,159</b>	<b>1,252,485</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	85,893	508,542
Unrestricted	266,483	1,867,800
<b>Total Net Assets</b>	<b>352,376</b>	<b>2,376,342</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 478,535</b>	<b>\$ 3,628,827</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2008

	<u>Self Insurance</u>	<u>Fleet Maintenance</u>	<u>Information Services</u>
<b>Operating Revenues:</b>			
Sales and service charges	\$ 1,292,262	\$ 1,288,444	\$ 548,000
<b>Total Operating Revenues</b>	<b>1,292,262</b>	<b>1,288,444</b>	<b>548,000</b>
<b>Operating Expenses:</b>			
Salaries and benefits	127,849	424,255	343,855
Supplies and services	804,819	842,237	90,671
Repairs and maintenance	1,511	96,404	64,133
Insurance premiums	910,670	-	-
Depreciation expense	-	15,699	25,143
<b>Total Operating Expenses</b>	<b>1,844,849</b>	<b>1,378,595</b>	<b>523,802</b>
Operating Income (Loss)	(552,587)	(90,151)	24,198
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental	-	29,832	-
Interest revenue	104,244	6,679	7,137
Miscellaneous	156,889	3,391	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>261,133</b>	<b>39,902</b>	<b>7,137</b>
Income (Loss) Before Transfers	(291,454)	(50,249)	31,335
Changes in Net Assets	(291,454)	(50,249)	31,335
<b>Net Assets:</b>			
Beginning of Year	1,550,506	560,153	223,675
<b>End of Fiscal Year</b>	<b>\$ 1,259,052</b>	<b>\$ 509,904</b>	<b>\$ 255,010</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2008

	Utility Billing Accounting & Collection	Totals
<b>Operating Revenues:</b>		
Sales and service charges	\$ 1,478,722	\$ 4,607,428
<b>Total Operating Revenues</b>	<b>1,478,722</b>	<b>4,607,428</b>
<b>Operating Expenses:</b>		
Salaries and benefits	869,733	1,765,692
Supplies and services	610,106	2,347,833
Repairs and maintenance	30,796	192,844
Insurance premiums	-	910,670
Depreciation expense	22,625	63,467
<b>Total Operating Expenses</b>	<b>1,533,260</b>	<b>5,280,506</b>
Operating Income (Loss)	(54,538)	(673,078)
<b>Nonoperating Revenues (Expenses):</b>		
Intergovernmental	-	29,832
Interest revenue	12,519	130,579
Miscellaneous	-	160,280
<b>Total Nonoperating Revenues (Expenses)</b>	<b>12,519</b>	<b>320,691</b>
Income (Loss) Before Transfers	(42,019)	(352,387)
Changes in Net Assets	(42,019)	(352,387)
<b>Net Assets:</b>		
Beginning of Year	394,395	2,728,729
<b>End of Fiscal Year</b>	<b>\$ 352,376</b>	<b>\$ 2,376,342</b>

## CITY OF BANNING

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	<b>Self Insurance</b>	<b>Fleet Maintenance</b>	<b>Information Services</b>	<b>Utility Billing Accounting &amp; Collection</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>					
Cash received from interfund service provided	\$ 1,319,581	\$ 1,312,966	\$ 553,840	\$ 1,463,311	\$ 4,649,698
Cash paid to supplies for goods and services	(791,513)	(967,706)	(154,164)	(622,847)	(2,536,230)
Cash paid to employees for services	(139,443)	(410,933)	(336,947)	(868,940)	(1,756,263)
Cash paid for claims	(895,959)	-	-	-	(895,959)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(507,334)</b>	<b>(65,673)</b>	<b>62,729</b>	<b>(28,476)</b>	<b>(538,754)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Intergovernmental	-	29,832	-	-	29,832
Miscellaneous	156,889	3,391	-	-	160,280
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>156,889</b>	<b>33,223</b>	<b>-</b>	<b>-</b>	<b>190,112</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	-	-	-	(63,114)	(63,114)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63,114)</b>	<b>(63,114)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	112,958	7,727	7,569	15,152	143,406
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>112,958</b>	<b>7,727</b>	<b>7,569</b>	<b>15,152</b>	<b>143,406</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(237,487)</b>	<b>(24,723)</b>	<b>70,298</b>	<b>(76,438)</b>	<b>(268,350)</b>
Cash and Cash Equivalents at Beginning of Year	2,469,933	139,618	167,289	417,884	3,194,724
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,232,446</b>	<b>\$ 114,895</b>	<b>\$ 237,587</b>	<b>\$ 341,446</b>	<b>\$ 2,926,374</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (552,587)	\$ (90,151)	\$ 24,198	\$ (54,538)	\$ (673,078)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	-	15,699	25,143	22,625	63,467
(Increase) decrease in accounts receivable	27,319	(3,261)	5,840	(15,411)	14,487
(Increase) decrease in loans receivable	-	(2,473)	-	709	(1,764)
(Increase) decrease in due from other governments	-	27,783	-	-	27,783
(Increase) decrease in inventories	-	(31,433)	-	-	(31,433)
Increase (decrease) in accounts payable	14,817	4,841	640	17,346	37,644
Increase (decrease) in accrued liabilities	(589)	6,479	(1,104)	7,182	11,968
Increase (decrease) in claims and judgments	14,711	-	-	-	14,711
Increase (decrease) in compensated absences	(11,005)	6,843	8,012	(6,389)	(2,539)
<b>Total Adjustments</b>	<b>45,253</b>	<b>24,478</b>	<b>38,531</b>	<b>26,062</b>	<b>134,324</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (507,334)</b>	<b>\$ (65,673)</b>	<b>\$ 62,729</b>	<b>\$ (28,476)</b>	<b>\$ (538,754)</b>

**Non-Cash Investing, Capital, and Financing Activities:**

There were no noncash transactions during the year.

## CITY OF BANNING

**COMBINING BALANCE SHEET**  
**ALL AGENCY FUNDS**  
**JUNE 30, 2008**

	<b>Sun Lake CFD 86-1</b>	<b>Special AD 91-1</b>	<b>Area Police Computer</b>	<b>Fair Oaks AD 2004-1</b>	<b>Cameo Homes</b>	<b>Totals</b>
<b>Assets:</b>						
Cash and investments	\$ 33,541	\$ 461,845	\$ 21,154	\$ 103,558	\$ 43,562	\$ 663,660
Receivables:						
Accrued interest	216	2,581	304	388	280	3,769
Due from other governments	-	21,087	450	8,362	-	29,899
Restricted assets:						
Cash with fiscal agents	-	333,085	-	216,449	-	549,534
<b>Total Assets</b>	<b>\$ 33,757</b>	<b>\$ 818,598</b>	<b>\$ 21,908</b>	<b>\$ 328,757</b>	<b>\$ 43,842</b>	<b>\$ 1,246,862</b>
<b>Liabilities:</b>						
Deposits payable	\$ -	\$ 160,279	\$ -	\$ -	\$ 40,000	\$ 200,279
Due to bondholders	33,757	658,319	21,908	328,757	3,842	1,046,583
<b>Total Liabilities</b>	<b>\$ 33,757</b>	<b>\$ 818,598</b>	<b>\$ 21,908</b>	<b>\$ 328,757</b>	<b>\$ 43,842</b>	<b>\$ 1,246,862</b>

## CITY OF BANNING

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
<b><u>Sun Lake CFD 86-1</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 32,371	\$ 131,433	\$ 130,263	\$ 33,541
Receivables:				
Accrued interest	359	1,291	1,434	216
<b>Total Assets</b>	<b><u>\$ 32,730</u></b>	<b><u>\$ 132,724</u></b>	<b><u>\$ 131,697</u></b>	<b><u>\$ 33,757</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 32,730	\$ 1,663	\$ 636	\$ 33,757
<b>Total Liabilities</b>	<b><u>\$ 32,730</u></b>	<b><u>\$ 1,663</u></b>	<b><u>\$ 636</u></b>	<b><u>\$ 33,757</u></b>
<b><u>Special AD 91-1</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 307,875	\$ 1,708,046	\$ 1,554,076	\$ 461,845
Receivables:				
Accrued interest	2,563	10,268	10,250	2,581
Due from other governments	9,890	60,648	49,451	21,087
Restricted assets:				
Cash with fiscal agents	344,536	1,418,082	1,429,533	333,085
<b>Total Assets</b>	<b><u>\$ 664,864</u></b>	<b><u>\$ 3,197,044</u></b>	<b><u>\$ 3,043,310</u></b>	<b><u>\$ 818,598</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,429	\$ 16,207	\$ 17,636	\$ -
Deposits payable	14,457	203,650	57,828	160,279
Due to bondholders	648,978	352,003	342,662	658,319
<b>Total Liabilities</b>	<b><u>\$ 664,864</u></b>	<b><u>\$ 571,860</u></b>	<b><u>\$ 418,126</u></b>	<b><u>\$ 818,598</u></b>
<b><u>Area Police Computer</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 91,111	\$ 69,957	\$ 21,154
Receivables:				
Accrued interest	233	1,005	934	304
Due from other governments	34,056	166,719	200,325	450
<b>Total Assets</b>	<b><u>\$ 34,289</u></b>	<b><u>\$ 258,835</u></b>	<b><u>\$ 271,216</u></b>	<b><u>\$ 21,908</u></b>
<b>Liabilities:</b>				
Due to other governments	\$ 7,768	\$ -	\$ 7,768	\$ -
Due to bondholders	26,521	40,262	44,875	21,908
<b>Total Liabilities</b>	<b><u>\$ 34,289</u></b>	<b><u>\$ 40,262</u></b>	<b><u>\$ 52,643</u></b>	<b><u>\$ 21,908</u></b>

## CITY OF BANNING

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b><u>Fair Oaks AD 2004-1</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 94,076	\$ 601,755	\$ 592,273	\$ 103,558
Receivables:				
Accrued interest	574	2,110	2,296	388
Due from other governments	32,687	105,662	129,987	8,362
Restricted assets:				
Cash and investments with fiscal agents	193,572	831,138	808,261	216,449
<b>Total Assets</b>	<b>\$ 320,909</b>	<b>\$ 1,540,665</b>	<b>\$ 1,532,817</b>	<b>\$ 328,757</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 320,909	\$ 232,231	\$ 224,383	\$ 328,757
<b>Total Liabilities</b>	<b>\$ 320,909</b>	<b>\$ 232,231</b>	<b>\$ 224,383</b>	<b>\$ 328,757</b>
<b><u>Cameo Homes</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 41,700	\$ 168,843	\$ 166,981	\$ 43,562
Receivables:				
Accrued interest	461	1,666	1,847	280
<b>Total Assets</b>	<b>\$ 42,161</b>	<b>\$ 170,509</b>	<b>\$ 168,828</b>	<b>\$ 43,842</b>
<b>Liabilities:</b>				
Deposits payable	\$ 40,000	\$ 160,000	\$ 160,000	\$ 40,000
Due to bondholders	2,161	1,681	-	3,842
<b>Total Liabilities</b>	<b>\$ 42,161</b>	<b>\$ 161,681</b>	<b>\$ 160,000</b>	<b>\$ 43,842</b>
<b><u>Totals - All Agency Funds</u></b>				
Cash and investments	\$ 476,022	\$ 2,701,188	\$ 2,513,550	\$ 663,660
Receivables:				
Accrued interest	4,190	16,340	16,761	3,769
Due from other governments	76,633	333,029	379,763	29,899
Restricted assets:				
Cash with fiscal agents	538,108	2,249,220	2,237,794	549,534
<b>Total Assets</b>	<b>\$ 1,094,953</b>	<b>\$ 5,299,777</b>	<b>\$ 5,147,868</b>	<b>\$ 1,246,862</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,429	\$ 16,207	\$ 17,636	\$ -
Deposits payable	54,457	363,650	217,828	200,279
Due to other governments	7,768	-	7,768	-
Due to bondholders	1,031,299	627,840	612,556	1,046,583
<b>Total Liabilities</b>	<b>\$ 1,094,953</b>	<b>\$ 1,007,697</b>	<b>\$ 855,788</b>	<b>\$ 1,246,862</b>

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