

CITY OF BANNING, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

CITY OF BANNING
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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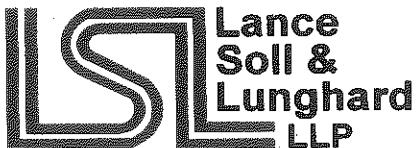
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INDEPENDENT AUDITORS' REPORT

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, 2006, 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, 2006, 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 November 20, 2006 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.

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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 & Lunghard, LLP

November 20, 2006

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, 2006. 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 \$110.5 million and \$98.3 million, respectively, at June 30, 2006.
- During the year, the City had revenues that were \$23.3 million more than the \$22.99 million expenses recorded by the City in its governmental activities.
- In the City's business-type activities, revenues were \$4.67 million less than the \$50.84 million in expenses recorded.
- The revenues available for expenditure were \$1.57 million more than budgeted for in the General Fund. The City kept General Fund expenditures within spending limits by \$0.69 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 13. 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 \$192.43 million at June 30, 2006. 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, 2006 and 2005

	Governmental Activities	Business Type Activities	2006 Total	2005 Total
Current and other assets	\$ 50.24	\$ 82.23	132.47	\$ 91.73
Capital assets	<u>83.54</u>	<u>67.74</u>	<u>151.28</u>	<u>127.71</u>
TOTAL ASSETS	133.78	149.97	283.75	219.44
Long-term liabilities				
outstanding	19.90	50.41	70.31	31.12
Other liabilities	<u>3.40</u>	<u>1.22</u>	<u>4.62</u>	<u>5.12</u>
TOTAL LIABILITIES	23.30	51.63	74.93	36.24
Net assets:				
Invested in capital assets, net of related debt	65.57	20.77	86.34	98.86
Restricted	<u>36.29</u>	<u>20.34</u>	<u>56.63</u>	<u>20.25</u>
Unrestricted	<u>8.62</u>	<u>57.23</u>	<u>65.85</u>	<u>64.09</u>
TOTAL NET ASSETS	\$ 110.48	\$ 98.34	\$ 208.82	\$ 183.20

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 \$23.3 million, while net assets of the business-type funds decreased by \$4.67 million.

TABLE 2
CHANGES IN NET ASSETS
(IN MILLIONS)

As of June 30, 2006 and 2005

	Governmental Activities	Business Type Activities	2006 Total	2005 Total
REVENUES:				
Program Revenues:				
Charges for services	\$ 3.92	\$ 33.67	\$ 37.59	\$ 35.86
Operating grants and contributions	0.93	0.96	1.89	1.09
Capital grants and contributions	6.20	7.38	13.58	2.46
General Revenues:				
Property taxes	8.05	0.04	8.09	6.37
Sales tax	4.09	-	4.09	3.83
Franchise Taxes	0.56	-	0.56	0.62
Other taxes	0.91	-	0.91	0.70
Motor Vehicle In-Lieu	0.18	-	0.18	0.68
Use of Money & Property	19.04	2.54	21.58	2.19
Capital Contributions	-	-	-	12.32
Other Revenues	2.41	1.58	3.99	6.05
TOTAL REVENUES	46.29	46.17	92.46	72.17
EXPENSES:				
General Government	4.51	-	4.51	3.29
Public Safety	9.82	-	9.82	7.84
Public Works	6.80	-	6.80	4.78
Parks and Recreation	0.92	-	0.92	0.84
Interest on long-term debt	0.94	-	0.94	0.97
Airport	0.30	0.30	0.30	0.24
Transit	1.31	1.31	1.31	1.21
Water	-	23.29	23.29	4.87
Electric	-	20.47	20.47	17.59
Wastewater	-	2.98	2.98	2.62
Refuse	-	2.49	2.49	2.30
TOTAL EXPENSES	22.99	50.84	73.83	46.55
INCREASE (DECREASE) IN NET ASSETS				
	\$ 23.30	\$ (4.67)	\$ 18.63	\$ 25.62

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, 2006

	Total Cost of <u>Services</u>	Net Revenue (Expense)
General Government	\$ 4.51	(\$2.73)
Public Safety	9.82	(8.79)
Public Works	6.80	1.03
Parks and Recreation	0.92	(0.49)
Interest on long-term debt	<u>0.94</u>	<u>(0.94)</u>
Total	<u>\$22.98</u>	<u>(\$11.92)</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, 2006

	Total Cost of <u>Services</u>	Net Revenue (Expense)
Airport	\$ 0.30	(\$0.19)
Transit	1.31	(0.24)
Water Utility	23.29	(12.17)
Electric Utility	20.47	1.27
Wastewater Utility	2.98	2.48
Refuse Utility	<u>2.49</u>	<u>0.02</u>
Total	<u>\$50.84</u>	<u>(\$8.83)</u>

THE CITY'S FUNDS

On page 16, the governmental funds balance sheet is shown. The total fund balance for all governmental funds is \$44.27 million. This total includes the general fund balance of \$7.63 million. The City's general fund balance includes reserves for loans receivable as well as City Council adopted designations of fund balance totaling \$3.51 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 increased or decreased appropriations or estimated revenue were approved by the City Council.

For the City's general fund, actual ending revenues of \$15.04 million were \$1.57 million more than the final budgeted revenues of \$13.47 million. The most significant variance was in total tax revenues, which was budgeted to be \$7.83 million; however, the actual was \$8.70 million. The other significant variances were in use of money and property and charges for services. In these two categories, the City budgeted a total of \$2.84 million, and the actual was \$3.41 million.

The general fund actual ending expenditures of \$14.98 million were \$0.69 million less than the final budget of \$15.67 million. There were significant changes in the original budget compared to the final budget during the year. The original expenditure budget was \$10.98 million compared to the final budget of \$15.67 million, a \$4.69 million increase.

Even though the City's general fund appropriations increased by \$4.69 million to \$15.67 million, mainly due to the carryover of continuing appropriations and grants secured throughout the year, final expenditures were only \$14.98 million. The City's general fund still had an actual net increase in fund balance of \$0.06 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, the City had \$134.88 million invested in a broad range of capital assets (See Table 5).

TABLE 5
 CAPITAL ASSETS BY ACTIVITY
 (NET OF DEPRECIATION, IN MILLIONS)
 June 30, 2006

	Governmental Activities	Business Type Activities	Total
Land	\$ 3.09	\$ 1.18	\$ 4.27
Construction in progress	4.48	2.88	7.36
Buildings and Structures	3.73	0.18	3.91
Improvements	0.84	1.33	2.17
Machinery and Equipment	0.91	-	0.91
Vehicles	0.84	-	0.84
Utility Plant	-	61.88	61.88
Infrastructure	<u>69.64</u>	<u>0.29</u>	<u>69.93</u>
TOTALS	<u>\$ 83.53</u>	<u>\$ 67.74</u>	<u>\$ 151.27</u>

As presented in the Adopted Operating budget for Fiscal Year 2005-06, the CIP totals \$5.66 million for all categories of the capital improvement projects reported by the various City departments. The amount of the adopted projects reflects a \$0.77 million decrease over the previous fiscal year's Capital Budget of \$6.43 million. For additional information on capital assets refer to the Notes to the Financial Statements.

Debt

At year-end, the City's governmental activities had \$20.42 million in bonds, loans, advances, leases, and compensated absences outstanding while the business-type activities had \$46.90 million in debt (see Table 6).

TABLE 6
DEBT RECAP BY ACTIVITY
(IN MILLIONS)

June 30, 2006

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Compensated absences	\$ 1.35	\$ 0.42	\$ 1.77
Tax Allocation Bonds	13.37	-	13.37
Certificates of Participation	5.24	-	5.24
Revenue Bonds	-	42.74	42.74
Claims & Judgements	0.46	-	0.46
Loans	-	3.74	3.74
TOTALS	\$ 20.42	\$ 46.90	\$ 67.32

During fiscal year ended June 30, 2006, the City paid \$0.36 million toward Redevelopment Tax Allocation Bonds and \$0.23 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. 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 2007, 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 2006
- The national economy's recent modest recovery efforts and continued fluctuations will not have a significant adverse impact on the City's revenue stream
- Sales Tax revenue will increase slightly to approximately \$2.86 million absent the affects of the State's Triple Flip
- The State has decreased Motor Vehicle License Fees significantly, however, the entire reduction is being backfilled by the State with property taxes

- Property Tax revenues will increase by \$0.09 million, or approximately 5%, absent the affects of the State's backfill commitments and significant fluctuations in supplemental taxes
- Development related revenues will be moderately higher than the prior year levels due to activity levels consistent with last year as well as 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 2006-07 Expenditure Budget of \$15.79 million is approximately \$0.12 million higher than the Final Amended Budget for Fiscal Year 2005-06. This net increase is attributable to a rise in labor and benefit costs as well as an increase in services and supplies costs.

The Operating Budget for Fiscal Year 2006-07 is a budget that reflects the City's commitment to provide its citizens a safe environment 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 2006-07 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, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 29,818,890	\$ 51,276,245	\$ 81,095,135
Receivables:			
Accounts	144,664	4,016,868	4,161,532
Loans	39,239	7,569	46,808
Accrued interest	338,244	534,985	873,229
Internal balances	(1,167,700)	1,167,700	-
Inventories	52,272	1,230,210	1,282,482
Unamortized debt issuance costs	611,790	1,221,250	1,833,040
Deposits	-	1,406,247	1,406,247
Due from other governments	1,647,290	143,588	1,790,878
Restricted assets:			
Cash and investments	-	873,182	873,182
Cash with fiscal agent	18,763,232	20,344,973	39,108,205
Capital assets not being depreciated	7,578,307	4,063,239	11,641,546
Capital assets, net of depreciation	75,957,638	63,680,695	139,638,333
Total Assets	133,783,866	149,966,751	283,750,617
Liabilities:			
Accounts payable	1,276,897	2,462,148	3,739,045
Accrued liabilities	320,913	195,170	516,083
Accrued interest	293,512	393,651	687,163
Unearned revenues	-	147,044	147,044
Deposits payable	412,899	1,027,084	1,439,983
Due to other governments	637,365	-	637,365
Accrued claims and judgments	457,184	-	457,184
Noncurrent liabilities:			
Due within one year	1,499,156	1,725,675	3,224,831
Due in more than one year	18,404,916	45,676,536	64,081,452
Total Liabilities	23,302,842	51,627,308	74,930,150
Net Assets:			
Invested in capital assets, net of related debt	65,574,689	20,765,348	86,340,037
Restricted for:			
Community development projects	2,004,743	-	2,004,743
Public safety	18,046,108	-	18,046,108
Other purpose	13,486,565	-	13,486,565
Debt service	2,745,375	20,344,973	23,090,348
Unrestricted	8,623,544	57,229,122	65,852,666
Total Net Assets	\$ 110,481,024	\$ 98,339,443	\$ 208,820,467

CITY OF BANNING

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

	Expenses	Program Revenues			
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General government	\$ 4,513,213	\$ 1,780,259	\$ -	\$ -	
Public safety	9,822,217	134,585	888,550	-	
Public works	6,793,647	1,611,909	-	6,215,567	
Parks and recreation	915,065	390,245	38,600	2,016	
Interest on long-term debt	942,221	-	-	-	
Total Governmental Activities	22,986,363	3,916,998	927,150	6,217,583	
Business-Type Activities:					
Airport	289,676	75,800	20,000	-	
Transit	1,309,336	125,737	920,874	18,336	
Water utility	23,294,434	7,231,200	19,714	3,876,192	
Electric utility	20,470,503	21,049,613	-	695,651	
Wastewater utility	2,980,734	2,665,220	-	2,792,400	
Refuse utility	2,494,187	2,518,459	-	-	
Total Business-Type Activities	50,838,870	33,666,029	960,588	7,382,579	
Total Primary Government	\$ 73,825,233	\$ 37,583,027	\$ 1,887,738	\$ 13,600,162	
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					
Transient occupancy taxes					
Sales taxes					
Franchise taxes					
Business licenses taxes					
Other taxes					
Intergovernmental, unrestricted:					
Motor vehicle in lieu					
Use of money and property					
Other					
Transfers					
Total General Revenues and Transfers					
Change in Net Assets					
Net Assets at Beginning of Year					
Restatement of Net Assets					
Net Assets at End of Year					

CITY OF BANNING

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Net (Expenses) Revenues and Changes in Net Assets Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,732,954)	\$ -	\$ (2,732,954)
(8,799,082)	-	(8,799,082)
1,033,829	-	1,033,829
(484,204)	-	(484,204)
(942,221)	-	(942,221)
(11,924,632)	-	(11,924,632)
	(193,876)	(193,876)
	(244,389)	(244,389)
	(12,167,328)	(12,167,328)
	1,274,761	1,274,761
	2,476,886	2,476,886
	24,272	24,272
	(8,829,674)	(8,829,674)
(11,924,632)	(8,829,674)	(20,754,306)
8,053,414	41,448	8,094,862
188,027	-	188,027
4,091,141	-	4,091,141
563,544	-	563,544
165,637	-	165,637
548,659	-	548,659
182,155	-	182,155
19,039,702	2,537,710	21,577,412
2,035,968	1,938,263	3,974,231
356,332	(356,332)	-
35,224,579	4,161,089	39,385,668
23,299,947	(4,668,585)	18,631,362
87,222,242	95,981,365	183,203,607
(41,165)	7,026,663	6,985,498
\$ 110,481,024	\$ 98,339,443	\$ 208,820,467

CITY OF BANNING

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	Capital Projects Funds		
	General	Capital Improvement Fund	Redevelopment Agency
Assets:			
Cash and investments	\$ 7,945,729	\$ 2	\$ 12,289,694
Receivables:			
Accounts	99,173	-	8
Interest	126,203	-	136,909
Loans	28,908	-	-
Due from other governments	1,215,693	-	-
Restricted assets:			
Cash and investments with fiscal agents		17,168,414	-
Total Assets	\$ 9,415,706	\$ 17,168,416	\$ 12,426,611
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 426,566	\$ 93,310	\$ 641,483
Accrued liabilities	227,386	-	-
Due to other funds	-	67,890	-
Deferred revenues	225,876	-	-
Advances from other funds	-	-	-
Deposits payable	268,137	-	45,256
Due to other governments	637,365	-	-
Total Liabilities	1,785,330	161,200	686,739
Fund Balances:			
Reserved:			
Reserved for encumbrances	112,170	163,577	-
Reserved for special donations	-	-	-
Reserved for loans receivable	28,908	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Designated for RBEG grant program	-	-	10,000
Designated for working capital	1,579,321	-	-
Designated for equipment replacement	42,938	-	-
Designated for compensated absences	481,000	-	-
Designated for CALPERS liabilities	900,000	-	-
Designated for continuing appropriations	363,715	324,888	-
Designated for capital projects	-	-	10,881,902
Undesignated	4,122,324	16,518,751	847,970
Total Fund Balances	7,630,376	17,007,216	11,739,872
Total Liabilities and Fund Balances	\$ 9,415,706	\$ 17,168,416	\$ 12,426,611

CITY OF BANNING

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	Other Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	\$ 6,483,773	\$ 26,719,198
Receivables:		
Accounts	1,208	100,389
Interest	53,813	316,925
Loans	2,446	31,354
Due from other governments	428,828	1,644,521
Restricted assets:		
Cash and investments with fiscal agents	1,594,818	18,763,232
Total Assets	\$ 8,564,886	\$ 47,575,619
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 40,052	\$ 1,201,411
Accrued liabilities	28,633	256,019
Due to other funds	1,935	69,825
Deferred revenues	-	225,876
Advances from other funds	504,201	504,201
Deposits payable	98,578	411,971
Due to other governments	-	637,365
Total Liabilities	673,399	3,306,668
Fund Balances:		
Reserved:		
Reserved for encumbrances	115,126	390,873
Reserved for special donations	281,012	281,012
Reserved for loans receivable	2,446	31,354
Unreserved:		
Unreserved, reported in nonmajor:		
Special revenue funds	2,025,869	2,025,869
Capital projects funds	2,428,147	2,428,147
Debt service funds	3,038,887	3,038,887
Designated for RBEG grant program	-	10,000
Designated for working capital	-	1,579,321
Designated for equipment replacement	-	42,938
Designated for compensated absences	-	481,000
Designated for CALPERS liabilities	-	900,000
Designated for continuing appropriations	-	688,603
Designated for capital projects	-	10,881,902
Undesignated	-	21,489,045
Total Fund Balances	7,891,487	44,268,951
Total Liabilities and Fund Balances	\$ 8,564,886	\$ 47,575,619

CITY OF BANNING

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006**

Fund balances of governmental funds	\$ 44,268,951
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.	82,961,993
Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets:	
Debt issuance costs on bonds issued	611,790
Long-term debt and compensated absences have not been included in the governmental fund activity:	
Long-term debt	(18,558,374)
Compensated absences	(1,029,632)
Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.	(293,512)
Revenue not received within 60 days and recorded as deferred revenue in the governmental funds. These revenues are recorded as intergovernmental revenues in the governmental fund activity.	225,876
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.	2,293,932
Net assets of governmental activities	<u>\$ 110,481,024</u>

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CITY OF BANNING

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Capital Projects Funds		
	General	Capital Improvement Fund	Redevelopment Agency
Revenues:			
Taxes	\$ 8,700,564	\$ -	\$ 815,863
Licenses and permits	436,660	-	-
Intergovernmental	1,408,964	-	-
Charges for services	2,979,908	-	-
Use of money and property	431,813	17,168,413	577,395
Fines and forfeitures	388,573	-	-
Contributions	-	-	-
Miscellaneous	274,179	-	22,200
Total Revenues	14,620,661	17,168,413	1,415,458
Expenditures:			
Current:			
General government	2,272,282	-	1,387,013
Public safety	9,257,232	40,016	-
Public works	1,547,608	-	-
Parks and recreation	810,757	-	-
Capital outlay	656,505	121,181	1,015,203
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	14,544,384	161,197	2,402,216
Excess (Deficiency) of Revenues Over (Under) Expenditures	76,277	17,007,216	(986,758)
Other Financing Sources (Uses):			
Transfers in	422,990	-	621,143
Transfers out	(431,681)	-	(194,873)
Total Other Financing Sources (Uses)	(8,691)	-	426,270
Net Change in Fund Balances	\$ 67,586	\$ 17,007,216	\$ (560,488)
Fund Balances:			
Beginning of Year, as originally reported	\$ 7,565,609	\$ -	\$ 12,300,360
Restatements	(2,819)	-	-
Beginning of Year, as restated	7,562,790	-	12,300,360
Net Change in Fund Balances	67,586	17,007,216	(560,488)
End of Year	\$ 7,630,376	\$ 17,007,216	\$ 11,739,872

CITY OF BANNING

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 4,126,073	\$ 13,642,500
Licenses and permits	-	436,660
Intergovernmental	1,364,556	2,773,520
Charges for services	127,199	3,107,107
Use of money and property	781,313	18,958,934
Fines and forfeitures	-	388,573
Contributions	-	-
Miscellaneous	570,434	866,813
Total Revenues	6,969,575	40,174,107
Expenditures:		
Current:		
General government	160,236	3,819,531
Public safety	178,197	9,475,445
Public works	1,348,720	2,896,328
Parks and recreation	73,169	883,926
Capital outlay	4,944,467	6,737,356
Debt service:		
Principal retirement	590,000	590,000
Interest and fiscal charges	919,201	919,201
Total Expenditures	8,213,990	25,321,787
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,244,415)	14,852,320
Other Financing Sources (Uses):		
Transfers in	1,047,297	2,091,430
Transfers out	(1,108,544)	(1,735,098)
Total Other Financing Sources (Uses)	(61,247)	356,332
Net Change in Fund Balances	\$ (1,305,662)	\$ 15,208,652
Fund Balances:		
Beginning of Year, as originally reported	\$ 9,238,584	\$ 29,104,553
Restatements	(41,435)	(44,254)
Beginning of Year, as restated	9,197,149	29,060,299
Net Change in Fund Balances	(1,305,662)	15,208,652
End of Year	\$ 7,891,487	\$ 44,268,951

CITY OF BANNING

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006**

Net change in fund balances - total governmental funds	\$ 15,208,652
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.	7,787,241
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	561,551
Accrued interest for Tax Allocation Bonds. This is the net change in accrued interest for the current period.	5,429
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.	(83,373)
Revenues not received within 60 days are not recognized and deferred in the governmental funds. They are fully accrued in the governmental activities.	(337,964)
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 are reported with governmental activities.	158,411
Change in net assets of governmental activities	\$ 23,299,947

See Notes to Financial Statements

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CITY OF BANNING

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2006

	Budget Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)
Budgetary Fund Balance, July 1, as restated	\$ 7,565,609	\$ 7,565,609	\$ 7,562,790
Resources (Inflows):			\$ (2,819)
Taxes:			
Sales and use	2,516,860	2,769,301	320,622
Property	2,873,273	3,900,605	533,711
Franchise	392,169	431,029	31,922
Transient occupancy	160,000	180,000	8,027
Other	547,909	552,909	(27,562)
Subtotal	6,490,211	7,833,844	866,720
Licenses and permits:			
Building permits	408,000	388,000	354,048
Other permits	31,292	44,691	82,612
Subtotal	439,292	432,691	3,969
Fines, forfeitures and penalties:			
Parking fines	10,500	13,500	25,506
Court fines and other fines	406,500	356,500	363,067
Subtotal	417,000	370,000	18,573
Use of money and property:			
Interest and rents	134,654	247,600	431,813
Subtotal	134,654	247,600	184,213
Intergovernmental:			
State motor vehicle in-lieu fee	208,003	191,502	274,175
Other intergovernmental revenues	44,700	1,134,303	1,134,789
Subtotal	252,703	1,325,805	83,159
Charges for services:			
Engineering, police, fire and other fees	721,447	793,034	1,183,431
Recreation fees	57,400	58,300	53,977
Interfund charges	1,742,500	1,742,500	1,742,500
Subtotal	2,521,347	2,593,834	386,074
Other	77,450	244,115	274,179
Transfers from other funds	168,000	429,489	422,990
Amounts Available for Appropriation	10,500,657	13,477,378	15,043,651
			1,566,273

CITY OF BANNING

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget		
	Original	Final				
Charges to Appropriation (Outflow):						
General government:						
City council	\$ 159,395	\$ 157,013	\$ 132,190	\$ 24,823		
City manager	154,379	210,888	151,048	59,840		
Personnel	140,458	268,469	292,413	(23,944)		
City clerk	110,308	124,552	121,220	3,332		
City attorney	52,421	219,792	358,611	(138,819)		
Finance	143,160	249,813	199,924	49,889		
Community enhancement	83,257	97,409	85,758	11,651		
Central services	927,308	969,775	931,118	38,657		
Subtotal	1,770,686	2,297,711	2,272,282	25,429		
Public safety:						
Police	5,304,871	6,581,714	6,615,937	(34,223)		
Animal control	132,680	132,680	124,304	8,376		
Fire	1,727,883	3,096,901	2,516,991	579,910		
Subtotal	7,165,434	9,811,295	9,257,232	554,063		
Public works:						
Building safety	570,941	656,032	667,657	(11,625)		
Planning	227,269	430,230	435,799	(5,569)		
Engineering	222,498	326,458	256,679	69,779		
Building maintenance	152,074	193,751	187,473	6,278		
Subtotal	1,172,782	1,606,471	1,547,608	58,863		
Parks						
Recreation	447,801	431,195	373,894	57,301		
Subtotal	872,331	924,781	810,757	114,024		
Capital outlay						
Transfers out	-	588,052	656,505	(68,453)		
Total Charges to Appropriations	10,981,233	15,673,501	14,976,065	697,436		
Budgetary Fund Balance, June 30	\$ 7,085,033	\$ 5,369,486	\$ 7,630,376	(2,260,890)		

CITY OF BANNING

STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Banning Utility		Banning Utility
	Authority	Electric	Authority
	Water	Utility	Wastewater
Assets:			
Current:			
Cash and investments	\$ 12,549,183	\$ 25,760,126	\$ 12,274,612
Receivables:			
Accounts	963,890	2,469,902	279,759
Interest	129,889	273,777	125,631
Loans	1,409	6,160	
Due from other funds			69,825
Due from other governments	72,854		
Inventories	248,247	962,016	
Deposits with other agencies		1,406,247	
Total Current Assets	13,965,472	30,878,228	12,749,827
Restricted:			
Cash and investments		873,182	
Cash with fiscal agent	15,260,873		5,084,100
Total Restricted Assets	15,260,873	873,182	5,084,100
Noncurrent:			
Unamortized debt issuance costs	926,370		294,880
Advances to other funds		504,201	166,245
Capital assets - net of accumulated depreciation	31,920,421	16,371,603	16,847,391
Total Noncurrent Assets	32,846,791	16,875,804	17,308,516
Total Assets	\$ 62,073,136	\$ 48,627,214	\$ 35,142,443
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 983,820	\$ 1,223,185	\$ 51,250
Accrued payroll payable	56,374	96,973	10,054
Accrued interest payable	279,873		113,778
Deposits payable	453,911	408,711	89,456
Unearned revenues			
Bonds, notes and loans payable	830,000		472,050
Total Current Liabilities	2,603,978	1,728,869	736,588
Noncurrent:			
Advances from other funds			
Compensated absences	208,970	133,305	19,319
Claims and judgments			
Bonds, notes and loans payable	35,777,691		9,898,845
Total Noncurrent Liabilities	35,986,661	133,305	9,918,164
Total Liabilities	38,590,639	1,862,174	10,654,752
Net Assets:			
Invested in capital assets, net of related debt	(4,687,270)	16,371,603	6,476,496
Restricted for debt service	15,260,873		5,084,100
Unrestricted	12,908,894	30,393,437	12,927,095
Total Net Assets	23,482,497	46,765,040	24,487,691
Total Liabilities and Net Assets	\$ 62,073,136	\$ 48,627,214	\$ 35,142,443

CITY OF BANNING

STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
Assets:			
Current:			
Cash and investments	\$ 692,324	\$ 51,276,245	\$ 3,099,692
Receivables:			
Accounts	303,317	4,016,868	44,275
Interest	5,688	534,985	21,319
Loans	-	7,569	7,885
Due from other funds	-	69,825	-
Due from other governments	70,734	143,588	2,769
Inventories	19,947	1,230,210	52,272
Deposits with other agencies	-	1,406,247	-
Total Current Assets	1,092,010	58,685,537	3,228,212
Restricted:			
Cash and investments	-	873,182	-
Cash with fiscal agent	-	20,344,973	-
Total Restricted Assets	-	21,218,155	-
Noncurrent:			
Unamortized debt issuance costs	-	1,221,250	-
Advances to other funds	-	670,446	-
Capital assets - net of accumulated depreciation	2,604,519	67,743,934	573,952
Total Noncurrent Assets	2,604,519	69,635,630	573,952
Total Assets	\$ 3,696,529	\$ 149,539,322	\$ 3,802,164
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 203,893	\$ 2,462,148	\$ 75,486
Accrued payroll payable	31,769	195,170	64,894
Accrued interest payable	-	393,651	-
Deposits payable	75,006	1,027,084	928
Unearned revenues	147,044	147,044	-
Bonds, notes and loans payable	-	1,302,050	-
Total Current Liabilities	457,712	5,527,147	141,308
Noncurrent:			
Advances from other funds	166,245	166,245	-
Compensated absences	62,031	423,625	316,066
Claims and judgments	-	-	457,184
Bonds, notes and loans payable	-	45,676,536	-
Total Noncurrent Liabilities	228,276	46,266,406	773,250
Total Liabilities	685,988	51,793,553	914,558
Net Assets:			
Invested in capital assets, net of related debt	2,604,519	20,765,348	573,952
Restricted for debt service	-	20,344,973	-
Unrestricted	406,022	56,635,448	2,313,654
Total Net Assets	3,010,541	97,745,769	2,887,606
Total Liabilities and Net Assets	\$ 3,696,529	\$ 149,539,322	\$ 3,802,164

Reconciliation of Net Assets to the Statement of Net Assets:

Net Assets per Statement of Net Assets - Proprietary Funds	\$ 97,745,769
Prior years' accumulated adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds	373,035
Current adjustments to reflect the consolidation of internal service activities related to enterprise funds	220,639
Net Assets: Business-Type Activities	\$ 98,339,443

CITY OF BANNING

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006**

	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Operating Revenues:			
Sales and service charges	\$ 7,231,200	\$ 21,049,613	\$ 2,665,220
Connection fees		31,010	
Total Operating Revenues	7,231,200	21,080,623	2,665,220
Operating Expenses:			
Salaries and benefits	1,419,096	1,862,751	220,728
Supplies and services	2,786,945	3,499,980	1,465,960
Repairs and maintenance	10,172	15,281	38,471
Street lighting costs		129,749	
Power purchased for resale		14,223,088	
Insurance premiums			
Depreciation	925,285	891,623	934,142
Total Operating Expenses	5,141,498	20,622,472	2,659,301
Operating Income (Loss)	2,089,702	458,151	5,919
Nonoperating Revenues (Expenses):			
Taxes			
Intergovernmental	19,714		
Interest revenue	649,022	963,120	752,513
Interest expense	(960,749)		(256,354)
Lease expense	(17,000,000)		
Amortization of bond costs	(228,737)		(99,731)
Miscellaneous	1,442,040	(51,041)	511,067
Total Nonoperating Revenues (Expenses)	(16,078,710)	912,079	907,495
Income (Loss) Before Contributions and Transfers	(13,989,008)	1,370,230	913,414
Capital contributions	3,876,192	695,651	2,792,400
Transfers out	(23,000)	(155,000)	(123,332)
Changes in Net Assets	\$ (10,135,816)	\$ 1,910,881	\$ 3,582,482
Net Assets:			
Beginning of Fiscal Year, as originally reported	\$ 29,918,873	\$ 44,245,360	\$ 18,186,785
Restatements	3,699,440	608,799	2,718,424
Beginning of Fiscal Year, as restated	33,618,313	44,854,159	20,905,209
Changes in Net Assets	(10,135,816)	1,910,881	3,582,482
End of Fiscal Year	\$ 23,482,497	\$ 46,765,040	\$ 24,487,691

CITY OF BANNING

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006**

	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating Revenues:			
Sales and service charges	\$ 2,719,996	\$ 33,666,029	\$ 4,866,955
Connection fees		31,010	-
Total Operating Revenues	2,719,996	33,697,039	4,866,955
Operating Expenses:			
Salaries and benefits	725,802	4,228,377	1,622,784
Supplies and services	3,019,705	10,772,590	2,060,778
Repairs and maintenance	-	63,924	183,873
Street lighting costs	-	129,749	-
Power purchased for resale	-	14,223,088	-
Insurance premiums	-	-	683,497
Depreciation	345,160	3,096,210	72,417
Total Operating Expenses	4,090,667	32,513,938	4,623,349
Operating Income (Loss)	(1,370,671)	1,183,101	243,606
Nonoperating Revenues (Expenses):			
Taxes	41,448	41,448	-
Intergovernmental	959,210	978,924	-
Interest revenue	173,055	2,537,710	80,768
Interest expense	-	(1,217,103)	-
Lease expense	-	(17,000,000)	-
Amortization of bond costs	-	(328,468)	-
Miscellaneous	5,187	1,907,253	54,675
Total Nonoperating Revenues (Expenses)	1,178,900	(13,080,236)	135,443
Income (Loss) Before Contributions and Transfers	(191,771)	(11,897,135)	-
Capital contributions	-	7,364,243	-
Transfers out	(55,000)	(356,332)	-
Changes in Net Assets	\$ (246,771)	\$ (4,889,224)	\$ 379,049
Net Assets:			
Beginning of Fiscal Year, as originally reported	\$ 3,257,312	\$ 95,608,330	\$ 2,505,468
Restatements	-	7,026,663	3,089
Beginning of Fiscal Year, as restated	3,257,312	102,634,993	2,508,557
Changes in Net Assets	(246,771)	(4,889,224)	379,049
End of Fiscal Year	\$ 3,010,541	\$ 97,745,769	\$ 2,887,606
Changes in Net Assets, Enterprise Funds		\$ (4,889,224)	
Adjustment to reflect the consolidation of internal service activities related to enterprise funds		220,639	
Changes in Net Assets of Business-Type Activities		\$ (4,668,585)	

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006

	Banning Utility Authority Water	Banning Utility Authority Electric	Banning Utility Authority Wastewater	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:						
Cash received from customers and users	\$ 7,261,518	\$ 21,218,480	\$ 2,693,315	\$ 2,730,258	\$ 33,903,571	\$ -
Cash received from interfund service provided	(1,621,784)	(17,451,833)	(1,463,562)	(2,980,132)	(23,517,311)	4,880,546
Cash paid to suppliers for goods and services	(1,365,565)	(1,844,546)	(213,218)	(718,613)	(4,141,942)	(2,232,870)
Cash paid to employees for services	-	-	-	-	-	(1,590,505)
Cash paid for claims	-	-	-	-	-	(903,538)
Net Cash Provided (Used) by Operating Activities	4,274,169	1,922,101	1,016,535	(968,487)	6,244,318	153,633
Cash Flows from Noncapital Financing Activities:						
Cash transfer to other funds	(23,000)	(155,000)	(123,332)	(55,000)	\$ (356,332)	-
Due from other funds	-	-	(64,020)	-	(64,020)	-
Repayment of advances	-	56,452	45,000	(45,000)	56,452	-
Intergovernmental	244,262	-	-	966,843	1,211,105	7,769
Miscellaneous	1,442,040	(61,041)	511,067	46,635	1,948,701	54,675
Net Cash Provided (Used) by Noncapital Financing Activities	1,663,302	(149,589)	368,715	913,478	2,795,906	62,444
Cash Flows from Capital and Related Financing Activities:						
Proceeds from capital debt	32,000,000	-	5,000,000	-	37,000,000	-
Purchases, acquisition and construction of capital assets	(2,590,947)	(1,842,645)	(17,000)	(10,490)	(4,461,082)	(84,000)
Transfer to escrow trust accounts	(705,885)	-	(584,784)	-	(1,290,669)	-
Principal paid on capital debt	(145,000)	-	(201,803)	-	(346,803)	-
Interest paid on capital debt	(711,393)	-	(210,900)	-	(922,293)	-
Operating lease payments	(17,000,000)	-	-	-	(17,000,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	10,846,775	(1,842,645)	3,985,513	(10,490)	12,979,153	(84,000)
Cash Flows from Investing Activities:						
Interest received	584,605	855,222	699,913	171,408	2,311,148	75,060
Net Cash Provided (Used) by Investing Activities	584,605	855,222	699,913	171,408	2,311,148	75,060
Net Increase (Decrease) in Cash and Cash Equivalents	17,368,851	785,089	6,070,676	105,909	24,330,525	207,137
Cash and Cash Equivalents at Beginning of Year	10,441,205	25,848,219	11,288,036	586,415	48,163,875	2,892,555
Cash and Cash Equivalents at End of Year	\$ 27,810,056	\$ 26,633,308	\$ 17,358,712	\$ 692,324	\$ 72,494,400	\$ 3,099,692

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006

	Banning Utility Authority Water	Banning Utility Authority Electric	Banning Utility Authority Wastewater	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss) \$ 2,089,702 \$ 458,151 \$ 5,919 \$ (1,370,671) \$ 1,183,101 \$ 243,606						
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	925,285	891,623	934,142	345,160	3,096,210	72,417
(Increase) decrease in accounts receivable	30,318	137,857	28,095	10,262	206,532	13,591
(Increase) decrease in loans receivable	3,223	(4,275)	-	-	(1,052)	(1,578)
(Increase) decrease in inventories	(33,516)	69,499	-	(16,088)	19,895	12,013
(Increase) decrease in prepaid expense	-	-	-	-	-	-
(Increase) decrease in deposits with other agency	-	(74,733)	-	-	(74,733)	-
Increase (decrease) in accounts payable	839,460	310,509	37,072	9,682	1,196,723	1,346
Increase (decrease) in accrued liabilities	15,795	16,286	5,587	8,875	46,543	8,434
Increase (decrease) in deposits payable	366,166	115,265	3,797	10,336	495,564	-
Increase (decrease) in unearned revenue	-	-	-	35,643	35,643	-
Increase (decrease) in compensated absences	37,736	1,919	1,923	(1,686)	39,892	23,845
Increase (decrease) in claims payable	-	-	-	-	-	(220,041)
Total Adjustments	2,184,467	1,463,950	1,010,616	402,184	5,061,217	(89,973)
Net Cash Provided (Used) by Operating Activities						
	\$ 4,274,169	\$ 1,922,101	\$ 1,016,535	\$ (968,487)	\$ 6,244,318	\$ 153,633

Schedule of Noncash Transactions:

Non-Cash Investing, Capital, and Financing Activities:

Amortization of bond costs	(228,737)	(99,731)
Refunding bond proceeds received in escrow trust	4,178,612	1,664,172
Debt defeased through escrow trust fund	(4,365,000)	(1,895,000)
Deferred loss on refunding	(537,304)	(357,434)

CITY OF BANNING**STATEMENT OF FIDUCIARY NET ASSETS**
JUNE 30, 2006

	Agency Funds
Assets:	
Cash and investments	\$ 493,398
Receivables:	
Interest	4,034
Due from other governments	22,598
Restricted assets:	
Cash with fiscal agent	<u>536,945</u>
Total Assets	<u>\$ 1,056,975</u>
Liabilities:	
Accounts payable	\$ 429
Deposits	54,457
Due to bondholders	<u>1,002,089</u>
Total Liabilities	<u>\$ 1,056,975</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

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.

City of Banning
Notes to Financial Statements (Continued)

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. 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 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.

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. 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

City of Banning
Notes to Financial Statements (Continued)

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

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".

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.

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

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

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.

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.

City of Banning
Notes to Financial Statements (Continued)

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

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:

Asset	Years
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

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.

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

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

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.

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.

City of Banning
Notes to Financial Statements (Continued)

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

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.

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:

City of Banning
Notes to Financial Statements (Continued)

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

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 (\$18,558,374) long-term debt difference is as follows:

Long-term debt:	
Certificates of participation payable	\$ (5,240,000)
Tax allocation bonds payable	(13,375,000)
Deferred discount on bonds (to be amortized over life of debt)	<u>56,626</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ (18,558,374)</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 \$7,787,241 difference is as follows:

Capital outlay	\$ 6,632,724
Capital contributions	6,013,067
Less: depreciation expense	<u>(4,858,550)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 7,787,241</u>

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.

City of Banning
Notes to Financial Statements (Continued)

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

The details of this \$561,551 difference are as follows:

Principal repayments:	
Certificates of participation	230,000
Tax allocation bonds	360,000
Amortization of bond costs	<u>(28,449)</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>\$ 561,551</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).

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.

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

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2006, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 48,582,122
Business-type activities	72,494,400
Fiduciary funds	1,030,343
Total Cash and Investments	<u>\$ 122,106,865</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, 2006, the carrying amount of the City's deposits was \$348,326, and the bank balance was \$2,017,753. The \$1,669,427 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.

Investments

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

- Bonds issued by local agency
- Treasury obligations
- State of California obligations
- Obligation of California local agency
- Obligations issued by Federal Agencies, and U.S. and Government sponsored enterprises
- Bankers acceptances

City of Banning
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

- Commercial paper
- Negotiable CD's
- Repurchase agreements/Reverse repurchase agreements
- Medium term notes
- Mutual funds
- Investments as permitted by provision in agreements of indebtedness
- Asset secured indebtedness
- Collateralized mortgage obligations

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, 2006, the City's investments in Federal Agency Securities consisted of investments in Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporate Notes and Federal Farm Credit. At June 30, 2006, 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, 2006, the City's investments in external investment pools are unrated.

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

City of Banning
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

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, 2006, 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, 2006, 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, 2006, the City had the following investments and original maturities:

Investment Type	Remaining Investment Maturities			
	6 months or less	6 months to 1 year	1 to 3 years	Fair Value
Federal Agency Securities	\$ -	\$ 3,915,910	\$ 17,855,339	\$ 21,771,249
Local Agency Investment Fund	59,369,511	-	-	59,369,511
Money Market	967,874	-	-	967,874
Cash with Fiscal Agents:				
Money Market	39,649,905	-	-	39,649,905
Total	\$ 99,987,290	\$ 3,915,910	\$ 17,855,339	\$ 121,758,539

Note 4: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due To/From Other Funds

Funds	Due To Other Funds		
	Capital Improvement Fund	Nonmajor Governmental Funds	Total
Due From Other Funds:			
Banning Utility Authority Wastewater	\$ 67,890	\$ 1,935	\$ 69,825
Total	\$ 67,890	\$ 1,935	\$ 69,825

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

City of Banning
Notes to Financial Statements (Continued)

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

Advances To/From Other Funds

Funds	Advances to Other Funds:		
	Electric Utility	Wastewater Utility	Total
Advances from Other Funds:			
Nonmajor Governmental Funds	\$ 504,201	\$ -	\$ 504,201
Nonmajor Enterprise Funds	-	166,245	166,245
Total	\$ 504,201	\$ 166,245	\$ 670,446

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, 2006, loans to and accrued unpaid interest owed on those loans was \$504,201. 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, 2006 was \$166,245. There is no definite repayment information.

Interfund Transfers

Funds	Transfers Out:							
	General Fund	Capital Projects RDA	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	Totals
Transfers In:								
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 422,990	\$ -	\$ 422,990
Capital Projects RDA	-	-	-	150,000	-	471,143	-	621,143
Nonmajor Governmental Funds	431,681	194,873	23,000	5,000	123,332	214,411	55,000	1,047,297
Totals	\$ 431,681	\$ 194,873	\$ 23,000	\$ 155,000	\$ 123,332	\$ 1,108,544	\$ 55,000	\$ 2,091,430

During the year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the year were \$422,990.

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, Wastewater, Nonmajor Governmental Funds and Nonmajor Proprietary 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, 2006, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,846,400	\$ 385,000	\$ 137,800	\$ 3,093,600
Construction-in-progress	443,920	4,040,787	-	4,484,707
Total Capital Assets, Not Being Depreciated	3,290,320	4,425,787	137,800	7,578,307
Capital assets, being depreciated:				
Buildings and structures	10,965,372	98,440	-	11,063,812
Land improvements	2,151,763	-	-	2,151,763
Machinery and equipment	2,901,370	365,466	-	3,266,836
Vehicles	2,537,054	299,493	22,038	2,814,509
Infrastructure	86,774,851	7,695,831	-	94,470,682
Total Capital Assets, Being Depreciated	105,330,410	8,459,230	22,038	113,767,602
Less accumulated depreciation:				
Buildings and structures	6,943,850	388,739	-	7,332,589
Land improvements	1,223,897	90,068	-	1,313,965
Machinery and equipment	1,978,821	383,040	-	2,361,861
Vehicles	1,756,386	227,133	7,701	1,975,818
Infrastructure	20,983,744	3,841,987	-	24,825,731
Total Accumulated Depreciation	32,886,698	4,930,967	7,701	37,809,964
Total Capital Assets, Being Depreciated, Net	72,443,712	3,528,263	14,337	75,957,638
Governmental Activities Capital Assets, Net	\$ 75,734,032	\$ 7,954,050	\$ 152,137	\$ 83,535,945

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	1,186,589	-	1,186,589	2,338,670	-	(646,249)	2,879,010
Total Capital Assets, Not Being Depreciated	2,370,818	-	2,370,818	2,338,670	-	(646,249)	4,063,239
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	5,500	-	5,500	-	-	-	5,500
Utility plant	85,808,474	7,103,485	92,911,959	9,196,364	42,037	646,249	102,712,535
Infrastructure	-	-	-	294,495	-	-	294,495
Total Capital Assets, Being Depreciated	88,447,035	7,103,485	95,550,520	9,490,859	42,037	646,249	105,645,591
Less accumulated depreciation:							
Airport master plan	38,875	-	38,875	-	-	-	38,875
Buildings and structures	334,209	-	334,209	8,024	-	-	342,233
Land improvements	648,321	-	648,321	99,131	-	-	747,452
Machinery and equipment	1,192	-	1,192	1,100	-	-	2,292
Utility plant	37,817,042	66,880	37,883,922	2,987,955	37,833	-	40,834,044
Total Accumulated Depreciation	38,839,639	66,880	38,906,519	3,096,210	37,833	-	41,964,896
Total Capital Assets, Being Depreciated, Net	49,607,396	7,036,605	56,644,001	6,394,649	4,204	646,249	63,680,695
Business-type Activities							
Capital Assets, Net	\$ 51,978,214	\$ 7,036,605	\$ 59,014,819	\$ 8,733,319	\$ 4,204	\$ -	\$ 67,743,934

* To capitalize assets contributed in prior years and record prior years depreciation on those assets

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 as follows:

Governmental Activities:

General government	\$ 500,213
Public safety	371,253
Public works	3,952,294
Parks and recreation	34,790
Internal service funds	<u>72,417</u>

Total Depreciation Expense - Governmental Activities

\$ 4,930,967

Business-Type Activities:

Airport	\$ 108,251
Transit	236,909
Banning Utility Authority Water	925,285
Electric utility	891,623
Banning Utility Authority Wastewater	<u>934,142</u>

Total Depreciation Expense - Business-Type Activities

\$ 3,096,210

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:

	<u>Gross Receivable</u>	<u>Allowance For Doubtful Accounts</u>	<u>Net Receivable</u>
Water	\$ 989,905	\$ 26,015	963,890
Electric	2,533,544	63,642	2,469,902
Wastewater	287,304	7,545	279,759
Airport	1,408	-	1,408
Refuse	<u>309,902</u>	<u>7,993</u>	<u>301,909</u>
	<u>\$ 4,122,063</u>	<u>\$ 105,195</u>	<u>\$ 4,016,868</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.

\$ 46,808

Note 8: Loan Receivable - Sunset Auto Plaza

On October 1, 1999 the Redevelopment Agency (Seller) entered into an agreement whereby the Agency sold a parcel of land held for investment purposes to Sunset Chevrolet/Oldsmobile, Inc. (buyer). The purchase price was \$900,000 and the buyer has issued a promissory note secured by a deed of trust for that amount. Interest on the note is 5.265% and is compounded annually. Repayment of the note is through quarterly installments of \$18,261. The note is due October 1, 2019. The note is additionally reduced

City of Banning
Notes to Financial Statements (Continued)

Note 8: Loan Receivable - Sunset Auto Plaza (Continued)

each quarter by 80% of the sales tax generated by the buyer that exceeds \$40,000. This amount does not reduce the minimum quarterly payment but actually reduces the repayment period. During 2005-2006, the loan was repaid in full. As of June 30, 2006, the loan receivable balance was \$0.

Note 9: 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, 2006 amounted to \$1,406,247.

Note 10: Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2006:

	Balance at July 1, 2005	Incurred	Retired	Defeased	Balance at June 30, 2006	Due Within One Year
Governmental Activities:						
1997 Refunding COPs	\$ 5,470,000	\$ -	\$ 230,000	\$ -	\$ 5,240,000	\$ 240,000
2003 Tax Allocation Bonds	13,735,000	-	360,000	-	13,375,000	370,000
Employee Benefits Payable:						
Governmental Funds	946,259	895,018	811,645	-	1,029,632	744,146
Internal Service Funds	292,221	27,254	3,409	-	316,066	145,010
Claims & Judgment	677,225	517,617	737,658	-	457,184	457,184
Total	\$ 21,120,705	\$ 1,439,889	\$ 2,142,712	\$ -	\$ 20,417,882	\$ 1,499,156
Less:						
Unamortized original issue discount					56,626	
Net Governmental Activities					\$ 20,361,256	
Business-Type Activities:						
Water Utility COPs - CTF 1986	\$ 2,620,000	\$ -	\$ 145,000	\$ 2,475,000	\$ -	\$ -
Water Utility COPs - CTFS 1989	1,890,000	-	-	1,890,000	-	-
State Revolving Fund Loan	3,941,750	-	201,803	-	3,739,947	207,050
Waste Water COPs - CTFS 1989	1,895,000	-	-	1,895,000	-	-
2005 Water Revenue Bond	-	35,635,000	-	-	35,635,000	830,000
2005 Wastewater Revenue Bond	-	7,100,000	-	-	7,100,000	265,000
Employee Benefits Payable	383,733	389,964	350,072	-	423,625	423,625
Total	\$ 10,730,483	\$ 43,124,964	\$ 696,875	\$ 6,260,000	\$ 46,898,572	\$ 1,725,675
Less:						
Unamortized original issue premium					1,490,806	
Unamortized original issue discount					(124,384)	
Unamortized loss on defeasance					(862,783)	
Net Business-Type Activities					\$ 47,402,211	

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

Note 10: 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, 2006 was \$5,240,000.

City of Banning
Notes to Financial Statements (Continued)

Note 10: Long-Term Debt (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	240,000	275,293	515,293
2008	250,000	263,439	513,439
2009	265,000	250,720	515,720
2010	275,000	237,083	512,083
2011	290,000	222,530	512,530
2012-2016	1,695,000	854,260	2,549,260
2017-2021	2,225,000	318,862	2,543,862
Total	\$ 5,240,000	\$ 2,422,187	\$ 7,662,187

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, 2006 totaled \$13,375,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	370,000	596,214	966,214
2008	380,000	585,914	965,914
2009	390,000	575,801	965,801
2010	400,000	564,439	964,439
2011	410,000	551,520	961,520
2012-2016	2,305,000	2,490,353	4,795,353
2017-2021	2,855,000	1,924,713	4,779,713
2022-2026	3,625,000	1,130,625	4,755,625
2027-2031	2,640,000	202,500	2,842,500
Total	\$ 13,375,000	\$ 8,622,079	\$ 21,997,079

City of Banning
Notes to Financial Statements (Continued)

Note 10: Long-Term Debt (Continued)

c. 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:

Year Ending June 30,	Principal	Interest	Total
2007	830,000	1,703,000	2,533,000
2008	620,000	1,678,000	2,298,000
2009	640,000	1,656,000	2,296,000
2010	665,000	1,633,775	2,298,775
2011	685,000	1,608,438	2,293,438
2012-2016	3,870,000	7,592,213	11,462,213
2017-2021	4,740,000	6,697,450	11,437,450
2022-2026	5,970,000	5,425,169	11,395,169
2027-2031	7,690,000	3,656,100	11,346,100
2032-2036	9,925,000	1,356,469	11,281,469
Sub-total	\$ 35,635,000	\$ 33,006,614	\$ 68,641,614
Less:			
Unamortized original issue premium	1,490,806		
Unamortized loss on defeasance	(518,115)		
Total	\$ 36,607,691		

d. 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.

City of Banning
Notes to Financial Statements (Continued)

Note 10: Long-Term Debt (Continued)

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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 265,000	\$ 296,050	561,050
2008	240,000	287,976	527,976
2009	245,000	280,034	525,034
2010	250,000	271,741	521,741
2011	265,000	262,854	527,854
2012-2016	735,000	1,224,153	1,959,153
2017-2021	895,000	1,060,624	1,955,624
2022-2026	1,100,000	846,281	1,946,281
2027-2031	1,380,000	564,250	1,944,250
2032-2036	1,725,000	206,391	1,931,391
 Sub-total	 \$ 7,100,000	 \$ 5,300,354	 \$ 12,400,354
 Less:			
Unamortized original issue discount	(124,384)		
Unamortized loss on defeasance	(344,668)		
 Total	 \$ 6,630,948		

e. 1986 Certificates of Participation, Water Utility Enterprise Fund

On November 1, 1986, \$4,055,000 of Certificates of Participation (Certificates) was issued to finance repairs, extensions and improvements to the water system of the City and to retire certain outstanding indebtedness of the City. The Banning Public Facilities Corporation (Corporation) executed and delivered the Certificates. The Corporation, pursuant to a trust agreement, assigned all of its rights under the agreement to the Trustee for the benefit of the owners of the Certificates. Each Certificate represents a proportionate interest in an installment sale agreement of the aforementioned project between the City and the Corporation as a seller. Under the agreement, the City has covenanted that it will establish, maintain and collect all income, rents, rates, fees, charges and other revenue derived from the ownership or operation of the water system, which will ensure gross revenues sufficient in each year to provide net revenues equal to at least 1.25 times the installment payments in each fiscal year. A reserve fund in the amount of \$337,409 was established from Certificate proceeds for the benefit of the City

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

Note 10: Long-Term Debt (Continued)

and as security for the owners of the Certificates. Since the Corporation is not at risk for the installment sale payments and the Certificates are to be repaid from resources generated by the Water Utility Enterprise Fund, the Certificates are recorded as long-term debt in the Water Utility Enterprise Fund.

The Certificates maturing 1989 to 2001 are serial certificates payable in annual installments of \$55,000 to \$115,000, while the term certificates mature between 2003 and 2016. Interest is payable semi-annually on each May 1 and November 1 commencing May 1, 1987, at rates ranging from 4.6% to 7.0% per annum.

In December 2005, these certificates were defeased with the issuance of the 2005 Water Revenue Bonds. As of June 30, 2006, the outstanding balance was \$0.

f. 1989 Certificates of Participation, Water Utility Enterprise Fund

On January 1, 1989, \$2,585,000 of Certificates of Participation (Certificates) was issued to finance capital improvements to the City's water system. The Banning Public Facilities Corporation (Corporation) executed and delivered the Certificates. The Corporation, pursuant to a trust agreement, assigned all of its rights under the agreement to the Trustee for the benefit of the owners of the Certificates. Each Certificate represents a proportionate interest in an installment sale agreement of the aforementioned project between the City and the Corporation as a seller. Under the agreement the City has covenanted that it will establish, maintain and collect all income, rents, rates, fees, charges and other revenues derived from the ownership or operation of the water system which will ensure gross revenues sufficient in each year to provide net revenues equal to at least 1.25 times the installment payments in each fiscal year. A reserve fund in the amount of \$235,510 was established from Certificate proceeds for the benefit of the City and as security for the owners of the Certificates.

Since the Corporation is not at risk for the installment sale payments and the Certificates are to be repaid from resources generated by the Water Utility Enterprise Fund, the Certificates are recorded as long-term debt in the Water Utility Enterprise Fund.

The Certificates maturing 1991 to 2004 are serial certificates payable in annual installments of \$30,000 to \$65,000, while the term certificates mature between 2005 and 2019. Interest is payable semi-annually on each January 1 and July 1, commencing July 1, 1989, at rates ranging from 6.2% to 8.0% per annum.

In December 2005, these certificates were defeased with the issuance of the 2005 Water Revenue Bonds. As of June 30, 2006, the outstanding balance was \$0.

g. 1989 Certificates of Participation, Wastewater Utility Enterprise Fund

On January 1, 1989, \$3,740,000 of Certificates of Participation (Certificates) was issued to finance capital improvements to the City's wastewater system and to advance refund certain prior wastewater certificates. The Banning Public Facilities Corporation (Corporation) executed and delivered the Certificates. The Corporation, pursuant to a trust agreement, assigned all of its rights under the agreement to the Trustee for the benefit of the owners of the Certificates. Each Certificate represents a proportionate interest in an installment sale agreement of the aforementioned project between the City and the Corporation as a seller. Under the agreement, the City has covenanted that it will establish, maintain and collect all income, rents, rates, fees, charges and other revenues derived from the ownership or operation of the wastewater system, which will insure gross revenues sufficient in each year to provide net revenues equal to at least 1.25 times the

City of Banning
Notes to Financial Statements (Continued)

Note 10: Long-Term Debt (Continued)

installment payments in each fiscal year. A reserve fund in the amount of \$320,846 was established from Certificate proceeds for the City and as security for the owners of the Certificates. Since the Corporation is not at risk for the installment sale payments and the Certificates are to be repaid from resources generated by the Wastewater Utility Enterprise Fund, the Certificates are recorded as long-term debt in the Wastewater Utility Enterprise Fund.

The Certificates maturing 1990 to 2004 are serial certificates payable in annual installments of \$65,000 to \$170,000; while the term certificates maturing 2005 to 2019, are term certificates payable in annual installments of \$60,000 to \$270,000. Interest is payable semi-annually on each January 1 and July 1, commencing July 1, 1989, at rates ranging from 6.1% to 8.0% per annum.

In December 2005, these certificates were defeased with the issuance of the 2005 Wastewater Revenue Bonds. As of June 30, 2006 the outstanding balance was \$0.

h. 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, 2006 was \$3,739,947. The loan is recorded in the Wastewater Utility Enterprise Fund.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	207,050	97,239	304,289
2008	212,433	91,855	304,288
2009	217,957	86,332	304,289
2010	223,624	80,665	304,289
2011	229,438	74,851	304,289
2012-2016	1,239,832	281,611	1,521,443
2017-2021	1,409,613	111,831	1,521,444
Total	\$ 3,739,947	\$ 824,384	\$ 4,564,331

Note 11: Compensated Absences

For governmental funds, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2006, was \$1,029,632. 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 proprietary funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$739,691 (\$423,625 in Enterprise Funds and \$316,066 in Internal Service Funds). These amounts are recorded within the respective proprietary funds.

Note 12: 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

City of Banning
Notes to Financial Statements (Continued)

Note 12: Capitalized Lease Obligation (Continued)

expenditure and as another financing source. Subsequent lease payments are accounted for in a manner consistent with the accounting treatment for payments of general 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 13: 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, 2006</u>
AD 91-1 1992	3,422,134	1,685,000
AD 2004-1	2,898,000	2,898,000

Note 14: Single Family Mortgage Revenue Bonds

The Redevelopment Agency has issued mortgage revenue bonds as follows:

	<u>Outstanding Balance June 30, 2006</u>
Redevelopment Agency of the City of Banning Single Family Residential Mortgage Revenue Refunding Bonds	\$ 370,000

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 15: 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

City of Banning
Notes to Financial Statements (Continued)

Note 15: Operating Lease (Continued)

Authority paid the City the initial payment of \$17,000,000. Annual installment payments did not commence in 2005-2006.

Note 16: Prior Period Adjustments

Beginning fund balance has been restated as follows:

Governmental Funds:		
General Fund		
To remove receivable balances not corrected in prior years	\$	(2,819)
Debt Service Funds:		
Redevelopment Agency		
Forgiveness of loan receivable		<u>(41,435)</u>
Total Governmental Funds	\$	<u>(44,254)</u>

Proprietary Funds:

Enterprise Funds:		
Banning Utility Authority Water		
To remove receivable balances not corrected in prior years	\$	(3,229)
To record prior years capital asset additions and depreciation		3,702,669
Electric Utility		
To remove receivable balances not corrected in prior years		(6,713)
To record prior years capital asset additions and depreciation		615,512
Banning Utility Authority Wastewater		
To record prior years capital asset additions and depreciation		2,718,424
Internal Service Funds:		
Fleet Maintenance		
To record capital assets obtained in the prior year		<u>3,089</u>
Total Proprietary Funds	\$	<u>7,029,752</u>

Beginning net assets has been restated as follows:

Governmental Activities:		
Governmental funds restatements detailed above		(44,254)
Internal service funds restatement detailed above		<u>3,089</u>
Total Governmental Activities		(41,165)
Business-Type Activities:		
Enterprise funds restatement detailed above		<u>7,026,663</u>
Total Net Asset Restatements	\$	<u>6,985,498</u>

Note 17: City Employees Retirement Plan (Defined Benefit Pension Plan)

a. PERS

Miscellaneous Plan

Plan Description

City of Banning
Notes to Financial Statements (Continued)

Note 17: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

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, 2006, was 13.276% 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, 2006, the City's annual pension cost (employer contribution) of \$818,011 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004, 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
6/30/2004	-	100%	-
6/30/2005	424,094	100%	-
6/30/2006	818,011	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 17: 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
6/30/03:	\$ 24,577	\$ 22,460	\$ 2,117	91.4 %	\$ 5,062	41.80 %
6/30/04:	\$ 27,091	\$ 23,813	\$ 3,278	87.9 %	\$ 5,397	60.70 %
6/30/05:	\$ 31,113	\$ 26,117	\$ 4,996	83.9 %	\$ 5,998	83.30 %

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, 2006 was 31.089% 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, 2006, the City's annual pension cost (employer contribution) of \$857,761 for safety employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004, 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
6/30/2004	124,251	100%	-
6/30/2005	527,804	100%	-
6/30/2006	867,761	100%	-

* Employer contribution

City of Banning
Notes to Financial Statements (Continued)

Note 17: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

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

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 \$14,684 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was \$195,812.

Note 18: 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 19: 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

City of Banning
Notes to Financial Statements (Continued)

Note 19: Insurance Programs (Continued)

estimate for incurred but not reported claims (IBNR's), have been included in the Self-Insurance Internal Service Fund.

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, 2006, the amount of these liabilities was \$457,184. The amount represents an estimate of \$63,448 for reported claims through June 30, 2006, and \$393,736 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, 2006, resulted from the following:

Year	Liability at Beginning	Current Year Claims and Changes in Estimates	Claim Payments	Liability at End
2005	1,141,436	452,646	916,857	677,225
2006	677,225	517,617	737,658	457,184

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 20: 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

City of Banning
Notes to Financial Statements (Continued)

Note 20: Contingencies (Continued)

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.

Note 21: 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, 2006, was \$22,683,000.

Summary financial information (audited) of SCPPA for the fiscal year ended June 30, 2006, follows:

	<u>Amounts</u> (in thousands)
Total Assets	\$ 1,747,097
Total Liabilities	<u>1,993,629</u>
Total Net Assets	<u>\$ (246,532)</u>
Beginning Net Assets	\$ (233,031)
Total Revenues (including investment)	349,919
Total Expenses (including debt and loss on refunding)	(354,705)
Net Withdrawals by Participants	<u>(8,715)</u>
Ending Net Assets	<u>\$ (246,532)</u>

Separate audited financial statements for SCPPA are available from SCPPA.

Note 22: Subsequent Events

In May 2006, it was proposed to the City Council to issue Electric Enterprise Revenue Bonds to fund various improvements necessary to maintain the City's electric system. The City recommended that \$40 to \$50 million be issued to fund these projects over the next 10 years. The City Council gave approval to proceed and it is anticipated that the bonds will be issued in March or April 2007.

CITY OF BANNING**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street
Assets:			
Cash and investments	\$ 380,883	\$ 340,473	\$ 128,612
Receivables:			
Accounts	106	-	-
Interest	4,301	2,954	1,327
Loans	2,446	-	-
Due from other governments	87,589	128,056	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 475,325	\$ 471,483	\$ 129,939
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 13,222	\$ -	\$ -
Accrued liabilities	21,515	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deposits payable	95,961	-	-
Total Liabilities	130,698	-	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for special donations	-	-	-
Reserved for long-term note receivable	2,446	-	-
Unreserved:			
Designated for debt service	-	-	-
Designated for continuing appropriations	100,687	180,609	-
Undesignated	241,494	290,874	129,939
Total Fund Balances	344,627	471,483	129,939
Total Liabilities and Fund Balances	\$ 475,325	\$ 471,483	\$ 129,939

CITY OF BANNING

(Continued)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds		
	Article 3 Sidewalk	Community Development Block Grant	Landscape Maintenance District
Assets:			
Cash and investments	\$ 4,996	\$ 3	\$ 47,327
Receivables:			
Accounts	-	-	-
Interest	375	-	411
Loans	-	-	-
Due from other governments	-	2,016	5,853
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 5,371	\$ 2,019	\$ 53,591
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 84	\$ 5,500
Accrued liabilities	-	-	-
Due to other funds	-	1,935	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Total Liabilities	-	2,019	5,500
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for special donations	-	-	-
Reserved for long-term note receivable	-	-	-
Unreserved:			
Designated for debt service	-	-	-
Designated for continuing appropriations	-	-	23,220
Undesignated	5,371	-	24,871
Total Fund Balances	5,371	-	48,091
Total Liabilities and Fund Balances	\$ 5,371	\$ 2,019	\$ 53,591

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds		
	AQMD Air Pollution Program	Local Law Enforcement Block Grant	Supplemental Law Enforcement
Assets:			
Cash and investments	\$ 181,076	\$ -	\$ 101,739
Receivables:			
Accounts	-	-	-
Interest	1,824	-	944
Loans	-	-	-
Due from other governments	8,742	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 191,642	\$ -	\$ 102,683
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	1,978
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Total Liabilities	-	-	1,978
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	97,949
Reserved for special donations	-	-	-
Reserved for long-term note receivable	-	-	-
Unreserved:			
Designated for debt service	-	-	-
Designated for continuing appropriations	-	-	2,755
Undesignated	191,642	-	1
Total Fund Balances	191,642	-	100,705
Total Liabilities and Fund Balances	\$ 191,642	\$ -	\$ 102,683

CITY OF BANNING

(Continued)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds		
	Public Safety Sales Tax	State Park Bond Act	Property Abatement
Assets:			
Cash and investments	\$ 86,559	\$ 838	\$ 138,350
Receivables:			
Accounts	-	-	805
Interest	815	9	2,799
Loans	-	-	-
Due from other governments	17,786	-	101,200
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 105,160	\$ 847	\$ 243,154
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 9,615
Accrued liabilities	-	-	5,140
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Total Liabilities	-	-	14,755
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for special donations	-	-	-
Reserved for long-term note receivable	-	-	-
Unreserved:			
Designated for debt service	-	-	-
Designated for continuing appropriations	-	-	-
Undesignated	105,160	847	228,399
Total Fund Balances	105,160	847	228,399
Total Liabilities and Fund Balances	\$ 105,160	\$ 847	\$ 243,154

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds		
	Special Donations	Senior Center Activities	Police Volunteer
Assets:			
Cash and investments	\$ 290,058	\$ 64,064	\$ 3,605
Receivables:			
Accounts	-	297	-
Interest	-	671	48
Loans	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 290,058	\$ 65,032	\$ 3,653
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 6,429	\$ 513	\$ 75
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deposits payable	2,617	-	-
Total Liabilities	9,046	513	75
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for special donations	281,012	-	-
Reserved for long-term note receivable	-	-	-
Unreserved:			
Designated for debt service	-	-	-
Designated for continuing appropriations	-	-	-
Undesignated	-	64,519	3,578
Total Fund Balances	281,012	64,519	3,578
Total Liabilities and Fund Balances	\$ 290,058	\$ 65,032	\$ 3,653

CITY OF BANNING

(Continued)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds		
	D.A.R.E. Donation	Ramsey/ Highland Home Signal	Wilson Median Improvement
Assets:			
Cash and investments	\$ 8,549	\$ 69,992	\$ 327,514
Receivables:			
Accounts	-	-	-
Interest	88	722	3,380
Loans	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 8,637	\$ 70,714	\$ 330,894
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for special donations	-	-	-
Reserved for long-term note receivable	-	-	-
Unreserved:			
Designated for debt service	-	-	-
Designated for continuing appropriations	-	-	-
Undesignated	8,637	70,714	330,894
Total Fund Balances	8,637	70,714	330,894
Total Liabilities and Fund Balances	\$ 8,637	\$ 70,714	\$ 330,894

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds		
	Animal Control Reserve	Peacock Valley II	Asset Forfeiture
Assets:			
Cash and investments	\$ 4,255	\$ 1,898	\$ 5,330
Receivables:			
Accounts	-	-	-
Interest	44	20	55
Loans	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 4,299	\$ 1,918	\$ 5,385
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for special donations	-	-	-
Reserved for long-term note receivable	-	-	-
Unreserved:			
Designated for debt service	-	-	-
Designated for continuing appropriations	-	1,505	-
Undesignated	4,299	413	5,385
Total Fund Balances	4,299	1,918	5,385
Total Liabilities and Fund Balances	\$ 4,299	\$ 1,918	\$ 5,385

CITY OF BANNING

(Continued)

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds	Capital Projects Funds	
		San Gorgonio Gang Task Force	Police Facilities Development
		Fire Facilities Development	
Assets:			
Cash and investments	\$ 10,004	\$ 61,332	\$ 729,525
Receivables:			
Accounts	-	-	-
Interest	52	2,750	7,465
Loans	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 10,056	\$ 64,082	\$ 736,990
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	8,230
Reserved for special donations	-	-	-
Reserved for long-term note receivable	-	-	-
Unreserved:			
Designated for debt service	-	-	-
Designated for continuing appropriations	-	-	-
Undesignated	10,056	55,852	736,990
Total Fund Balances	10,056	64,082	736,990
Total Liabilities and Fund Balances	\$ 10,056	\$ 64,082	\$ 736,990

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Capital Projects Funds		
	Traffic Control Facilities	General Facilities	Park Development
Assets:			
Cash and investments	\$ 455,409	\$ 434,343	\$ 680,798
Receivables:			
Accounts	-	-	-
Interest	4,664	4,448	6,932
Loans	-	-	-
Due from other governments	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 460,073	\$ 438,791	\$ 687,730
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 4,614
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Total Liabilities			4,614
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	8,947
Reserved for special donations	-	-	-
Reserved for long-term note receivable	-	-	-
Unreserved:			
Designated for debt service	-	-	-
Designated for continuing appropriations	-	29,200	-
Undesignated	460,073	409,591	674,169
Total Fund Balances	460,073	438,791	683,116
Total Liabilities and Fund Balances	\$ 460,073	\$ 438,791	\$ 687,730

CITY OF BANNING**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Capital Projects Funds	Debt Service Fund		Total Governmental Funds
	Fair Oaks AD 2004-1	Redevelopment Agency		
Assets:				
Cash and investments	\$ -	\$ 1,926,241	\$ 6,483,773	
Receivables:				
Accounts	-	-	1,208	
Interest	-	6,715	53,813	
Loans	-	-	2,446	
Due from other governments	-	77,586	428,828	
Restricted assets:				
Cash and investments with fiscal agents	62,272	1,532,546	1,594,818	
Total Assets	\$ 62,272	\$ 3,543,088	\$ 8,564,886	
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 40,052	
Accrued liabilities	-	-	28,633	
Due to other funds	-	-	1,935	
Advances from other funds	-	504,201	504,201	
Deposits payable	-	-	98,578	
Total Liabilities	-	504,201	673,399	
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	115,126	
Reserved for special donations	-	-	281,012	
Reserved for long-term note receivable	-	-	2,446	
Unreserved:				
Designated for debt service	-	3,038,887	3,038,887	
Designated for continuing appropriations	53,245	-	391,221	
Undesignated	9,027	-	4,062,795	
Total Fund Balances	62,272	3,038,887	7,891,487	
Total Liabilities and Fund Balances	\$ 62,272	\$ 3,543,088	\$ 8,564,886	

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2006

Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street
Revenues:			
Taxes	\$ -	\$ 811,644	\$ -
Intergovernmental	652,292	180,615	-
Charges for services	-	-	-
Use of money and property	14,667	14,291	4,298
Miscellaneous	6,732	-	-
Total Revenues	673,691	1,006,550	4,298
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	1,007,710	-	-
Parks and recreation	-	-	-
Capital outlay	295,593	978,608	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1,303,303	978,608	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(629,612)	27,942	4,298
Other Financing Sources (Uses):			
Transfers in	554,804	-	-
Transfers out	-	(214,411)	-
Total Other Financing Sources (Uses)	554,804	(214,411)	-
Net Change in Fund Balances	\$ (74,808)	\$ (186,469)	\$ 4,298
Fund Balances:			
Beginning of Year, as originally reported	\$ 419,435	\$ 657,952	\$ 125,641
Restatements	-	-	-
Beginning of Year, as restated	419,435	657,952	125,641
Net Change in Fund Balances	(74,808)	(186,469)	4,298
End of Year	\$ 344,627	\$ 471,483	\$ 129,939

CITY OF BANNING

(Continued)

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds		
	Article 3 Sidewalk	Community Development Block Grant	Landscape Maintenance District
Revenues:			
Taxes	\$ -	\$ -	\$ 65,739
Intergovernmental	202,500	32,016	-
Charges for services	-	-	-
Use of money and property	490	-	980
Miscellaneous	-	-	-
Total Revenues	202,990	32,016	66,719
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	55,087
Parks and recreation	-	30,000	-
Capital outlay	416,911	2,016	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	416,911	32,016	55,087
Excess (Deficiency) of Revenues Over (Under) Expenditures	(213,921)	-	11,632
Other Financing Sources (Uses):			
Transfers in	214,411	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	214,411	-	-
Net Change in Fund Balances	\$ 490	\$ -	\$ 11,632
Fund Balances:			
Beginning of Year, as originally reported	\$ 4,881	\$ -	\$ 36,459
Restatements	-	-	-
Beginning of Year, as restated	4,881	-	36,459
Net Change in Fund Balances	490	-	11,632
End of Year	\$ 5,371	\$ -	\$ 48,091

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2006

	Special Revenue Funds		
	AQMD Air Pollution Program	Local Law Enforcement Block Grant	Supplemental Law Enforcement
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	173,252	9,848	100,000
Charges for services	-	-	-
Use of money and property	4,825	27	4,110
Miscellaneous	-	-	-
Total Revenues	178,077	9,875	104,110
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	9,875	162,757
Public works	-	-	-
Parks and recreation	-	-	-
Capital outlay	59,140	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	59,140	9,875	162,757
Excess (Deficiency) of Revenues Over (Under) Expenditures	118,937	-	(58,647)
Other Financing Sources (Uses):			
Transfers in	-	-	65,209
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	65,209
Net Change in Fund Balances	\$ 118,937	\$ -	\$ 6,562
Fund Balances:			
Beginning of Year, as originally reported	\$ 72,705	\$ -	\$ 94,143
Restatements	-	-	-
Beginning of Year, as restated	72,705	-	94,143
Net Change in Fund Balances	118,937	-	6,562
End of Year	\$ 191,642	\$ -	\$ 100,705

CITY OF BANNING

(Continued)

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds		
	Public Safety Sales Tax	State Park Bond Act	Property Abatement
Revenues:			
Taxes	\$ 221,652	\$ -	\$ 223,803
Intergovernmental	-	-	4,033
Charges for services	-	-	126,653
Use of money and property	2,439	29	8,813
Miscellaneous	-	-	-
Total Revenues	224,091	29	363,302
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	266,457
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	-	266,457
Excess (Deficiency) of Revenues Over (Under) Expenditures	224,091	29	96,845
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(200,000)	-	(222,990)
Total Other Financing Sources (Uses)	(200,000)	-	(222,990)
Net Change in Fund Balances	\$ 24,091	\$ 29	\$ (126,145)
Fund Balances:			
Beginning of Year, as originally reported	\$ 81,069	\$ 818	\$ 354,544
Restatements	-	-	-
Beginning of Year, as restated	81,069	818	354,544
Net Change in Fund Balances	24,091	29	(126,145)
End of Year	\$ 105,160	\$ 847	\$ 228,399

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2006

	Special Revenue Funds		
	Special Donations	Senior Center Activities	Police Volunteer
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	546	-
Use of money and property	-	2,176	219
Miscellaneous	13,978	13,524	28
Total Revenues	13,978	16,246	247
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	5,565
Public works	-	-	-
Parks and recreation	30,268	12,901	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	30,268	12,901	5,565
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,290)	3,345	(5,318)
Other Financing Sources (Uses):			
Transfers in	15,000	-	3,000
Transfers out	-	-	-
Total Other Financing Sources (Uses)	15,000	-	3,000
Net Change in Fund Balances	\$ (1,290)	\$ 3,345	\$ (2,318)
Fund Balances:			
Beginning of Year, as originally reported	\$ 282,302	\$ 61,174	\$ 5,896
Restatements	-	-	-
Beginning of Year, as restated	282,302	61,174	5,896
Net Change in Fund Balances	(1,290)	3,345	(2,318)
End of Year	\$ 281,012	\$ 64,519	\$ 3,578

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds		
	D.A.R.E. Donation	Ramsey/ Highland Home Signal	Wilson Median Improvement
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	285	2,337	10,936
Miscellaneous	-	-	-
Total Revenues	285	2,337	10,936
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	285	2,337	10,936
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	\$ 285	\$ 2,337	\$ 10,936
Fund Balances:			
Beginning of Year, as originally reported	\$ 8,352	\$ 68,377	\$ 319,958
Restatements	-	-	-
Beginning of Year, as restated	8,352	68,377	319,958
Net Change in Fund Balances	285	2,337	10,936
End of Year	\$ 8,637	\$ 70,714	\$ 330,894

CITY OF BANNING

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds		
	Animal Control Reserve	Peacock Valley II	Asset Forfeiture
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	142	63	167
Miscellaneous	-	-	-
Total Revenues	142	63	167
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	142	63	167
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	\$ 142	\$ 63	\$ 167
Fund Balances:			
Beginning of Year, as originally reported	\$ 4,157	\$ 1,855	\$ 5,218
Restatements	-	-	-
Beginning of Year, as restated	4,157	1,855	5,218
Net Change in Fund Balances	142	63	167
End of Year	\$ 4,299	\$ 1,918	\$ 5,385

CITY OF BANNING

(Continued)

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds	Capital Projects Funds		
		San Gorgonio Gang Task Force	Police Facilities Development	Fire Facilities Development
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental		10,000		
Charges for services				
Use of money and property		56	13,218	23,407
Miscellaneous			56,027	74,110
Total Revenues	10,056	69,245	97,517	
Expenditures:				
Current:				
General government				
Public safety				
Public works				
Parks and recreation				
Capital outlay			419,432	
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total Expenditures	-	419,432	-	
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,056	(350,187)	97,517	
Other Financing Sources (Uses):				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)	-	-	-	
Net Change in Fund Balances	\$ 10,056	\$ (350,187)	\$ 97,517	
Fund Balances:				
Beginning of Year, as originally reported	\$ -	\$ 414,269	\$ 639,473	
Restatements				
Beginning of Year, as restated		414,269	639,473	
Net Change in Fund Balances	10,056	(350,187)	97,517	
End of Year	\$ 10,056	\$ 64,082	\$ 736,990	

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2006

	Capital Projects Funds		
	Traffic Control Facilities	General Facilities	Park Development
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	14,661	13,988	25,949
Miscellaneous	42,433	37,509	322,043
Total Revenues	57,094	51,497	347,992
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	393,151
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	-	393,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	57,094	51,497	(45,159)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	\$ 57,094	\$ 51,497	\$ (45,159)
Fund Balances:			
Beginning of Year, as originally reported	\$ 402,979	\$ 387,294	\$ 728,275
Restatements	-	-	-
Beginning of Year, as restated	402,979	387,294	728,275
Net Change in Fund Balances	57,094	51,497	(45,159)
End of Year	\$ 460,073	\$ 438,791	\$ 683,116

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Capital Projects Funds	Debt Service Fund	Total Governmental Funds
	Fair Oaks AD 2004-1	Redevelopment Agency	
Revenues:			
Taxes	\$ -	\$ 2,803,235	\$ 4,126,073
Intergovernmental	-	-	1,364,556
Charges for services	-	-	127,199
Use of money and property	29,412	589,328	781,313
Miscellaneous	-	4,050	570,434
Total Revenues	29,412	3,396,613	6,969,575
Expenditures:			
Current:			
General government	-	160,236	160,236
Public safety	-	-	178,197
Public works	19,466	-	1,348,720
Parks and recreation	-	-	73,169
Capital outlay	2,379,616	-	4,944,467
Debt service:			
Principal retirement	-	590,000	590,000
Interest and fiscal charges	-	919,201	919,201
Total Expenditures	2,399,082	1,669,437	8,213,990
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,369,670)	1,727,176	(1,244,415)
Other Financing Sources (Uses):			
Transfers in	-	194,873	1,047,297
Transfers out	-	(471,143)	(1,108,544)
Total Other Financing Sources (Uses)	-	(276,270)	(61,247)
Net Change in Fund Balances	\$ (2,369,670)	\$ 1,450,906	\$ (1,305,662)
Fund Balances:			
Beginning of Year, as originally reported	\$ 2,431,942	\$ 1,629,416	\$ 9,238,584
Restatements	-	(41,435)	(41,435)
Beginning of Year, as restated	2,431,942	1,587,981	9,197,149
Net Change in Fund Balances	(2,369,670)	1,450,906	(1,305,662)
End of Year	\$ 62,272	\$ 3,038,887	\$ 7,891,487

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GAS TAX STREET
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget	Positive (Negative)
	Original	Final			
Budgetary Fund Balance, July 1	\$ 419,435	\$ 419,435	\$ 419,435	\$ -	-
Resources (Inflows):					
Intergovernmental	478,000	505,000	652,292	147,292	
Use of money and property	4,200	9,000	14,667	5,667	
Other	5,750	5,750	6,732	982	
Transfers from other funds	483,600	554,804	554,804	-	
Amounts Available for Appropriation	1,390,985	1,493,989	1,647,930	153,941	
Charges to Appropriation (Outflow):					
Public works	963,916	1,182,210	1,007,710	174,500	
Capital outlay	52,500	301,270	295,593	5,677	
Transfers to other funds	32,670	-	-	-	
Total Charges to Appropriation	1,049,086	1,483,480	1,303,303	180,177	
Budgetary Fund Balance, June 30	\$ 341,899	\$ 10,509	\$ 344,627	\$ 334,118	

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
MEASURE A
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 657,952	\$ 657,952	\$ 657,952	\$ -
Resources (Inflows):				
Taxes	570,000	680,000	811,644	131,644
Intergovernmental	-	138,600	180,615	42,015
Use of money and property	11,000	4,800	14,291	9,491
Amounts Available for Appropriation	1,238,952	1,481,352	1,664,502	183,150
Charges to Appropriation (Outflow):				
Capital outlay	570,000	984,987	978,608	6,379
Transfers to other funds	-	395,020	214,411	180,609
Total Charges to Appropriation	570,000	1,380,007	1,193,019	186,988
Budgetary Fund Balance, June 30	\$ 668,952	\$ 101,345	\$ 471,483	\$ 370,138

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE**
SB 300 STREET
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 125,641	\$ 125,641	\$ 125,641	\$ -
Resources (Inflows):				
Use of money and property	2,000	2,000	4,298	2,298
Amounts Available for Appropriation	127,641	127,641	129,939	2,298
Charges to Appropriation (Outflow):				
Capital outlay	20,000	20,000	-	20,000
Total Charges to Appropriation	20,000	20,000	-	20,000
Budgetary Fund Balance, June 30	\$ 107,641	\$ 107,641	\$ 129,939	\$ 22,298

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
ARTICLE 3 SIDEWALK
YEAR ENDED JUNE 30, 2006

						Variance with Final Budget
		Budget Amounts		Actual Amounts		Positive (Negative)
		Original	Final			
Budgetary Fund Balance, July 1		\$ 4,881	\$ 4,881	\$ 4,881	\$	-
Resources (Inflows):						
Intergovernmental		25,000	320,310	202,500		(117,810)
Use of money and property		100	650	490		(160)
Transfers from other funds		25,000	395,020	214,411		(180,609)
Amounts Available for Appropriation		54,981	720,861	422,282		(298,579)
Charges to Appropriation (Outflow):						
Capital outlay		50,000	715,330	416,911		298,419
Total Charges to Appropriation		50,000	715,330	416,911		298,419
Budgetary Fund Balance, June 30		\$ 4,981	\$ 5,531	\$ 5,371	\$	(160)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	932,447	32,016	(900,431)
Amounts Available for Appropriation	-	932,447	32,016	(900,431)
Charges to Appropriation (Outflow):				
Parks and recreation	-	33,600	30,000	3,600
Capital outlay	-	898,847	2,016	896,831
Total Charges to Appropriation	-	932,447	32,016	900,431
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 36,459	\$ 36,459	\$ 36,459	\$ -
Resources (Inflows):				
Taxes	42,680	63,080	65,739	2,659
Use of money and property	100	100	980	880
Transfers from other funds	32,670	-	-	-
Amounts Available for Appropriation	111,909	99,639	103,178	3,539
Charges to Appropriation (Outflow):				
Public works	75,450	91,012	55,087	35,925
Total Charges to Appropriation	75,450	91,012	55,087	35,925
Budgetary Fund Balance, June 30	\$ 36,459	\$ 8,627	\$ 48,091	\$ 39,464

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 AQMD AIR POLLUTION PROGRAM
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 72,705	\$ 72,705	\$ 72,705	\$ -
Resources (Inflows):				
Intergovernmental	27,000	170,000	173,252	3,252
Use of money and property	1,000	-	4,825	4,825
 Amounts Available for Appropriation	100,705	242,705	250,782	8,077
Charges to Appropriation (Outflow):				
General government	15,000	93,000	-	93,000
 Total Charges to Appropriation	15,000	93,000	59,140	33,860
Budgetary Fund Balance, June 30	\$ 85,705	\$ 149,705	\$ 191,642	\$ 41,937

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE**
LOCAL LAW ENFORCEMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget	Positive (Negative)
	Original	Final			
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -	-
Resources (Inflows):					
Intergovernmental	-	9,848	9,848		-
Use of money and property	-	27	27		-
 Amounts Available for Appropriation	-	9,875	9,875		-
Charges to Appropriation (Outflow):					
Public safety	-	9,875	9,875		-
 Total Charges to Appropriation	-	9,875	9,875		-
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	-

CITY OF BANNING

BUDGET COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2006

					Variance with Final Budget
		Budget Amounts		Actual Amounts	Positive (Negative)
		Original	Final		
Budgetary Fund Balance, July 1	\$ 94,143	\$ 94,143	\$ 94,143	\$	-
Resources (Inflows):					
Intergovernmental	-	101,255		100,000	(1,255)
Use of money and property	-	-		4,110	4,110
Transfers from other funds	-	65,534		65,209	(325)
Amounts Available for Appropriation	94,143	260,932		263,462	2,530
Charges to Appropriation (Outflow):					
Public safety	-	161,092		162,757	(1,665)
Capital outlay	-	99,840		-	99,840
Total Charges to Appropriation	-	260,932		162,757	98,175
Budgetary Fund Balance, June 30	\$ 94,143	\$ -		\$ 100,705	\$ 100,705

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE**
PUBLIC SAFETY SALES TAX
YEAR ENDED JUNE 30, 2006

					Variance with Final Budget
		Budget Amounts		Actual Amounts	Positive (Negative)
		Original	Final		
Budgetary Fund Balance, July 1		\$ 81,069	\$ 81,069	\$ 81,069	\$ -
Resources (Inflows):					
Taxes		155,200	177,000	221,652	44,652
Use of money and property		700	900	2,439	1,539
Amounts Available for Appropriation		236,969	258,969	305,160	46,191
Charges to Appropriation (Outflow):					
Transfers to other funds		163,000	200,000	200,000	-
Total Charges to Appropriation		163,000	200,000	200,000	-
Budgetary Fund Balance, June 30		\$ 73,969	\$ 58,969	\$ 105,160	\$ 46,191

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
PROPERTY ABATEMENT
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 354,544	\$ 354,544	\$ 354,544	\$ -
Resources (Inflows):				
Taxes	45,350	45,350	223,803	178,453
Intergovernmental	-	15,100	4,033	(11,067)
Charges for services	20,000	20,000	126,653	106,653
Use of money and property	2,500	6,500	8,813	2,313
Transfers from other funds	135,000	-	-	-
Amounts Available for Appropriation	557,394	441,494	717,846	276,352
Charges to Appropriation (Outflow):				
Public works	262,394	331,647	266,457	65,190
Transfers to other funds	-	222,990	222,990	-
Total Charges to Appropriation	262,394	554,637	489,447	65,190
Budgetary Fund Balance, June 30	\$ 295,000	\$ (113,143)	\$ 228,399	\$ 341,542

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE
SPECIAL DONATIONS
YEAR ENDED JUNE 30, 2006**

	Budget Amounts			Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			
Budgetary Fund Balance, July 1	\$ 282,302	\$ 282,302	\$ 282,302	\$	-
Resources (Inflows):					
Other	5,500	12,150	13,978		1,828
Transfers from other funds	15,000	15,000	15,000		-
Amounts Available for Appropriation	302,802	309,452	311,280		1,828
Charges to Appropriation (Outflow):					
Parks and recreation	20,500	28,217	30,268		(2,051)
Total Charges to Appropriation	20,500	28,217	30,268		(2,051)
Budgetary Fund Balance, June 30	\$ 282,302	\$ 281,235	\$ 281,012	\$	(223)

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE
SENIOR CENTER ACTIVITIES
YEAR ENDED JUNE 30, 2006**

						Variance with Final Budget
						Positive (Negative)
		Budget Amounts			Actual Amounts	
		Original	Final			
Budgetary Fund Balance, July 1		\$ 61,174	\$ 61,174	\$ 61,174	\$ 61,174	\$ -
Resources (Inflows):						
Charges for services		1,300	1,300	546		(754)
Use of money and property		700	1,200	2,176		976
Other		11,750	16,100	13,524		(2,576)
Amounts Available for Appropriation		74,924	79,774	77,420		(2,354)
Charges to Appropriation (Outflow):						
Parks and recreation		21,450	21,450	12,901		8,549
Total Charges to Appropriation		21,450	21,450	12,901		8,549
Budgetary Fund Balance, June 30		\$ 53,474	\$ 58,324	\$ 64,519		\$ 6,195

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
POLICE VOLUNTEER
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,896	\$ 5,896	\$ 5,896	\$ -
Resources (Inflows):				
Use of money and property	100	150	219	69
Other	1,250	1,250	28	(1,222)
Transfers from other funds	3,000	3,000	3,000	-
Amounts Available for Appropriation	10,246	10,296	9,143	(1,153)
Charges to Appropriation (Outflow):				
Public safety	5,450	5,450	5,565	(115)
Total Charges to Appropriation	5,450	5,450	5,565	(115)
Budgetary Fund Balance, June 30	\$ 4,796	\$ 4,846	\$ 3,578	\$ (1,268)

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE**
D.A.R.E. DONATION
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,352	\$ 8,352	\$ 8,352	\$ -
Resources (Inflows):				
Use of money and property	100	150	285	135
Other	6,000	-	-	-
Transfers from other funds	4,000	-	-	-
Amounts Available for Appropriation	18,452	8,502	8,637	135
Charges to Appropriation (Outflow):				
Public safety	8,500	-	-	-
Total Charges to Appropriation	8,500	-	-	-
Budgetary Fund Balance, June 30	\$ 9,952	\$ 8,502	\$ 8,637	\$ 135

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
RAMSEY/HIGHLAND HOME SIGNAL
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget	Positive (Negative)
	Original	Final			
Budgetary Fund Balance, July 1	\$ 68,377	\$ 68,377	\$ 68,377	\$ -	-
Resources (Inflows):					
Use of money and property	900	1,250	2,337		1,087
Amounts Available for Appropriation	69,277	69,627	70,714		1,087
Budgetary Fund Balance, June 30	\$ 69,277	\$ 69,627	\$ 70,714		\$ 1,087

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
WILSON MEDIAN IMPROVEMENT
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 319,958	\$ 319,958	\$ 319,958	\$ -
Resources (Inflows):				
Use of money and property	4,000	6,000	10,936	4,936
Amounts Available for Appropriation	323,958	325,958	330,894	4,936
Budgetary Fund Balance, June 30	\$ 323,958	\$ 325,958	\$ 330,894	\$ 4,936

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
ANIMAL CONTROL RESERVE
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,157	\$ 4,157	\$ 4,157	\$ -
Resources (Inflows):				
Use of money and property	150	100	142	42
Amounts Available for Appropriation	4,307	4,257	4,299	42
Budgetary Fund Balance, June 30	\$ 4,307	\$ 4,257	\$ 4,299	\$ 42

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE**
PEACOCK VALLEY II
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final		Positive (Negative)	\$
Budgetary Fund Balance, July 1	\$ 1,855	\$ 1,855	\$ 1,855	\$	-
Resources (Inflows):					
Use of money and property	20	-	63	63	
Other	36,300	-	-	-	
Amounts Available for Appropriation	38,175	1,855	1,918	63	
Budgetary Fund Balance, June 30	\$ 38,175	\$ 1,855	\$ 1,918	\$ 63	

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE**
CAPITAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Use of money and property	-	17,000,000	17,168,413	168,413
Amounts Available for Appropriation	-	17,000,000	17,168,413	168,413
Charges to Appropriation (Outflow):				
Public safety	474,900	474,900	40,016	434,884
Capital outlay	150,000	150,000	121,181	28,819
Total Charges to Appropriations	624,900	624,900	161,197	463,703
Budgetary Fund Balance, June 30	\$ (624,900)	\$ 16,375,100	\$ 17,007,216	\$ 632,116

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 POLICE FACILITIES DEVELOPMENT
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 414,269	\$ 414,269	\$ 414,269	\$ -
Resources (Inflows):				
Use of money and property	4,500	9,000	13,218	4,218
Other	116,515	116,515	56,027	(60,488)
Amounts Available for Appropriation	535,284	539,784	483,514	(56,270)
Charges to Appropriation (Outflow):				
Capital outlay	-	452,351	419,432	32,919
Total Charges to Appropriation	-	452,351	419,432	32,919
Budgetary Fund Balance, June 30	\$ 535,284	\$ 87,433	\$ 64,082	\$ (23,351)

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE**
FIRE FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 639,473	\$ 639,473	\$ 639,473	\$ -
Resources (Inflows):				
Use of money and property	4,000	10,500	23,407	12,907
Other	183,776	183,776	74,110	(109,666)
Amounts Available for Appropriation	827,249	833,749	736,990	(96,759)
Budgetary Fund Balance, June 30	\$ 827,249	\$ 833,749	\$ 736,990	\$ (96,759)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC CONTROL FACILITIES
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts		Variance with Final Budget
	Original	Final			Positive (Negative)
Budgetary Fund Balance, July 1	\$ 402,979	\$ 402,979	\$ 402,979	\$	-
Resources (Inflows):					
Use of money and property	3,000	7,000	14,661		7,661
Other	65,280	65,280	42,433		(22,847)
Amounts Available for Appropriation	471,259	475,259	460,073		(15,186)
Budgetary Fund Balance, June 30	\$ 471,259	\$ 475,259	\$ 460,073		\$ (15,186)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FACILITIES
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 387,294	\$ 387,294	\$ 387,294	\$ -
Resources (Inflows):				
Use of money and property	3,000	6,500	13,988	7,488
Other	65,280	65,280	37,509	(27,771)
Amounts Available for Appropriation	455,574	459,074	438,791	(20,283)
Budgetary Fund Balance, June 30	\$ 455,574	\$ 459,074	\$ 438,791	\$ (20,283)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
PARK DEVELOPMENT
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 728,275	\$ 728,275	\$ 728,275	\$ -
Resources (Inflows):				
Use of money and property	6,500	16,000	25,949	9,949
Other	319,680	547,452	322,043	(225,409)
Amounts Available for Appropriation	1,054,455	1,291,727	1,076,267	(215,460)
Charges to Appropriation (Outflow):				
Capital outlay	-	402,098	393,151	8,947
Total Charges to Appropriation	-	402,098	393,151	8,947
Budgetary Fund Balance, June 30	\$ 1,054,455	\$ 889,629	\$ 683,116	\$ (206,513)

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE**
FAIR OAKS AD 2004-1
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,431,942	\$ 2,431,942	\$ 2,431,942	\$ -
Resources (Inflows):				
Use of money and property	-	30,000	29,412	(588)
Amounts Available for Appropriation	2,431,942	2,461,942	2,461,354	(588)
Charges to Appropriation (Outflow):				
Capital Outlay	-	2,452,325	2,379,616	72,709
Total Charges to Appropriations	-	2,452,325	2,399,082	53,243
Budgetary Fund Balance, June 30	\$ 2,431,942	\$ 9,617	\$ 62,272	\$ 52,655

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 12,300,360	\$ 12,300,360	\$ 12,300,360	\$ -
Resources (Inflows):				
Taxes	-	-	815,863	815,863
Use of money and property	121,300	364,139	577,395	213,256
Other	-	16,317	22,200	5,883
Transfers from other funds	608,640	2,859,480	621,143	(2,238,337)
Amounts Available for Appropriation	13,030,300	15,540,296	14,336,961	(1,203,335)
Charges to Appropriation (Outflow):				
General government	438,435	3,992,723	1,387,013	2,605,710
Capital outlay	-	-	1,015,203	(1,015,203)
Transfers to other funds	193,253	194,873	194,873	-
Total Charges to Appropriation	631,688	4,187,596	2,597,089	1,590,507
Budgetary Fund Balance, June 30	\$ 12,398,612	\$ 11,352,700	\$ 11,739,872	\$ 387,172

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 1,587,981	\$ 1,587,981	\$ 1,587,981	\$ -
Resources (Inflows):				
Taxes	1,414,904	3,234,463	2,803,235	(431,228)
Intergovernmental	68,300	70,847	-	(70,847)
Use of money and property	532,000	584,005	589,328	5,323
Other	-	-	4,050	4,050
Transfers from other funds	193,253	194,873	194,873	-
Amounts Available for Appropriation	3,796,438	5,672,169	5,179,467	(492,702)
Charges to Appropriation (Outflow):				
General government	434,840	623,510	160,236	463,274
Debt service:				
Principal	580,000	590,000	590,000	-
Interest and fiscal charges	929,445	919,205	919,201	4
Transfers to other funds	503,318	2,709,480	471,143	2,238,337
Total Charges to Appropriation	2,447,603	4,842,195	2,140,580	2,701,615
Budgetary Fund Balance, June 30	\$ 1,348,835	\$ 829,974	\$ 3,038,887	\$ 2,208,913

CITY OF BANNING

COMBINING STATEMENT OF FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2006

	Airport	Transit	Refuse Utility	Totals
Assets:				
Current:				
Cash and investments	\$ 194,194	\$ 173,715	\$ 324,415	\$ 692,324
Receivables:				
Accounts	1,408	-	301,909	303,317
Interest	2,025	-	3,663	5,688
Due from other governments	-	70,734	-	70,734
Inventories	19,947	-	-	19,947
Total Current Assets	217,574	244,449	629,987	1,092,010
Noncurrent:				
Capital assets - net of accumulated depreciation	2,014,115	590,404	-	2,604,519
Total Noncurrent Assets	2,014,115	590,404	-	2,604,519
Total Assets	\$ 2,231,689	\$ 834,853	\$ 629,987	\$ 3,696,529
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 1,670	\$ 3,823	\$ 198,400	\$ 203,893
Accrued payroll payable	1,081	29,746	942	31,769
Deposits payable	27,745	-	47,261	75,006
Unearned revenues	-	147,044	-	147,044
Total Current Liabilities	30,496	180,613	246,603	457,712
Noncurrent:				
Advances from other funds	166,245	-	-	166,245
Compensated absences	-	59,730	2,301	62,031
Total Noncurrent Liabilities	166,245	59,730	2,301	228,276
Total Liabilities	196,741	240,343	248,904	685,988
Net Assets:				
Invested in capital assets, net of related debt	2,014,115	590,404	-	2,604,519
Unrestricted	20,833	4,106	381,083	406,022
Total Net Assets	2,034,948	594,510	381,083	3,010,541
Total Liabilities and Net Assets	\$ 2,231,689	\$ 834,853	\$ 629,987	\$ 3,696,529

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2006

	Airport	Transit	Refuse Utility	Totals
Operating Revenues:				
Sales and service charges	\$ 75,800	\$ 125,737	\$ 2,518,459	\$ 2,719,996
Total Operating Revenues	75,800	125,737	2,518,459	2,719,996
Operating Expenses:				
Salaries and benefits	26,651	678,586	20,565	725,802
Supplies and services	161,876	365,827	2,492,002	3,019,705
Depreciation	108,251	236,909	-	345,160
Total Operating Expenses	296,778	1,281,322	2,512,567	4,090,667
Operating Income (Loss)	(220,978)	(1,155,585)	5,892	(1,370,671)
Nonoperating Revenues (Expenses):				
Taxes	-	-	41,448	41,448
Intergovernmental	20,000	939,210	-	959,210
Interest revenue	168,982	(6,734)	10,807	173,055
Miscellaneous	-	880	4,307	5,187
Total Nonoperating Revenues (Expenses)	188,982	933,356	56,562	1,178,900
Income (Loss) Before Transfers	(31,996)	(222,229)	62,454	(191,771)
Transfers out	-	-	(55,000)	(55,000)
Changes in Net Assets	\$ (31,996)	\$ (222,229)	\$ 7,454	\$ (246,771)
Net Assets:				
Beginning of Fiscal Year	\$ 2,066,944	\$ 816,739	\$ 373,629	\$ 3,257,312
Changes in Net Assets	(31,996)	(222,229)	7,454	(246,771)
End of Fiscal Year	\$ 2,034,948	\$ 594,510	\$ 381,083	\$ 3,010,541

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2006

	Airport	Transit	Refuse Utility	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 76,365	\$ 127,933	\$ 2,525,960	\$ 2,730,258
Cash paid to suppliers for goods and services	(174,861)	(341,514)	(2,463,757)	(2,980,132)
Cash paid to employees for services	(26,389)	(671,341)	(20,883)	(718,613)
Net Cash Provided (Used) by Operating Activities	(124,885)	(884,922)	41,320	(968,487)
Cash Flows from Non-Capital Financing Activities:				
Cash transfer to other funds	-	-	(55,000)	(55,000)
Repayment of advances	(45,000)	-	-	(45,000)
Intergovernmental	20,000	946,843	-	966,843
Miscellaneous	-	880	45,755	46,635
Net Cash Provided (Used) by Non-Capital Financing Activities	(25,000)	947,723	(9,245)	913,478
Cash Flows from Capital and Related Financing Activities:				
Purchases, acquisition and construction of capital assets	-	(10,490)	-	(10,490)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(10,490)	-	(10,490)
Cash Flows from Investing Activities:				
Interest received	167,993	(5,641)	9,056	171,408
Net Cash Provided (Used) by Investing Activities	167,993	(5,641)	9,056	171,408
Net Increase (Decrease) in Cash and Cash Equivalents	18,108	46,670	41,131	105,909
Cash and Cash Equivalents at Beginning of Year	176,086	127,045	283,284	586,415
Cash and Cash Equivalents at End of Year	\$ 194,194	\$ 173,715	\$ 324,415	\$ 692,324

CITY OF BANNING**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2006**

	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)				
Operating income (loss)	\$ (220,978)	\$ (1,155,585)	\$ 5,892	\$ (1,370,671)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	108,251	236,909	-	345,160
(Increase) decrease in accounts receivable	565	2,196	7,501	10,262
(Increase) decrease in Inventories	(16,088)	-	-	(16,088)
Increase (decrease) in accounts payable	1,157	(11,330)	19,855	9,682
Increase (decrease) in accrued liabilities	262	8,245	368	8,875
Increase (decrease) in deposits payable	1,946	-	8,390	10,336
Increase (decrease) in unearned revenue	-	35,643	-	35,643
Increase (decrease) in compensated absences	-	(1,000)	(686)	(1,686)
Total Adjustments	96,093	270,663	35,428	402,184
Net Cash Provided (Used) by Operating Activities				
	\$ (124,885)	\$ (884,922)	\$ 41,320	\$ (968,487)

Schedule of Noncash Transactions:

There were no noncash transactions during the year.

CITY OF BANNING

COMBINING STATEMENT OF FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2006

	Self Insurance	Fleet Maintenance	Information Services
Assets:			
Current:			
Cash and investments	\$ 2,374,455	\$ 104,437	\$ 135,460
Receivables:			
Accounts	-	17,589	-
Interest	15,055	1,718	1,521
Loans	-	3,434	-
Due from other governments	-	2,769	-
Inventories	-	52,272	-
Total Current Assets	2,389,510	182,219	136,981
Noncurrent:			
Capital assets - net of accumulated depreciation	-	388,213	102,747
Total Assets	\$ 2,389,510	\$ 570,432	\$ 239,728
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 40,118	\$ 15,177	\$ 16,535
Accrued liabilities	4,585	12,523	4,816
Deposits payable	928	-	-
Total Current Liabilities	45,631	27,700	21,351
Noncurrent:			
Compensated absences	18,063	54,603	18,057
Claims payable	457,184	-	-
Total Noncurrent Liabilities	475,247	54,603	18,057
Total Liabilities	520,878	82,303	39,408
Net Assets:			
Invested in capital assets, net of related debts	-	388,213	102,747
Unrestricted	1,868,632	99,916	97,573
Total Net Assets	1,868,632	488,129	200,320
Total Liabilities and Net Assets	\$ 2,389,510	\$ 570,432	\$ 239,728

CITY OF BANNING

COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2006

	Public Works Administration	Utility Billing Accounting & Collection	Totals
Assets:			
Current:			
Cash and investments	\$ 180,918	\$ 304,422	\$ 3,099,692
Receivables:			
Accounts	-	26,686	44,275
Interest	-	3,025	21,319
Loans	-	4,451	7,885
Due from other governments	-	-	2,769
Inventories	-	-	52,272
Total Current Assets	180,918	338,584	3,228,212
Noncurrent:			
Capital assets - net of accumulated depreciation	48,919	34,073	573,952
Total Assets	\$ 229,837	\$ 372,657	\$ 3,802,164
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 145	\$ 3,511	\$ 75,486
Accrued liabilities	11,820	31,150	64,894
Deposits payable	-	-	928
Total Current Liabilities	11,965	34,661	141,308
Noncurrent:			
Compensated absences	157,344	67,999	316,066
Claims payable	-	-	457,184
Total Noncurrent Liabilities	157,344	67,999	773,250
Total Liabilities	169,309	102,660	914,558
Net Assets:			
Invested in capital assets, net of related debts	48,919	34,073	573,952
Unrestricted	11,609	235,924	2,313,654
Total Net Assets	60,528	269,997	2,887,606
Total Liabilities and Net Assets	\$ 229,837	\$ 372,657	\$ 3,802,164

CITY OF BANNING

**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2006**

	Self Insurance	Fleet Maintenance	Information Services
Operating Revenues:			
Sales and service charges	\$ 1,761,271	\$ 988,099	\$ 282,000
Total Operating Revenues	1,761,271	988,099	282,000
Operating Expenses:			
Salaries and benefits	110,662	291,770	154,717
Supplies and services	674,603	713,529	80,760
Repairs and maintenance	-	79,214	75,192
Insurance premiums	683,497	-	-
Depreciation	-	16,581	18,882
Total Operating Expenses	1,468,762	1,101,094	329,551
Operating Income (Loss)	292,509	(112,995)	(47,551)
Non-Operating Revenues (Expenses):			
Interest revenue	58,639	5,732	4,676
Miscellaneous	54,479	196	-
Total Non-Operating Revenues	113,118	5,928	4,676
Income Before Contributions and Transfers	405,627	(107,067)	(42,875)
Change in Net Assets	\$ 405,627	\$ (107,067)	\$ (42,875)
Net Assets:			
Beginning of Fiscal Year, as originally reported	\$ 1,463,005	\$ 592,107	\$ 243,195
Restatements	-	3,089	-
Beginning of Fiscal Year, as restated	1,463,005	595,196	243,195
Change in Net Assets	405,627	(107,067)	(42,875)
End of Fiscal Year	\$ 1,868,632	\$ 488,129	\$ 200,320

CITY OF BANNING

**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2006**

	Public Works Administration	Utility Billing Accounting & Collection	Totals
Operating Revenues:			
Sales and service charges	\$ 573,000	\$ 1,262,585	\$ 4,866,955
Total Operating Revenues	573,000	1,262,585	4,866,955
Operating Expenses:			
Salaries and benefits	339,054	726,581	1,622,784
Supplies and services	209,848	382,038	2,060,778
Repairs and maintenance	-	29,467	183,873
Insurance premiums	-	-	683,497
Depreciation	19,567	17,387	72,417
Total Operating Expenses	568,469	1,155,473	4,623,349
Operating Income (Loss)	4,531	107,112	243,606
Non-Operating Revenues (Expenses):			
Interest revenue	4,422	7,299	80,768
Miscellaneous	-	-	54,675
Total Non-Operating Revenues	4,422	7,299	135,443
Income Before Contributions and Transfers	<u>8,953</u>	<u>114,411</u>	<u>379,049</u>
Change in Net Assets	\$ 8,953	\$ 114,411	\$ 379,049
Net Assets:			
Beginning of Fiscal Year, as originally reported	\$ 51,575	\$ 155,586	\$ 2,505,468
Restatements	-	-	3,089
Beginning of Fiscal Year, as restated	51,575	155,586	2,508,557
Change in Net Assets	<u>8,953</u>	<u>114,411</u>	<u>379,049</u>
End of Fiscal Year	\$ 60,528	\$ 269,997	\$ 2,887,606

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2006

	Self Insurance	Fleet Maintenance	Information Services	Public Works Administration	Utility Billing Accounting & Collection	Totals
Cash Flows from Operating Activities:						
Cash received from interfund service provided	\$1,761,271	\$1,002,437	\$ 282,000	\$ 573,000	\$ 1,261,838	\$ 4,880,546
Cash paid to suppliers for goods and services	(664,708)	(806,727)	(140,451)	(209,808)	(411,176)	(2,232,870)
Cash paid to employees for services	(109,264)	(278,272)	(154,629)	(324,020)	(724,320)	(1,590,505)
Cash paid for claims	(903,538)	-	-	-	-	(903,538)
Net Cash Provided (Used) by Operating Activities	83,761	(82,562)	(13,080)	39,172	126,342	153,633
Cash Flows from Non-Capital Financing Activities:						
Intergovernmental		278	7,491	-	-	7,769
Miscellaneous	54,479	196	-	-	-	54,675
Net Cash Provided (Used) by Non-Capital Financing Activities	54,479	474	7,491	-	-	62,444
Cash Flows from Capital and Related Financing Activities:						
Purchases, acquisition and construction of capital assets		(26,327)	(57,673)	-	-	(84,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(26,327)	(57,673)	-	-	(84,000)
Cash Flows from Investing Activities:						
Interest received	54,430	5,456	4,358	5,425	5,391	75,060
Net Cash Provided (Used) by Investing Activities	54,430	5,456	4,358	5,425	5,391	75,060
Net Increase (Decrease) in Cash and Cash Equivalents	192,670	(102,959)	(58,904)	44,597	131,733	207,137
Cash and Cash Equivalents at Beginning of Year	2,181,785	207,396	194,364	136,321	172,689	2,892,555
Cash and Cash Equivalents at End of Year	\$ 2,374,455	\$ 104,437	\$ 135,460	\$ 180,918	\$ 304,422	\$ 3,099,692

CITY OF BANNING**COMBINING STATEMENT OF CASH FLOWS**
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2006

	Self Insurance	Fleet Maintenance	Information Services	Public Works Administration	Utility Billing Accounting & Collection	Totals
Reconciliation of Operating Income to Net Cash						
Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 292,509	\$ (112,995)	\$ (47,551)	\$ 4,531	\$ 107,112	\$ 243,606
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	-	16,581	18,882	19,567	17,387	72,417
(Increase) decrease in accounts receivable	-	14,338	-	-	(747)	13,591
(Increase) decrease in loans receivable	-	(1,088)	-	-	(490)	(1,578)
(Increase) decrease in inventories	-	12,013	-	-	-	12,013
Increase (decrease) in accounts payable	9,895	(24,909)	15,501	40	819	1,346
Increase (decrease) in accrued liabilities	906	2,891	(1,587)	555	5,669	8,434
Increase (decrease) in compensated absences	492	10,607	1,675	14,479	(3,408)	23,845
Increase (decrease) in claims payable	(220,041)	-	-	-	-	(220,041)
Total Adjustments	(208,748)	30,433	34,471	34,641	19,230	(89,973)
Net Cash Provided (Used) by Operating Activities						
	\$ 83,761	\$ (82,562)	\$ (13,080)	\$ 39,172	\$ 126,342	\$ 153,633

Schedule of Noncash Transactions:

There were no noncash transactions during the year.

CITY OF BANNING**COMBINING BALANCE SHEET**
ALL AGENCY FUNDS
JUNE 30, 2006

	Sun Lake CFD 86-1	Special AD 91-1	Area Police Computer	Fair Oaks AD 2004-1	Cameo Homes	Totals
Assets:						
Cash and investments	\$ 30,540	\$ 291,745	\$ 12,645	\$ 118,525	\$ 39,943	\$ 493,398
Receivables:						
Interest	310	2,219	571	728	206	4,034
Due from other governments	9	6,208	-	16,381	-	22,598
Restricted assets:						
Cash with fiscal agent	-	343,439	-	193,506	-	536,945
Total Assets	\$ 30,859	\$ 643,611	\$ 13,216	\$ 329,140	\$ 40,149	\$ 1,056,975
Liabilities:						
Accounts payable	\$ -	\$ 429	\$ -	\$ -	\$ -	\$ 429
Deposits payable	-	14,457	-	-	40,000	54,457
Due to bondholders	30,859	628,725	13,216	329,140	149	1,002,089
Total Liabilities	\$ 30,859	\$ 643,611	\$ 13,216	\$ 329,140	\$ 40,149	\$ 1,056,975

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

	Balance			Balance
	July 1, 2005	Additions	Deletions	June 30, 2006
<u>Sun Lakes CFD #86-1</u>				
Assets:				
Cash and investments	\$ 123,883	\$ 360,789	\$ 454,132	\$ 30,540
Receivable:				
Interest	697	310	697	310
Due from other governments	2,034	9	2,034	9
Restricted assets:				
Cash with fiscal agent	386,753	388,562	775,315	-
Total Assets	\$ 513,367	\$ 749,670	\$ 1,232,178	\$ 30,859
Liabilities:				
Due to bondholders	513,367	4,592	487,100	30,859
Total Liabilities	\$ 513,367	\$ 4,592	\$ 487,100	\$ 30,859
<u>Special Assessment District 91-1</u>				
Assets:				
Cash and investments	\$ 281,449	\$ 343,894	\$ 333,598	\$ 291,745
Receivable:				
Interest	1,430	2,219	1,430	2,219
Due from other governments	7,444	6,208	7,444	6,208
Restricted assets:				
Cash with fiscal agent	335,919	18,959	11,439	343,439
Total Assets	\$ 626,242	\$ 371,280	\$ 353,911	\$ 643,611
Liabilities:				
Accounts payable	\$ 361	\$ 9,319	\$ 9,251	\$ 429
Deposits payable	14,457	-	-	14,457
Due to bondholders	611,424	355,897	338,596	628,725
Total Liabilities	\$ 626,242	\$ 365,216	\$ 347,847	\$ 643,611
<u>Area Police Computer</u>				
Assets:				
Cash and investments	\$ 12,224	\$ 71,094	\$ 70,673	\$ 12,645
Receivable:				
Interest	176	571	176	571
Due from other funds	5	28,793	28,798	-
Total Assets	\$ 12,405	\$ 100,458	\$ 99,647	\$ 13,216
Liabilities:				
Accounts payable	\$ 42	\$ 64,433	\$ 64,475	\$ -
Due to bondholders	12,363	71,286	70,433	13,216
Total Liabilities	\$ 12,405	\$ 135,719	\$ 134,908	\$ 13,216

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<u>Fair Oaks AD #2004-1</u>				
Assets:				
Cash and investments	\$ -	\$ 192,859	\$ 74,334	\$ 118,525
Receivable:				
Accounts	3,216	-	3,216	-
Interest	37	728	37	728
Due from other governments	-	16,381	-	16,381
Restricted assets:				
Cash with fiscal agent	225,414	10,363	42,271	193,506
Total Assets	\$ 228,667	\$ 220,331	\$ 119,858	\$ 329,140
Liabilities:				
Accounts payable	\$ -	\$ 5,000	\$ 5,000	\$ -
Due to other funds	3,225	-	3,225	-
Due to bondholders	225,442	213,203	109,505	329,140
Total Liabilities	\$ 228,667	\$ 218,203	\$ 117,730	\$ 329,140
<u>Cameo Homes</u>				
Assets:				
Cash and investments	\$ -	\$ 40,016	\$ 73	\$ 39,943
Receivable:				
Interest	-	206	-	206
Total Assets	\$ -	\$ 40,222	\$ 73	\$ 40,149
Liabilities:				
Deposits payable	\$ -	\$ 40,000	\$ -	\$ 40,000
Due to bondholders	-	149	-	149
Total Liabilities	\$ -	\$ 40,149	\$ -	\$ 40,149
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 417,556	\$ 1,008,652	\$ 932,810	\$ 493,398
Receivable:				
Accounts	3,216	-	3,216	-
Interest	2,340	4,034	2,340	4,034
Due from other governments	9,478	22,598	9,478	22,598
Due from other funds	5	28,793	28,798	-
Restricted assets:				
Cash with fiscal agent	948,086	417,884	829,025	536,945
Total Assets	\$ 1,380,681	\$ 1,481,961	\$ 1,805,667	\$ 1,056,975
Liabilities:				
Accounts payable	\$ 403	\$ 78,752	\$ 78,726	\$ 429
Deposits	14,457	40,000	-	54,457
Due to other funds	3,225	-	3,225	-
Due to bondholders	1,362,596	645,127	1,005,634	1,002,089
Total Liabilities	\$ 1,380,681	\$ 763,879	\$ 1,087,585	\$ 1,056,975