



**BANNING REDEVELOPMENT AGENCY
BANNING, CALIFORNIA**

FINANCIAL STATEMENTS

JUNE 30, 2009

Lance Soll & Lunghard, LLP

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BANNING REDEVELOPMENT AGENCY
BANNING, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2009

BANNING REDEVELOPMENT AGENCY

JUNE 30, 2009

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- Donald L. Parker, C.P.A
- Michael K. Chu, C.P.A
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A Professional Corporation
- Donald G. Slater, C.P.A
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- Susan F. Matz, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of the Governing Board
Banning Redevelopment Agency, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Banning Redevelopment Agency, a component unit of the City of Banning, California as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Banning Redevelopment Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 misstatements. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Banning Redevelopment Agency as of June 30, 2009, and the respective changes in financial position 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*, issued by the Comptroller General of the United States, we have also issued our report dated December 16, 2009, on our consideration of the Banning Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of 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 Agency has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.



To the Honorable Chair and Members of the Governing Board
Banning Redevelopment Agency, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining project area financial statement and computation of the low and moderate income housing funds excess/surplus are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 & Lungard, LLP

December 16, 2009

- Brandon W. Burrows, C.P.A
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Chair and Members of the Governing Board
Banning Redevelopment Agency, California

We have audited the financial statements of the governmental activities and each major fund of the Banning Redevelopment Agency as of and for the year ended June 30, 2009, which collectively comprise the Banning Redevelopment Agency's basic financial statements and have issued our report thereon dated December 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



To the Honorable Chair and Members of the Governing Board
Banning Redevelopment Agency, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Agency are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the Guidelines for Compliance Audits of California Redevelopment Agencies, issued by the State Controller and as interpreted in the Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States:

In accordance with the California Health and Safety Code Section 33080.1, the Redevelopment Agency is required to produce and present the following Annual Report (due six months following the end of the Agency's fiscal year-end date), to the State Controllers office and its legislative body:

- a. Independent auditor's report on financial statements.
- b. Independent auditor's report on legal compliance.
- c. Annual Report of Financial Transactions of Community Redevelopment Agencies.
- d. Housing activities report.
- e. Blight progress report specifying actions and expenditures made in the previous fiscal year to alleviate blight.
- f. Loan report identifying loans (receivable) which equal or exceed \$50,000 and that were found by the agency during the previous fiscal year to have either defaulted or not complied with the terms of the agreements approved by the agency.
- g. Property report which describes the properties owned by the agency and those acquired in the previous fiscal year.

The Agency prepared the required information for items (a) through (g) above and included them in its annual report submitted to the State Controller's office, however the Agency did not present them to its legislative body within six months following the end of the Agency's fiscal year-end, as required by the Code. We recommend that the Agency accomplish procedural steps necessary to comply with this section of the Code.

This report is intended for the information of the governing board, management and the State Controller. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads 'Lance, Soll & Lungard, LLP'. The signature is fluid and cursive, with 'Lance' and 'Soll' on the first line and '& Lungard, LLP' on the second line.

December 16, 2009

BANNING REDEVELOPMENT AGENCY

STATEMENT OF NET ASSETS

JUNE 30, 2009

	Governmental Activities
Assets:	
Cash and investments	\$ 17,285,575
Receivables:	
Tax increment	\$ 46,057
Accounts	176
Interest receivable	47,613
Loans	3,311,030
Lease payments	<u>4,485,000</u>
Total Receivables	7,889,876
Land held for resale (net)	9,942,721
Deferred charges	1,352,243
Restricted assets:	
Cash and investments with trustees	18,240,040
Capital assets (Net of Depreciation):	
Equipment	1,113,140
Land and improvements	<u>2,137,622</u>
Total Capital Assets	<u>3,250,762</u>
Total Assets	<u>57,961,217</u>
Liabilities:	
Accounts payable and accrued expenses	1,578,599
Unearned revenue	4,485,000
Due to other governments	2,936,821
Deposits from others	47,702
Other current liabilities	35,091
Long-term liabilities:	
Due within one year	1,001,642
Due in more than one year	<u>45,405,261</u>
Total Long-Term Liabilities	<u>46,406,903</u>
Total Liabilities	<u>55,490,116</u>
Net Assets:	
Invested in capital assets, net of related debt	3,250,762
Restricted for:	
Community development	3,814,484
Debt service	5,539,558
Unrestricted	<u>(10,133,703)</u>
Total Net Assets	<u>\$ 2,471,101</u>

BANNING REDEVELOPMENT AGENCY

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities			
Functions/Programs								
Governmental Activities:								
General government	\$ 2,360,037	\$ -	\$ -	\$ -	\$ -	\$ (2,360,037)		
Community development	904,338	-	-	-	-	(904,338)		
Interest on long-term debt	2,191,976	-	-	-	-	(2,191,976)		
Total Governmental Activities	\$ 5,456,351	\$ -	\$ -	\$ -	\$ -	(5,456,351)		
General Revenues:								
Taxes (net of pass-through payments)						4,639,744		
Use of money and property						974,800		
Other						2,950,506		
Total General Revenues						8,565,050		
Change in Net Assets						3,108,699		
Net Assets at Beginning of Year						(649,673)		
Restatement of Net Assets						12,075		
Net Assets at End of Year						\$ 2,471,101		

BANNING REDEVELOPMENT AGENCY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	Capital Projects	Capital Projects	Debt Service	Total Governmental Funds
	Merged Downtown and Midway	Merged Downtown and Midway	Merged Downtown and Midway	
	Project	Low and Moderate Housing	Tax Increment	
Assets:				
Cash and investments	\$ 6,737,808	\$ 5,525,209	\$ 5,022,558	\$ 17,285,575
Cash and investments with trustee	14,848,356	-	3,391,684	18,240,040
Receivables:				
Tax increment	-	-	46,057	46,057
Accounts	176	-	-	176
Interest receivable	12,205	18,462	16,946	47,613
Loans	2,841,255	469,775	-	3,311,030
Lease payments	-	-	4,485,000	4,485,000
Land held for resale	9,942,721	-	-	9,942,721
Total Assets	\$ 34,382,521	\$ 6,013,446	\$ 12,962,245	\$ 53,358,212
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 756,737	\$ 24,449	\$ 1,052	\$ 782,238
Deposits from others	47,702	-	-	47,702
Due to City	-	186	2,936,635	2,936,821
Deferred revenue	2,539,450	469,775	4,485,000	7,494,225
Accrued liabilities	33,476	1,615	-	35,091
Total Liabilities	3,377,365	496,025	7,422,687	11,296,077
Fund Balances:				
Reserved:				
Encumbrances	511,086	78,938	-	590,024
Land held for resale	9,942,721	-	-	9,942,721
Loans receivable	301,805	-	-	301,805
Unreserved:				
Designated:				
Debt service	-	-	5,539,558	5,539,558
Continuing projects	20,239,544	-	-	20,239,544
Low and moderate housing	-	5,438,483	-	5,438,483
RBEG grant program	10,000	-	-	10,000
Total Fund Balances	31,005,156	5,517,421	5,539,558	42,062,135
Total Liabilities and Fund Balances	\$ 34,382,521	\$ 6,013,446	\$ 12,962,245	\$ 53,358,212

BANNING REDEVELOPMENT AGENCY**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Fund balances of governmental funds	\$ 42,062,135
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,250,762
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Deferred revenue is present in governmental fund financial statements to indicate that receivables are not available currently; however, in the Statement of Net Assets these deferrals are eliminated.	3,009,225
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Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the Statement of Net Assets:	
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Unamortized debt issuance costs - amortized over life of new bonds	1,352,243
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
--	--

Bonds payable	(46,685,000)
Compensated absences	(39,874)
Loans from City	(316,803)
Other debt	(185,061)
Unamortized net original issue discounts and (premiums)	819,835

Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.	
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	(796,361)
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Net assets of governmental activities	\$ 2,471,101
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BANNING REDEVELOPMENT AGENCY

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

	Capital Projects	Capital Projects	Debt Service	Total Governmental Funds
	Merged Downtown and Midway	Merged Downtown and Midway	Merged Downtown and Midway	
	Project	Low and Moderate Housing	Tax Increment	
Revenues:				
Taxes and assessments	\$ -	\$ 1,216,360	\$ 4,865,442	\$ 6,081,802
Use of money and property	210,845	110,059	653,896	974,800
Other revenue	10,853	7,490	-	18,343
Total Revenues	221,698	1,333,909	5,519,338	7,074,945
Expenditures:				
Current:				
General government	1,643,571	622,686	91,248	2,357,505
Capital outlay	3,402,514	-	-	3,402,514
Debt service	-	-	2,836,174	2,836,174
Total Expenditures	5,046,085	622,686	2,927,422	8,596,193
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,824,387)	711,223	2,591,916	(1,521,248)
Other Financing Sources (Uses):				
Transfers in	3,556,301	198	193,160	3,749,659
Transfers out	-	(193,160)	(3,556,499)	(3,749,659)
Long-term debt issued	200,000	-	-	200,000
Pass-through agreement payments	-	-	(1,442,058)	(1,442,058)
Miscellaneous	392,713	-	-	392,713
Total Other Financing Sources (Uses):	4,149,014	(192,962)	(4,805,397)	(849,345)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (675,373)	\$ 518,261	\$ (2,213,481)	\$ (2,370,593)
Fund Balances:				
Beginning of Year, as previously reported	\$ 24,709,247	\$ 4,999,160	\$ 7,753,039	\$ 37,461,446
Restatements	6,971,282	-	-	6,971,282
Beginning of Year, as restated	31,680,529	4,999,160	7,753,039	44,432,728
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(675,373)	518,261	(2,213,481)	(2,370,593)
End of Year	\$ 31,005,156	\$ 5,517,421	\$ 5,539,558	\$ 42,062,135

BANNING REDEVELOPMENT AGENCY**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net change in fund balances - total governmental funds	\$ (2,370,593)
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Amounts reported for governmental activities in the Statement of Activities differ because:

Repayment of bond, loan and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 735,481

Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the Statement of Net Assets:

Amortization for current fiscal year	(56,685)
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Unamortized premium or discounts on bonds issued are revenue or expenditures in the governmental funds, but these are spread to future periods over the life of the new bonds:

Amortization for current fiscal year	(32,014)
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives through depreciation expense:

Capital outlay expenditures removed	2,028,401
Depreciation	(36,980)

Proceeds of debt is revenue in the governmental funds, but these are additions to the Statement of Net Assets. (200,000)

Revenues reported in the governmental funds which were previously deferred and meet the revenue recognition criteria currently and, therefore, are not reported as revenues in the Statement of Activities. 3,009,225

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:

Changes in compensated absences	34,448
Current accrual of interest due on bonds	(796,361)
Prior year accrual of interest due on bonds	<u>793,777</u>

Change in net assets of governmental activities	<u>\$ 3,108,699</u>
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BANNING REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Banning Redevelopment Agency is a component unit of a reporting entity, which consists of the following primary and component units:

Reporting Entity:

Primary Government:

City of Banning

Component Units:

Banning Redevelopment Agency
Banning Public Facilities Corporation
Banning Public Financing Authority
Banning Utility Authority

The attached basic financial statements contain information relative only to the Banning Redevelopment Agency as one component unit, which is an integral part of the total reporting entity. They do not contain financial data relating to the other component units.

The Banning Redevelopment Agency (the Agency) was established in 1973, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Banning.

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 financial statements.

The City of Banning Financing Authority was formed by a joint exercise of powers agreement between the City of Banning (the City) 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.

**Banning Redevelopment Agency
Notes to Financial Statements (Continued)**

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

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 any City owned Utility System, and the financing of Public Capital Improvements or Working Capital Requirements relating to any Utility System. Separate financial statements are not prepared for the Utility Authority. Its activities are included with the City's financial statements.

The Agency is a component unit of the City of Banning and, accordingly, the financial statements of the Agency are included in the financial statements of the City of Banning.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America, as they are applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies reflected in the financial statements are summarized as follows:

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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. The Agency has no business-type activities. 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.

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. 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.

**Banning Redevelopment Agency
Notes to Financial Statements (Continued)**

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

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. 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.

In fiscal year 2002-2003 the Agency merged the Downtown and Midway project areas.

The Agency reports the following major governmental funds:

Capital Project Funds - Used to account for financial resources used for the acquisition of major capital facilities:

Merged Downtown and Midway Project Area - Low and Moderate Housing Fund

Merged Downtown and Midway Project Area - Project Fund

Debt Service Funds - Used to account for the payment of interest and principal on long-term obligations:

Merged Downtown and Midway Project Area - Tax Increment Fund

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

1. Investments

Investments for the Agency 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.

2. 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."

**Banning Redevelopment Agency
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.

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. The County of Riverside collects property taxes for the Agency. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1 and the second installment is due March 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively.

Unsecured personal property taxes become due on the first of January each year and are delinquent on August 31.

3. 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:

Asset	Years
Buildings	20 - 50
Improvements	15 - 25
Machinery and Equipment	5 - 25
Water Lines	40 - 50
Vehicles	5 - 10
Utility Plant	20 - 60
Computer Software	3

**Banning Redevelopment Agency
Notes to Financial Statements (Continued)**

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

4. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. 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.

Compensated absences include an accrual for vacation, holiday, compensatory time and sick pay benefits due employees, which are reflected in the government-wide financial statements.

5. 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.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

Budgetary Data

General Budget Policies

The Governing Board approves each year's budget submitted by the Executive Director prior to the beginning of the new fiscal year. The Board conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations when required during the period are also approved by the Board. Intradepartmental budget changes are approved by the Executive Director. In most cases, expenditures may not exceed appropriations at the departmental level. At fiscal year-end, all operating budget appropriations lapse. During the year several supplementary appropriations were necessary.

**Banning Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 2: Stewardship, Compliance and Accountability (Continued)

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

III. DETAILED NOTES ON FUNDS

Note 3: Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 17,285,575
Cash and investments with fiscal agent	<u>18,240,040</u>
	<u><u>\$ 35,525,615</u></u>

The Agency's funds are pooled with the City of Banning's cash and investments in order to generate optimum interest income. The City has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This pronouncement is an amendment to GASB Statement No. 3. GASB No. 40 establishes and modifies disclosure requirements related to deposit and investment risks. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc. is available in the annual report of the City.

Banning Redevelopment Agency
Notes to Financial Statements (Continued)

Note 4: Loans Receivable

The Agency has entered into various loan agreements relating to owners participation agreements, façade improvement agreements, the first time home buyer loan program, and the rehabilitation loan program. The details of these loans are as follows:

Description	Balance at June 30, 2009
On March 27, 2007 the Agency entered into an owners participation agreement for the renovation of the Oddfellows Building at the southwest corner of San Gorgonio Avenue and Ramsey Street for an amount not to exceed \$727,000.	\$ 685,000
In May 2009, the Agency approved the second amendment to the owners participation agreement noted above for the purpose of providing additional funding for the renovation of the Oddfellows Building. The amendment includes a promissory note for an amount not to exceed \$400,000 and bears interest at 4% per annum.	301,805
On October 17, 2007, the Agency entered into a Façade Improvement Agreement between the City of Banning Community Redevelopment Agency and Ben Stephenson for the property located at 89 N. San Gorgonio for an amount not to exceed \$200,000.	200,000
On March 27, 2007, the Agency entered into an owners participation agreement with MG Banning, LLC for the development of the Banning Business Center for an amount not to exceed \$500,000.	499,859
On November 5, 2007, the Agency entered into a Façade Improvement Agreement between the City of Banning Community Redevelopment Agency and Gilbert James Manzo and Jacqueline Myrle Manzo for the property located at 1901 W. Ramsey Street, Bldg. A and B (Ramsey Burger) for an amount not to exceed \$100,000.	100,000
On November 29, 2007, the Agency entered into a Façade Improvement Agreement between the City of Banning Community Redevelopment Agency and Mohamed and Fatima Karawia for the property located at 182 W. Ramsey Street for an amount not to exceed \$204,591.	204,591
On November 29, 2007, the Agency entered into a Façade Improvement Agreement between the City of Banning Community Redevelopment Agency and Tawi Investments, LLC for the property located at 2271 W. Ramsey Street (Fisherman's Grill) for an amount not to exceed \$100,000.	100,000
On February 28, 2008, the Agency entered into a Façade Improvement Agreement between the City of Banning Community Redevelopment Agency and Coplin House, LLC for the property located at 12 South San Gorgonio for an amount not to exceed \$200,000.	200,000
On April 22, 2008, the Agency entered into an owners participation agreement with Bottom Line Property Management, LLC for the renovation of the Hendon building located at 68 North First Street for an amount not to exceed \$450,000.	450,000
On April 7, 2008, the Agency entered into a Façade Improvement Agreement between the City of Banning Community Redevelopment Agency and DeMario Jackson and Angelica Lyons for the property located at 124-144 West Ramsey Street for an amount not to exceed \$100,000.	100,000
Various first time home buyer down payment assistance loans	300,000
Various rehabilitation loans	169,775
Total loans receivable at June 30, 2009	<u>\$ 3,311,030</u>

Banning Redevelopment Agency
Notes to Financial Statements (Continued)

Note 5: Capital Assets

Changes in the components of the capital assets for the fiscal year were as follows:

	Beginning Balance	Adjustments	Adjusted Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 3,308,665	\$ (3,282,770)	\$ 25,895	\$ -	\$ -	\$ -	\$ 25,895
Work in process	3,790,275	(3,676,437)	113,838	2,042,278	(13,877)	(30,512)	2,111,727
Total capital assets not being depreciated	7,098,940	(6,959,207)	139,733	2,042,278	(13,877)	(30,512)	2,137,622
Capital assets, being depreciated:							
Land improvements	402,909	-	402,909	-	-	30,512	433,421
Office furniture/equipment	22,640	-	22,640	-	-	-	22,640
Building and improvements	45,132	-	45,132	-	-	-	45,132
Machinery and equipment	5,737	-	5,737	-	-	-	5,737
Utility plant	193,588	-	193,588	-	-	-	193,588
Infrastructure	694,991	-	694,991	-	-	-	694,991
Total capital assets being depreciated	1,364,997	-	1,364,997	-	-	30,512	1,395,509
Less accumulated depreciation:							
Land improvements	178,923	-	178,923	19,558	-	-	198,481
Office furniture/equipment	15,588	-	15,588	2,928	-	-	18,516
Building and improvements	23,354	-	23,354	2,259	-	-	25,613
Machinery and equipment	2,391	-	2,391	1,148	-	-	3,539
Utility Plant	10,703	-	10,703	3,872	-	-	14,575
Infrastructure	14,430	-	14,430	7,215	-	-	21,645
Total accumulated depreciation:	245,389	-	245,389	36,980	-	-	282,369
Total capital assets being depreciated, net	1,119,608	-	1,119,608	(36,980)	-	30,512	1,113,140
Governmental activities capital assets, net	\$ 8,218,548	\$ (6,959,207)	\$ 1,259,341	\$ 2,005,298	\$ (13,877)	\$ -	\$ 3,250,762

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

Governmental Activities:
 General Government \$ 36,980

Banning Redevelopment Agency
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt

The following is a schedule of changes in long-term debt of the Agency for the fiscal year ended June 30, 2009:

	Balance	Additions	Deletions	Balance	Due Within One Year
	July 1, 2008			June 30, 2009	
Merged Downtown and Midway					
1997 Certificate of Participation	\$ 4,750,000	\$ -	\$ 265,000	\$ 4,485,000	\$ 275,000
2003 Tax Allocation Bonds	12,625,000	-	390,000	12,235,000	400,000
2007 Tax Allocation Bonds	29,965,000	-	-	29,965,000	245,000
Note Payable	-	200,000	14,939	185,061	8,502
City Loans	382,345	-	65,542	316,803	54,307
Compensated absences	74,322	655	35,103	39,874	18,833
Total	\$ 47,796,667	\$ 200,655	\$ 770,584	47,226,738	\$ 1,001,642
Less:					
Unamortized original issue discount				819,835	
Net Long-Term Debt				\$ 46,406,903	

1997 Certificates of Participation

On February 21, 1997, the 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 1990 Certificates of Participation were subsequently paid off in 2000.

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 a 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 as of 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 right, 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 is 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 long-term lease receivable has been recorded as deferred revenue in the Debt Service Fund.

The Certificates maturing from 1997 to 2011 are serial certificates payable in annual installments of \$45,000 to \$305,000, while the Certificates maturing in 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, 2009, was \$4,485,000.

**Banning Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

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 \$2,545,000 outstanding balance of 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 or by lot from sinking fund payments made by the Agency.

A reserve fund is established in the amount of \$971,763 from the bond proceeds 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, 2009, totaled \$12,235,000.

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, 2009, totaled \$29,965,000.

Note Payable

On August 27, 2008, the Agency entered into a promissory note. The note amount was \$200,000 and is subject to an interest rate of 6.5% per annum. The note is payable in fifteen annual installments of \$20,531. The principal amount of this note represents the agreed-upon amount for the purchase of real property. At June 30, 2009, the outstanding balance on the note payable is \$185,061.

**Banning Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

City Loans

During the fiscal year 1993-1994 the City of Banning's Electric Utility Fund advanced funds to the Agency in order to assist in the implementation of the Owner Participation Agreement with Colescott, Inc. for the development of the Sunset Auto Plaza. As of June 30, 2009, the outstanding balance is \$316,803. There is no definite repayment date.

Compensated Absences

The accompanying financial statements include an accrual for vacation, holiday, compensatory time and sick pay benefits due employees at June 30, 2009, in the amount of \$39,874.

Debt Service Requirements

The following schedule illustrates the debt service requirements to maturity for bonds outstanding as of June 30, 2009:

	1997 Refunding Certificates of Participation		2003 Tax Allocation Bonds		2007 Tax Allocation Parity Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	\$ 275,000	\$ 237,083	\$ 400,000	\$ 564,439	\$ 245,000	\$ 1,238,291	\$ 920,000	\$ 2,039,813
2009 - 2010	290,000	222,530	410,000	551,520	365,000	1,227,004	1,065,000	2,001,054
2010 - 2011	305,000	206,908	425,000	536,898	505,000	1,210,516	1,235,000	1,954,322
2011 - 2012	320,000	190,026	440,000	518,195	570,000	1,189,016	1,330,000	1,897,237
2012 - 2013	340,000	171,876	460,000	497,995	695,000	1,163,716	1,495,000	1,833,587
2013 - 2014	1,995,000	550,687	2,615,000	2,173,728	3,880,000	5,411,213	8,490,000	8,135,628
2014 - 2019	960,000	53,625	3,290,000	1,476,250	4,695,000	4,582,616	8,945,000	6,112,491
2019 - 2024	-	-	4,195,000	545,125	5,745,000	3,508,122	9,940,000	4,053,247
2024 - 2029	-	-	-	-	7,750,000	1,978,359	7,750,000	1,978,359
2029 - 2034	-	-	-	-	5,515,000	464,734	5,515,000	464,734
Totals	<u>\$ 4,485,000</u>	<u>\$ 1,632,735</u>	<u>\$ 12,235,000</u>	<u>\$ 6,864,150</u>	<u>\$ 29,965,000</u>	<u>\$ 21,973,587</u>	<u>\$ 46,685,000</u>	<u>\$ 30,470,472</u>

The following schedule illustrates the debt service requirements to maturity for the note payable outstanding as of June 30, 2009:

	Note Payable		
	Principal	Interest	Total
2009-2010	\$ 8,502	\$ 12,029	\$ 20,531
2010-2011	9,054	11,477	20,531
2011-2012	9,643	10,888	20,531
2012-2013	10,270	10,261	20,531
2013-2014	10,937	9,594	20,531
2014-2019	66,321	36,334	102,655
2019-2024	<u>70,334</u>	<u>11,790</u>	<u>82,124</u>
Total	<u>\$ 185,061</u>	<u>\$ 102,373</u>	<u>\$ 287,434</u>

**Banning Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

Mortgage Revenue Bonds

The Banning Redevelopment Agency had mortgage revenue bonds outstanding at June 30, 2009, in the amount of \$275,000.

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

Debt Service Requirements

As previously discussed, the Agency has pledged, as security for tax allocation bonds it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue that it receives. These bonds were to provide financing for various capital projects and to defease previously issued bonds. The City has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$71,037,737 with annual debt service requirements as indicated below. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was \$4,639,744 and the debt service obligation on the bonds was \$2,208,992.

IV. OTHER DISCLOSURES

Note 7: Interfund Transfers

Interfund transfers consisted of the following:

Funds	Transfers Out		
	Capital Projects	Tax Increment	Total
Transfers In:			
Capital Projects	\$ -	\$ 3,556,499	\$ 3,556,499
Tax Increment	<u>193,160</u>	-	<u>193,160</u>
Total	<u>\$ 193,160</u>	<u>\$ 3,556,499</u>	<u>\$ 3,749,659</u>

The transfer from the Low/Moderate Housing Fund to the Tax Increment Fund for \$193,160 was for a portion of the debt service proceeds payments.

The transfer from the Tax Increment Fund to the Capital Projects Fund for \$3,556,499 was to support project expenditures.

**Banning Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 8: Prior Period Adjustments

Beginning fund balance has been restated as follows:

Capital Projects Funds:	
Project:	
To reflect land held for resale that was recorded as a capital asset in the prior year.	<u>\$ 6,971,282</u>
Total Governmental Funds	<u>\$ 6,971,282</u>

Beginning net assets has been restated as follows:

Fund balance restatements above	\$ 6,971,282
To remove capital assets incorrectly recorded in the prior year	(6,971,282)
To properly record expenditures incurred on land held for resale acquired in the prior year.	<u>12,075</u>
Total Net Asset Restatements	<u>\$ 12,075</u>

Note 9: Pass-Through Agreements

In order to lessen the fiscal impact of the tax increment financing of redevelopment projects on other units of local governments, the Agency has entered into pass-through agreements with various governmental agencies to "pass-through" portions of tax increment funds received by the Agency, attributable to the area within the territorial limits of other agencies.

Note 10: Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency participates in the City of Banning's Self-Insurance Fund (an internal service fund). It is the City's responsibility to administer the self-insured programs of insurance and pay all necessary premiums and liability claims. The Agency, along with other City funds, is required to pay interfund premiums to the self-insurance fund on an annual basis.

Note 11: Subsequent Events

SERAf Tax Increment Revenue Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal years 2009-2010 and 2010-2011 to be deposited into the county "Supplemental" Educational Revenue Augmentation Fund (SERAf) and which is to be distributed to meet the State's Prop 98 obligations to schools. It is estimated that the Agency's share of the SERAf shift for fiscal year 2009-2010 and 2010-2011 will amount to approximately \$1,904,182 and \$392,038, respectively. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

**Banning Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 11: Subsequent Events (Continued)

Land Purchase and Note Payable

The Agency purchased real property on July 29, 2009, for \$1,253,393 located at 2301 W. Ramsey Street (APN 538-162-016-6) to provide public benefit in the future with private development. In order to finance the purchase, the Agency entered into a promissory note for the amount of \$1,020,000. The note is subject to a 6% interest rate and payable monthly in amounts of \$7,308 for seven years with the remaining balance to be paid off at the end of year seven.

Land Sale

On August 2009, the Agency sold real property located at 311 E. Ramsey Street (APN 541-146-003) to the State of California to build the Mid-County Justice Center in the City's downtown area. The property was sold in the amount of \$1,009,380.

BANNING REDEVELOPMENT AGENCY

COMBINING PROJECT AREA BALANCE SHEET
ALL GOVERNMENTAL FUNDS
JUNE 30, 2009

Merged Downtown and Midway						
	Debt Service	Capital Projects	Capital Projects	T O T A L S		
	Tax Increment	Project	Low and Moderate Housing	Debt Service Funds	Capital Projects Funds	
ASSETS						
Cash and investments	\$ 5,022,558	\$ 6,737,808	\$ 5,525,209	\$ 5,022,558	\$ 12,263,017	
Cash and investments with trustee	3,391,684	14,848,356	-	3,391,684	14,848,356	
Receivables:						
Tax increment	46,057	-	-	46,057	-	
Accounts	-	176	-	-	176	
Interest receivable	16,946	12,205	18,462	16,946	30,667	
Loans	-	2,841,255	469,775	-	3,311,030	
Lease payments	4,485,000	-	-	4,485,000	-	
Land held for resale	-	9,942,721	-	-	9,942,721	
Total Assets	\$ 12,962,245	\$ 34,382,521	\$ 6,013,446	\$ 12,962,245	\$ 40,395,967	
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,052	\$ 756,737	\$ 24,449	\$ 1,052	\$ 781,186	
Deposits from others	-	47,702	-	-	47,702	
Due to City	2,936,635	-	186	2,936,635	186	
Unearned revenue	4,485,000	2,539,450	469,775	4,485,000	3,009,225	
Accrued liabilities	-	33,476	1,615	-	35,091	
Total Liabilities	7,422,687	3,377,365	496,025	7,422,687	3,873,390	
Fund Balances:						
Reserved:						
Encumbrances	-	511,086	78,938	-	590,024	
Land held for resale	-	9,942,721	-	-	9,942,721	
Loans receivable	-	301,805	-	-	301,805	
Unreserved:						
Designated:						
Debt service	5,539,558	-	-	5,539,558	-	
Continuing projects	-	20,239,544	-	-	20,239,544	
Low and moderate housing	-	-	5,438,483	-	5,438,483	
RBEG grant program	-	10,000	-	-	10,000	
Total Fund Balances	5,539,558	31,005,156	5,517,421	5,539,558	36,522,577	
Total Liabilities and Fund Balances	\$ 12,962,245	\$ 34,382,521	\$ 6,013,446	\$ 12,962,245	\$ 40,395,967	

BANNING REDEVELOPMENT AGENCY

COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Merged Downtown and Midway				
	Debt Service	Capital Projects	Capital Projects	TOTALS	
	Tax Increment	Project	Low and Moderate Housing	Debt Service Funds	Capital Projects Funds
Revenues:					
Taxes and Assessments:					
Tax increment	\$ 4,865,442	\$ -	\$ 1,216,360	\$ 4,865,442	\$ 1,216,360
Use of Money and Property:					
Interest income	167,513	201,845	110,059	167,513	311,904
Lease income	486,383	9,000	-	486,383	9,000
Other revenue:					
Miscellaneous	-	10,853	7,490	-	18,343
Total Revenues	5,519,338	221,698	1,333,909	5,519,338	1,555,607
Expenditures:					
Current:					
General Government:					
Administrative costs	84,298	1,553,806	521,883	84,298	2,075,689
Professional services	6,950	89,765	100,803	6,950	190,568
Capital Outlay:					
Project improvement costs	-	3,402,514	-	-	3,402,514
Debt Service:					
Interest expense	2,100,693	-	-	2,100,693	-
Long-term debt repayments	735,481	-	-	735,481	-
Total Expenditures	2,927,422	5,046,085	622,686	2,927,422	5,668,771
Excess of Revenues over (under) Expenditures	2,591,916	(4,824,387)	711,223	2,591,916	(4,113,164)
Other Financing Sources (Uses)					
Transfers in	193,160	3,556,301	-	193,160	3,556,301
Transfers out	(3,556,301)	-	(193,160)	(3,556,301)	(193,160)
Long-term debt issued	-	200,000	-	-	200,000
Pass through agreement payments	(1,442,058)	-	-	(1,442,058)	-
Miscellaneous:					
Contributions from (to) City	-	392,713	-	-	392,713
Total Other Financing Sources (Uses)	(4,805,397)	4,149,014	(192,962)	(4,805,397)	3,956,052
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ (2,213,481)	\$ (675,373)	\$ 518,261	\$ (2,213,481)	\$ (157,112)
Fund Balances					
Beginning of Year, as previously reported	\$ 7,753,039	\$ 24,709,247	\$ 4,999,160	\$ 7,753,039	\$ 29,708,407
Restatements	-	6,971,282	-	-	6,971,282
Beginning of Year, as restated	7,753,039	31,680,529	4,999,160	7,753,039	36,679,689
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(2,213,481)	(675,373)	518,261	(2,213,481)	(157,112)
End of Year	\$ 5,539,558	\$ 31,005,156	\$ 5,517,421	\$ 5,539,558	\$ 36,522,577

BANNING REDEVELOPMENT AGENCY

**COMPUTATION OF LOW AND MODERATE
INCOME HOUSING FUNDS
EXCESS/SURPLUS**

	Low and Moderate Housing Funds - All Project Areas July 1, 2008	Low and Moderate Housing Funds - All Project Areas July 1, 2009
Opening Fund Balance	\$ 4,999,160	\$ 5,517,421
Less Unavailable Amounts:		
Encumbrances (Section 33334.12 (g)(2))	\$ -	\$ (78,938)
Unspent debt proceeds (Section 33334.12 (g)(3)(B))	<u>(2,067,355)</u>	<u>(1,702,937)</u>
	<u>(2,067,355)</u>	<u>(1,781,875)</u>
Available Low and Moderate Income Housing Funds	2,931,805	3,735,546
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2008 - 2009	-	1,216,360
2007 - 2008	1,261,798	1,261,798
2006 - 2007	1,027,753	1,027,753
2005 - 2006	815,863	815,863
2004 - 2005	<u>502,511</u>	<u>-</u>
Total	<u>\$ 3,607,925</u>	<u>\$ 4,321,774</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>3,607,925</u>	<u>4,321,774</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>