

CITY OF BANNING
GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002

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JUNE 30, 2002

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Banning as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Banning, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States we have also issued our report dated November 5, 2002 on our consideration of the City of Banning's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Banning, taken as a whole. The accompanying combining, individual fund financial statements, and schedules listed in the table of contents, are presented for purposes of additional analysis, and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Lance, Soll & Lunghard, LLP

November 5, 2002

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CITY OF BANNING
EXPLANATORY COMMENTS
June 30, 2002

COMBINED FINANCIAL STATEMENTS

The following five combined financial statements, along with the Notes to the General Purpose Financial Statements, present an overview of the City's financial position at June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the fiscal year then ended.

Individual funds and account groups utilized by the City are grouped on these statements into four categories:

GOVERNMENTAL FUND TYPES

These funds (General, Special Revenue, Capital Projects and Debt Service) are those through which most governmental functions are typically financed. The governmental fund measurement focus is on "financial flow", accounting for sources and uses of available spendable resources, not on net income determination.

PROPRIETARY FUND TYPES

These funds (Enterprise and Internal Service) are used to account for the City's ongoing activities which are similar to those found in the private sector. The proprietary fund measurement focus is "capital maintenance", as in private industry, with the emphasis on net income determination.

FIDUCIARY FUND TYPES

These funds are used to account for assets held by the City as an agent for private organizations or individuals.

ACCOUNT GROUPS

These accounts (General Fixed Assets and General Long-Term Debt) are used to establish accounting control for the City's general fixed assets and long-term debt.

CITY OF BANNING

**COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
JUNE 30, 2002**

| GOVERNMENTAL FUND TYPES | | | | |
|---|---------------------|----------------------------|-------------------------|-----------------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| <u>ASSETS AND OTHER DEBITS</u> | | | | |
| Cash and investments | \$ 3,824,163 | \$ 3,071,242 | \$ 356,675 | \$ 1,483,369 |
| Cash and investments with fiscal agent | - | - | 905,343 | - |
| Accounts receivables (net) | 110,279 | 5,568 | - | - |
| Interest receivable | 38,781 | 18,915 | 2,104 | 8,976 |
| Deposits with other agencies | - | - | - | - |
| Due from other governments | 725,228 | 348,623 | 717 | - |
| Due from other funds | - | - | - | - |
| Loans receivable | 58,344 | 8,854 | 575,102 | - |
| Inventories | - | - | - | - |
| Advances receivable from other funds | 180,000 | - | - | - |
| Unamortized bond costs | - | - | - | - |
| Fixed assets (net of accumulated depreciation) | - | - | - | - |
| Amount available in debt service funds | - | - | - | - |
| Amount to be provided for retirement of general long-term debt | - | - | - | - |
| Total Assets and Other Debits | <u>\$ 4,936,795</u> | <u>\$ 3,453,202</u> | <u>\$ 1,839,941</u> | <u>\$ 1,492,345</u> |
| <u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 410,114 | \$ 63,885 | \$ - | \$ 10,398 |
| Deposits | 84,696 | - | - | 45,256 |
| Due to other governments | - | - | - | - |
| Due to other funds | - | 72,618 | - | - |
| Deferred revenue | - | 152,739 | - | - |
| Due to bondholders | - | - | - | - |
| Advances payable to other funds | - | - | - | 299,437 |
| Interest payable | - | - | - | - |
| Notes payable | - | - | - | - |
| Compensated absences | - | - | - | - |
| Capitalized lease obligations | - | - | - | - |
| Claims and judgements payable | - | - | - | - |
| Certificates of participation payable | - | - | - | - |
| Tax allocation bonds payable | - | - | - | - |
| Total Liabilities | <u>494,810</u> | <u>289,242</u> | <u>-</u> | <u>355,091</u> |
| Fund Equity and Other Credits: | | | | |
| Contributed capital | - | - | - | - |
| Investment in general fixed assets | - | - | - | - |
| Retained earnings | - | - | - | - |
| Fund balances: | | | | |
| Reserved | 238,344 | 502,089 | 1,839,941 | 10,000 |
| Unreserved: | | | | |
| Designated | 3,055,150 | 728,494 | - | 389,856 |
| Undesignated | 1,148,491 | 1,933,377 | - | 737,398 |
| Total Fund Equity and Other Credits | <u>4,441,985</u> | <u>3,163,960</u> | <u>1,839,941</u> | <u>1,137,254</u> |
| Total Liabilities, Fund Equity and Other Credits | <u>\$ 4,936,795</u> | <u>\$ 3,453,202</u> | <u>\$ 1,839,941</u> | <u>\$ 1,492,345</u> |

See Notes to Financial Statements

| PROPRIETARY FUND TYPE | | FIDUCIARY FUND TYPE | ACCOUNT GROUPS | | T O T A L S (Memorandum Only) | |
|--------------------------|---------------------|------------------------|----------------------------|------------------------------------|----------------------------------|-----------------------|
| Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-Term Obligation | 2 0 0 2 | 2 0 0 1 |
| \$ 30,766,205 | \$ 1,997,572 | \$ 668,685 | \$ - | \$ - | \$ 42,167,911 | \$ 33,636,349 |
| 1,265,804 | - | 517,673 | - | - | 2,688,820 | 2,776,752 |
| 2,856,999 | 24,673 | - | - | - | 2,997,519 | 3,207,921 |
| 205,667 | 12,306 | 3,219 | - | - | 289,968 | 420,111 |
| 4,677,602 | - | - | - | - | 4,677,602 | 4,623,947 |
| 70,500 | 1,134 | 13,496 | - | - | 1,159,698 | 904,031 |
| 72,618 | - | - | - | - | 72,618 | 125,785 |
| 2,417 | 13,218 | - | - | - | 657,935 | 731,668 |
| 954,502 | 37,655 | - | - | - | 992,157 | 895,037 |
| 1,324,778 | - | - | - | - | 1,504,778 | 1,706,246 |
| 501,738 | - | - | - | - | 501,738 | 535,407 |
| 43,560,315 | 733,257 | - | 15,680,972 | - | 59,974,544 | 61,425,272 |
| - | - | - | - | 1,839,941 | 1,839,941 | 1,910,959 |
| - | - | - | - | 8,597,570 | 8,597,570 | 9,025,954 |
| <u>\$ 86,259,145</u> | <u>\$ 2,819,815</u> | <u>\$ 1,203,073</u> | <u>\$ 15,680,972</u> | <u>\$ 10,437,511</u> | <u>\$ 128,122,799</u> | <u>\$ 121,925,439</u> |
| | | | | | | |
| \$ 955,756 | \$ 38,442 | \$ 3,192 | \$ - | \$ - | \$ 1,481,787 | \$ 1,632,185 |
| 456,462 | - | 9,243 | - | - | 595,657 | 751,016 |
| - | - | - | - | - | - | 8,371 |
| - | - | - | - | - | 72,618 | 125,785 |
| 186,706 | - | - | - | - | 339,445 | 516,079 |
| - | - | 1,190,638 | - | - | 1,190,638 | 1,288,661 |
| 311,245 | - | - | - | 894,096 | 1,504,778 | 1,706,246 |
| 318,920 | - | - | - | - | 318,920 | 271,374 |
| 4,516,991 | - | - | - | - | 4,516,991 | 4,677,050 |
| 286,547 | 246,503 | - | - | 693,415 | 1,226,465 | 1,062,533 |
| - | - | - | - | - | - | 119,229 |
| - | 939,466 | - | - | - | 939,466 | 1,142,838 |
| 9,350,000 | - | - | - | 6,100,000 | 15,450,000 | 16,035,000 |
| - | - | - | - | 2,750,000 | 2,750,000 | 2,945,000 |
| <u>16,382,627</u> | <u>1,224,411</u> | <u>1,203,073</u> | <u>-</u> | <u>10,437,511</u> | <u>30,386,765</u> | <u>32,281,367</u> |
| | | | | | | |
| 8,999,820 | - | - | - | - | 8,999,820 | 9,438,682 |
| - | - | - | 15,680,972 | - | 15,680,972 | 16,658,704 |
| 60,876,698 | 1,595,404 | - | - | - | 62,472,102 | 54,986,925 |
| - | - | - | - | - | 2,590,374 | 2,696,422 |
| - | - | - | - | - | 4,173,500 | 3,147,231 |
| - | - | - | - | - | 3,819,266 | 2,716,108 |
| <u>69,876,518</u> | <u>1,595,404</u> | <u>-</u> | <u>15,680,972</u> | <u>-</u> | <u>97,736,034</u> | <u>89,644,072</u> |
| <u>\$ 86,259,145</u> | <u>\$ 2,819,815</u> | <u>\$ 1,203,073</u> | <u>\$ 15,680,972</u> | <u>\$ 10,437,511</u> | <u>\$ 128,122,799</u> | <u>\$ 121,925,439</u> |

CITY OF BANNING

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | GOVERNMENTAL FUND TYPES | | | |
|---|-------------------------|--------------------|-----------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Revenues: | | | | |
| Taxes | \$ 4,488,776 | \$ 737,378 | \$ 884,191 | \$ - |
| Licenses and permits | 468,549 | - | - | - |
| Fines, forfeitures and penalties | 447,508 | - | - | - |
| Use of money and property | 193,917 | 94,200 | 551,376 | 45,847 |
| Intergovernmental | 1,562,212 | 1,132,425 | - | - |
| Charges for services | 2,342,606 | 21,688 | - | - |
| Other | 131,322 | 70,584 | 33,541 | 618,758 |
| Total Revenues | 9,634,890 | 2,056,275 | 1,469,108 | 664,605 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,542,949 | 174,923 | 9,500 | 237,001 |
| Public safety | 4,876,284 | 127,301 | - | 125,580 |
| Public works | 789,743 | 916,245 | - | - |
| Parks and recreation | 657,789 | 68,368 | - | - |
| Capital outlay | - | 1,237,372 | - | 48,493 |
| Debt Service | - | - | 1,001,124 | 19,867 |
| Pass-through payments | - | - | 77,802 | - |
| Total Expenditures | 7,866,765 | 2,524,209 | 1,088,426 | 430,941 |
| Excess of Revenues over (under) Expenditures | 1,768,125 | (467,934) | 380,682 | 233,664 |
| Other Financing Sources (Uses): | | | | |
| Operating transfers in | 130,000 | 560,092 | 69,102 | 281,049 |
| Operating transfers out | (141,760) | (268,839) | (459,644) | - |
| Total Other Financing Sources (Uses) | (11,760) | 291,253 | (390,542) | 281,049 |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | \$ 1,756,365 | \$ (176,681) | \$ (9,860) | \$ 514,713 |
| Fund Balances: | | | | |
| Beginning of Fiscal Year, as previously reported | \$ 2,685,620 | \$ 3,340,641 | \$ 1,910,959 | \$ 622,541 |
| Restatements | - | - | (61,158) | - |
| Beginning of Fiscal Year, as restated | 2,685,620 | 3,340,641 | 1,849,801 | 622,541 |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | 1,756,365 | (176,681) | (9,860) | 514,713 |
| End of Fiscal Year (Exhibit A) | \$ 4,441,985 | \$ 3,163,960 | \$ 1,839,941 | \$ 1,137,254 |

See Notes to Financial Statements

Exhibit B
Page 2 of 2

| TOTALS (Memorandum Only) | |
|-----------------------------|---------------------|
| 2002 | 2001 |
| \$ 6,110,345 | \$ 5,521,457 |
| 468,549 | 556,327 |
| 447,508 | 386,560 |
| 885,340 | 1,054,273 |
| 2,694,637 | 3,029,874 |
| 2,364,294 | 1,769,598 |
| 854,205 | 672,441 |
| <u>13,824,878</u> | <u>12,990,530</u> |
| 1,964,373 | 1,941,083 |
| 5,129,165 | 4,919,152 |
| 1,705,988 | 1,625,322 |
| 726,157 | 837,656 |
| 1,285,865 | 468,782 |
| 1,020,991 | 1,015,890 |
| 77,802 | 68,639 |
| <u>11,910,341</u> | <u>10,876,524</u> |
| <u>1,914,537</u> | <u>2,114,006</u> |
| 1,040,243 | 972,851 |
| <u>(870,243)</u> | <u>(807,575)</u> |
| <u>170,000</u> | <u>165,276</u> |
| <u>\$ 2,084,537</u> | <u>\$ 2,279,282</u> |
| \$ 8,559,761 | \$ 6,411,100 |
| <u>(61,158)</u> | <u>(130,621)</u> |
| 8,498,603 | 6,280,479 |
| <u>2,084,537</u> | <u>2,279,282</u> |
| <u>\$ 10,583,140</u> | <u>\$ 8,559,761</u> |

CITY OF BANNING
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | GENERAL FUND | | |
|--|---------------------|---------------|--|
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$ 4,214,815 | \$ 4,488,776 | \$ 273,961 |
| Licenses and permits | 383,150 | 468,549 | 85,399 |
| Fines, forfeitures and penalties | 368,700 | 447,508 | 78,808 |
| Use of money and property | 158,100 | 193,917 | 35,817 |
| Intergovernmental | 1,522,650 | 1,562,212 | 39,562 |
| Charges for services | 2,129,238 | 2,342,606 | 213,368 |
| Other | 128,860 | 131,322 | 2,462 |
| Total Revenues | 8,905,513 | 9,634,890 | 729,377 |
| Expenditures: | | | |
| Current: | | | |
| General government | 1,757,937 | 1,542,949 | 214,988 |
| Public safety | 5,087,661 | 4,876,284 | 211,377 |
| Public works | 1,093,215 | 789,743 | 303,472 |
| Parks and recreation | 704,788 | 657,789 | 46,999 |
| Capital outlay | - | - | - |
| Debt service | - | - | - |
| Pass-through payments | - | - | - |
| Total Expenditures | 8,643,601 | 7,866,765 | 776,836 |
| Excess of Revenues over (under) Expenditures | 261,912 | 1,768,125 | 1,506,213 |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | 130,000 | 130,000 | - |
| Operating transfers out | (174,465) | (141,760) | 32,705 |
| Total Other Financing Sources (Uses) | (44,465) | (11,760) | 32,705 |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | \$ 217,447 | \$ 1,756,365 | \$ 1,538,918 |
| Fund Balances: | | | |
| Beginning of Fiscal Year, as previously reported | \$ 2,685,620 | \$ 2,685,620 | \$ - |
| Restatements | - | - | - |
| Beginning of Fiscal Year, as restated | 2,685,620 | 2,685,620 | - |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | 217,447 | 1,756,365 | 1,538,918 |
| End of Fiscal Year (Exhibit A) | \$ 2,903,067 | \$ 4,441,985 | \$ 1,538,918 |

See Notes to Financial Statements

| SPECIAL REVENUE FUNDS | | |
|-----------------------|--------------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 722,700 | \$ 737,378 | \$ 14,678 |
| - | - | - |
| 66,208 | 94,200 | 27,992 |
| 1,642,592 | 1,132,425 | (510,167) |
| 13,940 | 21,688 | 7,748 |
| 64,634 | 70,584 | 5,950 |
| 2,510,074 | 2,056,275 | (453,799) |
| 375,764 | 174,923 | 200,841 |
| 119,810 | 127,301 | (7,491) |
| 1,107,395 | 916,245 | 191,150 |
| 76,821 | 68,368 | 8,453 |
| 2,368,970 | 1,237,372 | 1,131,598 |
| - | - | - |
| - | - | - |
| 4,048,760 | 2,524,209 | 1,524,551 |
| (1,538,686) | (467,934) | 1,070,752 |
| 523,268 | 560,092 | 36,824 |
| (232,602) | (268,839) | (36,237) |
| 290,666 | 291,253 | 587 |
| \$ (1,248,020) | \$ (176,681) | \$ 1,071,339 |
| \$ 3,340,641 | \$ 3,340,641 | \$ - |
| - | - | - |
| 3,340,641 | 3,340,641 | - |
| (1,248,020) | (176,681) | 1,071,339 |
| \$ 2,092,621 | \$ 3,163,960 | \$ 1,071,339 |

| DEBT SERVICE FUNDS | | |
|--------------------|--------------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 880,207 | \$ 884,191 | \$ 3,984 |
| - | - | - |
| - | - | - |
| 548,200 | 551,376 | 3,176 |
| - | - | - |
| - | - | - |
| 73,046 | 33,541 | (39,505) |
| 1,501,453 | 1,469,108 | (32,345) |
| 7,400 | 9,500 | (2,100) |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| 1,027,273 | 1,001,124 | 26,149 |
| 78,025 | 77,802 | 223 |
| 1,112,698 | 1,088,426 | 24,272 |
| 388,755 | 380,682 | (8,073) |
| 69,102 | 69,102 | - |
| (459,057) | (459,644) | (587) |
| (389,955) | (390,542) | (587) |
| \$ (1,200) | \$ (9,860) | \$ (8,660) |
| \$ 1,910,959 | \$ 1,910,959 | \$ - |
| - | (61,158) | (61,158) |
| 1,910,959 | 1,849,801 | (61,158) |
| (1,200) | (9,860) | (8,660) |
| \$ 1,909,759 | \$ 1,839,941 | \$ (69,818) |

CITY OF BANNING

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL ALL GOVERNMENTAL FUND TYPES FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | CAPITAL PROJECTS FUNDS | | |
|--|------------------------|--------------|---|
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Fines, forfeitures and penalties | - | - | - |
| Use of money and property | 27,000 | 45,847 | 18,847 |
| Intergovernmental | - | - | - |
| Charges for services | - | - | - |
| Other | 536,396 | 618,758 | 82,362 |
| Total Revenues | 563,396 | 664,605 | 101,209 |
| Expenditures: | | | |
| Current: | | | |
| General government | 321,473 | 237,001 | 84,472 |
| Public safety | 188,640 | 125,580 | 63,060 |
| Public works | - | - | - |
| Parks and recreation | - | - | - |
| Capital outlay | 191,616 | 48,493 | 143,123 |
| Debt service | 89,983 | 19,867 | 70,116 |
| Pass-through payments | - | - | - |
| Total Expenditures | 791,712 | 430,941 | 360,771 |
| Excess of Revenues over (under) Expenditures | (228,316) | 233,664 | 461,980 |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | 281,049 | 281,049 | - |
| Operating transfers out | - | - | - |
| Total Other Financing Sources (Uses) | 281,049 | 281,049 | - |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | \$ 52,733 | \$ 514,713 | \$ 461,980 |
| Fund Balances: | | | |
| Beginning of Fiscal Year, as previously reported | \$ 622,541 | \$ 622,541 | \$ - |
| Restatements | - | - | - |
| Beginning of Fiscal Year, as restated | 622,541 | 622,541 | - |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | 52,733 | 514,713 | 461,980 |
| End of Fiscal Year (Exhibit A) | \$ 675,274 | \$ 1,137,254 | \$ 461,980 |

See Notes to Financial Statements

| TOTALS (MEMORANDUM ONLY) | | |
|--------------------------|---------------|---|
| 2002 | | |
| Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 5,817,722 | \$ 6,110,345 | \$ 292,623 |
| 383,150 | 468,549 | 85,399 |
| 368,700 | 447,508 | 78,808 |
| 799,508 | 885,340 | 85,832 |
| 3,165,242 | 2,694,637 | (470,605) |
| 2,143,178 | 2,364,294 | 221,116 |
| 802,936 | 854,205 | 51,269 |
| 13,480,436 | 13,824,878 | 344,442 |
| 2,462,574 | 1,964,373 | 498,201 |
| 5,396,111 | 5,129,165 | 266,946 |
| 2,200,610 | 1,705,988 | 494,622 |
| 781,609 | 726,157 | 55,452 |
| 2,560,586 | 1,285,865 | 1,274,721 |
| 1,117,256 | 1,020,991 | 2,138,247 |
| 78,025 | 77,802 | 223 |
| 14,596,771 | 11,910,341 | 4,728,412 |
| (1,116,335) | 1,914,537 | 3,030,872 |
| 1,003,419 | 1,040,243 | 36,824 |
| (866,124) | (870,243) | (4,119) |
| 137,295 | 170,000 | 32,705 |
| \$ (979,040) | \$ 2,084,537 | \$ 3,063,577 |
| \$ 8,559,761 | \$ 8,559,761 | \$ - |
| - | (61,158) | (61,158) |
| 8,559,761 | 8,498,603 | (61,158) |
| (979,040) | 2,084,537 | 3,063,577 |
| \$ 7,580,721 | \$ 10,583,140 | \$ 3,002,419 |

CITY OF BANNING

Exhibit D

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| | Enterprise | Internal Service | TOTALS (Memorandum Only) | |
|--|---------------|---------------------|--------------------------|---------------|
| | | | Year ended June 30, | |
| | | | 2002 | 2001 |
| Operating Revenues: | | | | |
| Charges for services | \$ 28,917,052 | \$ 3,083,699 | \$ 32,000,751 | \$ 37,175,967 |
| Connection fees | 137,699 | - | 137,699 | 90,864 |
| Total Operating Revenues | 29,054,751 | 3,083,699 | 32,138,450 | 37,266,831 |
| Operating Expenses: | | | | |
| Salaries and benefits | 2,381,031 | 1,218,371 | 3,599,402 | 2,888,466 |
| Supplies and services | 8,947,755 | 1,111,662 | 10,059,417 | 9,240,894 |
| Repairs and maintenance | 67,958 | 87,527 | 155,485 | 124,697 |
| Street lighting costs | 155,629 | - | 155,629 | - |
| Power purchased for resale | 12,243,394 | - | 12,243,394 | 16,221,993 |
| Insurance premiums | - | 336,762 | 336,762 | 336,963 |
| Claims and judgements | - | 270,732 | 270,732 | 580,103 |
| Amortization | 33,670 | - | 33,670 | 33,670 |
| Depreciation | 2,345,689 | 82,956 | 2,428,645 | 2,399,422 |
| Total Operating Expenses | 26,175,126 | 3,108,010 | 29,283,136 | 31,826,208 |
| Operating Income (Loss) | 2,879,625 | (24,311) | 2,855,314 | 5,440,623 |
| Non-operating Revenues (Expenses): | | | | |
| Interest income | 1,149,923 | 62,928 | 1,212,851 | 1,759,132 |
| Interest expense | (942,127) | - | (942,127) | (801,209) |
| Grants | 944,131 | - | 944,131 | 560,943 |
| Gain (loss) on disposal of fixed assets | (245,567) | (63,872) | (309,439) | - |
| Other | 3,354,758 | 110,544 | 3,465,302 | 2,520,579 |
| Total Non-operating Revenues (Expenses) | 4,261,118 | 109,600 | 4,370,718 | 4,039,445 |
| Net Income (Loss) Before Operating Transfers | 7,140,743 | 85,289 | 7,226,032 | 9,480,068 |
| Operating transfers: | | | | |
| Operating transfers out | (170,000) | - | (170,000) | (165,276) |
| Total Operating Transfers | (170,000) | - | (170,000) | (165,276) |
| Net Income (Loss) | \$ 6,970,743 | \$ 85,289 | \$ 7,056,032 | \$ 9,314,792 |
| Retained Earnings: | | | | |
| Beginning of Fiscal Year, as previously reported | \$ 53,475,559 | \$ 1,511,366 | \$ 54,986,925 | \$ 45,036,387 |
| Restatements | (87) | (1,251) | (1,338) | 199,757 |
| Beginning of Fiscal Year, as restated | 53,475,472 | 1,510,115 | 54,985,587 | 45,236,144 |
| Depreciation transferred to Contributed Capital | 430,483 | - | 430,483 | 435,989 |
| Increase (Decrease) in Retained Earnings | 6,970,743 | 85,289 | 7,056,032 | 9,314,792 |
| End of Fiscal Year | \$ 60,876,698 | \$ 1,595,404 | \$ 62,472,102 | \$ 54,986,925 |

See Notes to Financial Statements

CITY OF BANNING

Exhibit E

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| | Enterprise | Internal Service | TOTALS (Memorandum Only) | |
|--|---------------|---------------------|-----------------------------|---------------|
| | | | Year ended June 30, | |
| | | | 2002 | 2001 |
| Cash Flows from Operating Activities: | | | | |
| Operating Income | \$ 2,879,625 | \$ (24,311) | \$ 2,855,314 | \$ 5,440,623 |
| Adjustment to reconcile Operating Income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 2,345,689 | 82,956 | 2,428,645 | 2,399,422 |
| Amortization | 33,670 | - | 33,670 | 33,670 |
| Changes in Assets and Liabilities: | | | | |
| (Increase) decrease in employee loans | (1,424) | 534 | (890) | 2,800 |
| (Increase) decrease in accounts receivable | 183,121 | (4,995) | 178,126 | (361,354) |
| (Increase) decrease in interest receivable | 71,906 | 10,434 | 82,340 | (84,884) |
| (Increase) decrease in deposits with other agencies | (53,655) | - | (53,655) | (75,997) |
| (Increase) decrease in due from other governments | (70,500) | (1,134) | (71,634) | 1,361,632 |
| (Increase) decrease in due from other funds | 53,167 | - | 53,167 | (43,645) |
| (Increase) decrease in inventories | (93,456) | (3,664) | (97,120) | 8,747 |
| Increase (decrease) in accounts payable and accrued liabilities | (3,297) | (11,134) | (14,431) | (863,741) |
| Increase (decrease) in deposits | 35,458 | - | 35,458 | 82,287 |
| Increase (decrease) in due to other governments | (8,371) | - | (8,371) | (18,167) |
| Increase (decrease) in due to other agencies | - | - | - | (13,816) |
| Increase (decrease) in deferred revenue | (227,238) | - | (227,238) | 234,527 |
| Increase (decrease) in compensated absences | 70,603 | 27,035 | 97,638 | 38,333 |
| Increase (decrease) in interest payable | 47,546 | - | 47,546 | (9,015) |
| Increase (decrease) in claims and judgements payable | - | (203,372) | (203,372) | 94,611 |
| Total Adjustments | 2,383,219 | (103,340) | 2,279,879 | 2,785,410 |
| Net Cash Provided (Used) by Operating Activities | 5,262,844 | (127,651) | 5,135,193 | 8,226,033 |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Operating transfers to other funds | (170,000) | - | (170,000) | (165,276) |
| Advances from (repayment to) other funds | 176,468 | - | 176,468 | 168,933 |
| Grants | 944,131 | - | 944,131 | 560,943 |
| Miscellaneous receipts | 3,354,758 | 110,544 | 3,465,302 | 2,520,579 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 4,305,357 | 110,544 | 4,415,901 | 3,085,179 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Disposition (acquisition) of property, plant and equipment | (2,210,786) | (64,019) | (2,274,805) | (1,518,480) |
| Principal paid | (550,059) | - | (550,059) | (365,000) |
| Interest paid | (942,127) | - | (942,127) | (801,209) |
| Proceeds from long-term debt | - | - | - | 676,279 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (3,702,972) | (64,019) | (3,766,991) | (2,008,410) |
| Cash Flows from Investing Activities: | | | | |
| Interest Received | 1,149,923 | 62,928 | 1,212,851 | 1,759,132 |
| Net Increase (Decrease) in Cash and Investments | 7,015,152 | (18,198) | 6,996,954 | 11,061,934 |
| Cash and Investments at Beginning of Year | 25,016,857 | 2,015,770 | 27,032,627 | 15,970,693 |
| Cash and Investments at End of Year | \$ 32,032,009 | \$ 1,997,572 | \$ 34,029,581 | \$ 27,032,627 |

SCHEDULE OF NONCASH TRANSACTIONS

There were no non-cash transactions during the fiscal year.

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NOTES TO FINANCIAL STATEMENTS

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2002

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 generally accepted accounting principles, 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 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.

The Banning Wastewater Facilities 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.

b. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various accounts are grouped, in the financial statements in this report, into four broad categories which in aggregate include seven fund types and two account groups as follows:

Governmental Funds

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

City of Banning
Notes to Financial Statements (Continued)

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds

Internal Service 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.

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Revenues are fully accrued to include unbilled services at year-end.

Fiduciary Funds

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governmental and/or other funds. The City uses only agency funds, which are custodial in nature (assets equal liabilities) and do not reflect the measurement of results of operations.

City of Banning
Notes to Financial Statements (Continued)

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

Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included in their balance sheets. Their reported fund balance is considered a measure of "available spendable resources". Thus, the fixed assets and long-term liabilities associated with governmental funds are accounted for in the account groups of the City.

General Fixed Assets Account Group accounts for fixed assets used in governmental fund type operations.

General Long-Term Debt Account Group accounts for long-term liabilities expected to be financed from governmental funds.

c. Fixed Assets and Long-Term Debt

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Interest accrued during construction of fixed assets is capitalized as a part of the asset cost.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Proprietary fund fixed assets are reported net of accumulated depreciation on their balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method for all classes of fixed assets.

City of Banning
Notes to Financial Statements (Continued)

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

The estimated useful lives are as follows:

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

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Noncurrent portions of long-term receivables of governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets.

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.

Special reporting treatments are also applied to governmental fund inventories to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are generally offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types does not include amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

d. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurement made regardless of the nature of the measurement.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues considered susceptible to accrual in those funds wherein revenue is recognized on a modified accrual basis are as follows: property and sales taxes, revenue from the use of money and property, interfund transfers, unbilled service receivables and intergovernmental revenues. Licenses, permits, fines and forfeitures and similar items are, for the most part, not susceptible to accrual and consequently are not recorded until received.

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The assets and liabilities are accounted for on a modified accrual basis.

City of Banning
Notes to Financial Statements (Continued)

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

The proprietary fund types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred. Unbilled receivables are recorded as accounts receivable and as revenue when earned.

e. 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 motion during each fiscal year. The City Administrator 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).

f. 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 reappropriated in the following year's budget. The City had no outstanding encumbrances at the end of the year.

g. Investments

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.

h. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

City of Banning
Notes to Financial Statements (Continued)

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

i. Totals (Memorandum Only)

"Memorandum Only" captions on total columns of combined statements mean that totals are presented for overview informational purposes only and that they do not fairly present financial position or results of operations for the governmental unit as a whole in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of these totals.

j. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Comparative data has not been presented in each of the statements since their inclusion would make the statements more complex and difficult to read.

k. Property Taxes

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 March 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 City-wide 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 1990-91 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.

I. Fund Equity

- Reserved Fund Balance indicates that portion of fund equity which has been legally segregated for specific purposes;
- Designated Fund Balance indicates that portion of fund equity for which the City Council has made tentative plans for financial resource utilization in a future period;
- and Undesignated Fund Balance indicates that portion of fund equity which is available for budgeting in future periods.

m. Inventories

Inventories of materials and supplies (if material) are carried at cost on a first-in, first-out basis. The City uses the consumption method of accounting for inventories.

n. 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.

o. Employee Leave Benefits

Compensated absences are the amounts due to employees for future absences which are attributable to services already rendered. The City has determined that no current liability exists for compensated absences, therefore the total liability for governmental funds is carried in the General Long-Term Debt Account Group. For Proprietary Funds the liability for compensated absences, if any, is segregated between short-term and long-term as indicated above and both portions are reflected in the fund involved.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Sick leave is payable when an employee is unable to work because of illness. 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 General Long-Term Debt Account Group and also accrued in proprietary funds at year-end.

City of Banning
Notes to Financial Statements (Continued)

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

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

Compensatory Time

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 forty hours annually. Management employees may elect to cash out sixty hours per year.

Sick Leave

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. Each employee may be able to convert 32 hours of unused sick leave to vacation or compensatory time. 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 shall be paid. General employees may elect to receive a buyout of forty hours of sick or compensatory time, or any combination thereof, annually.

Vacation and Holiday Leave

Police employees accrue vacation and holiday leave 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 accruals for vacation are 320 hours and 336 hours for non-supervisory and supervisory personnel, respectively. Holiday leave may be accrued to a maximum of 160 hours.

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

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

City of Banning
Notes to Financial Statements (Continued)

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

Utility employees accrue vacation leave in accordance with a schedule set forth in a memorandum of understanding. Vacation shall accrue to the maximum rate of two times each employee's annual accrual. Any employee that terminates after six months of service shall be paid the accrued vacation leave up to the maximum of two times the annual accrual for each employee. Employees may cash out vacation time annually as follows: Managers - 40 hours and Police 40 hours.

p. Cash and Cash Equivalents

For purposes of the statement of cash flows for the proprietary funds, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered cash equivalents.

Note 2: Stewardship, Compliance and Accountability

The following funds reported deficit fund balances or deficit retained earnings at June 30, 2002:

| | |
|-----------------------------|------------|
| Capital Projects Funds: | |
| Fire Facilities Development | \$ 152,314 |

Management expects that future revenue will eliminate all fund deficits in future years.

Note 3: Cash and Investments

Cash and investments at June 30 consisted of the following:

| | |
|--|----------------------|
| Petty Cash | \$ 2,525 |
| Pooled Cash and Deposits (overdraft) | (24,276) |
| Pooled Investments | 42,189,663 |
| Cash and Investments with Fiscal Agent | <u>2,688,819</u> |
| Total Cash and Investments | <u>\$ 44,856,731</u> |

Interest income earned on pooled cash and investments is allocated to the various funds based on the cash balances.

Pooled Cash and Non-Negotiable Certificates of Deposit

All pooled cash and non-negotiable certificates of deposit are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 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 may waive collateral requirements for deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

City of Banning
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

Authorized Investments

Under provision of the City's Investment Policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit
- Local Agency Investment Fund (State Pool) Deposits
- Passbook Savings Account Demand Deposits
- U.S. Treasury Portfolio Mutual Funds

Pooled Investments

Investment in State Treasury's Investment Pool - this type of investment cannot be assigned a credit risk category because the City does not own specific securities. However, the fund's investment policies and practices with regard to the credit and market risks have been determined acceptable to the City's investment policies.

Credit Risk, Carrying Amount and Fair Value

Cash is classified in three categories of credit risk as follows:

- Category 1 - insured or collateralized with securities held by the entity or by its agent in the entity's name;
- Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; and
- Category 3 - uncollateralized.

Investments are also classified in three categories of credit risk as follows:

- Category 1 - insured or registered, with securities held by entity or its agent in the entity name;
- Category 2 - uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name; and
- Category 3 - uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

Investments in pools managed by other governments or in mutual funds are not required to be categorized.

City of Banning
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

At June 30, 2002, the carrying amount of the City's cash and deposits was \$(21,751). The bank balance was \$450,067. This difference is due to the normal deposits in transit and outstanding checks. City cash deposits by category as of June 30, 2002 are as follows:

| | Category | | | Bank | Fair |
|-------------------------|-------------------|-------------------|------------------|-------------------|--------------------|
| | 1 | 2 | 3 | Balance | Value |
| Bank Accounts | \$ 109,810 | \$ 148,925 | \$ 37,147 | \$ 295,882 | \$ (175,936) |
| Certificates of Deposit | 100,000 | - | 54,185 | 154,185 | 154,185 |
| Total Cash and Deposits | <u>\$ 209,810</u> | <u>\$ 148,925</u> | <u>\$ 91,332</u> | <u>\$ 450,067</u> | <u>\$ (21,751)</u> |

City investments by category as of June 30, 2002 are as follows:

| | Category | | | Unclassified | Fair / Carrying Value | Cost |
|--|-------------------|-------------|-------------|----------------------|-----------------------|----------------------|
| | 1 | 2 | 3 | | | |
| Investments Controlled by the City: | | | | | | |
| Local Agency Investment Fund (State Pool) | \$ - | \$ - | \$ - | \$ 42,189,663 | \$ 42,189,663 | \$ 42,072,695 |
| Total Investments Controlled by the City Treasurer | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 42,189,663</u> | <u>\$ 42,189,663</u> | <u>\$ 42,072,695</u> |
| Amounts Invested by Fiscal Agents: | | | | | | |
| Repurchase Agreement | \$ 522,562 | \$ - | \$ - | \$ - | \$ 522,562 | \$ 522,562 |
| U. S. Government Money Market Fund | - | - | - | 2,166,257 | 2,166,257 | 2,166,257 |
| Total Invested by Fiscal Agent | <u>\$ 522,562</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,166,257</u> | <u>\$ 2,688,819</u> | <u>\$ 2,688,819</u> |
| Total Investments | <u>\$ 522,562</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 44,355,920</u> | <u>\$ 44,878,482</u> | <u>\$ 44,761,514</u> |

City of Banning
Notes to Financial Statements (Continued)

Note 4: Due To/From Other Funds

The following constitute amounts which are either receivables or payables (from/to) to other funds:

| | <u>Due From</u> | <u>Due to</u> |
|------------------------------------|-------------------------|-------------------------|
| Special Revenue Funds: | | |
| Community Development Block Grant: | | |
| Wastewater Utility | \$ - | \$ 72,618 |
| Enterprise Funds: | | |
| Wastewater Utility: | | |
| Community Development Block Grant | <u>72,618</u> | <u>-</u> |
| Totals | <u><u>\$ 72,618</u></u> | <u><u>\$ 72,618</u></u> |

Note 5: Advances Receivable From/Payable to Other Funds

The City has authorized several interfund advances to be used for the operation of the funds receiving the advances. At June 30, 2002 the outstanding advances are:

- a. The Airport Enterprise Fund has received funds from the Wastewater Utility Enterprise Fund totaling \$346,245 for the acquisition of the airport hangars. The outstanding balance at June 30, 2002 is \$311,245. There is no definite repayment data.
- b. The General Fund has advanced funds to the Banning Redevelopment Agency. The balance outstanding of the advances payable at June 30, 2002 is \$180,000 and is included in the General Long-Term Debt Account Group.
- c. An advance to the Fire Facilities Capital Projects Fund from the Electric Utility Enterprise Fund in the amount of \$450,000 was made during fiscal year 1991-92. Principal and interest payments are to be paid annually with the final payment due June 30, 2006. The outstanding balance at June 30, 2002 is \$299,437.
- d. During fiscal year 1993-94, the City's Electric Utility Fund advanced funds to the Redevelopment Agency to assist in the development of the Sunset Auto Plaza. There is no definite repayment date. The outstanding balance payable at June 30, 2002 is \$714,096 and is recorded in the General Long-Term Debt Account Group.

City of Banning
Notes to Financial Statements (Continued)

Note 5: Advances Receivable From/Payable to Other Funds (Continued)

A schedule of advances at June 30, 2002 is as follows:

| | Advances From | Advances To |
|----------------------------------|---------------------|---------------------|
| General Fund | \$ 180,000 | \$ - |
| Capital Projects Funds: | | |
| Fire Facilities Development Fund | - | 299,437 |
| Enterprise Funds: | | |
| Electric Utility Fund | 1,013,533 | - |
| Wastewater Utility Fund | 311,245 | - |
| Airport Fund | - | 311,245 |
| General Long-Term Debt: | | |
| Account Group | - | 894,096 |
| | <u>\$ 1,504,778</u> | <u>\$ 1,504,778</u> |

All long-term advances carry an interest rate equal to what the City can earn on its investment with the State of California Local Agency Investment Fund which at June 30, 2002 was 2.687%.

Note 6: Interfund Transfers

Interfund transfers during the fiscal year ended June 30, 2002 were as follows:

| | | |
|-----------------------------------|---------------------|---------------------|
| General Fund | \$ 130,000 | \$ 141,760 |
| Special Revenue Funds: | | |
| Property Abatement | 1,215 | - |
| Gas Tax | 283,000 | 33,500 |
| Article 3 Sidewalk | 56,237 | - |
| Measure A | - | 36,237 |
| Special Donations | 18,000 | - |
| Police Volunteer | 1,000 | - |
| Low and Moderate Housing | 178,595 | 69,102 |
| Local Law Enforcement Block Grant | 8,545 | - |
| Landscape Maintenance | 13,500 | - |
| Public Safety | - | 130,000 |
| Debt Service Funds: | | |
| Redevelopment Agency | 69,102 | 459,644 |
| Capital Projects Funds: | | |
| Redevelopment Agency | 281,049 | - |
| Enterprise Funds: | | |
| Water Utility | - | 24,000 |
| Wastewater Utility | - | 85,000 |
| Refuse Utility | - | 55,000 |
| Electric Utility | - | 6,000 |
| | <u>\$ 1,040,243</u> | <u>\$ 1,040,243</u> |

City of Banning
Notes to Financial Statements (Continued)

Note 7: Property, Plant and Equipment

Changes in the components of the General Fixed Assets Account Group for the fiscal year ended June 30, 2002 were as follows:

| | Balance July 1, 2001 | Adjustments | Additions | Deletions | Balance June 30, 2002 |
|--------------------------|-------------------------|-----------------------|-------------------|-------------------|--------------------------|
| Land and Improvements | \$ 4,098,356 | \$ 18,631 | \$ 115,024 | \$ - | \$ 4,232,011 |
| Buildings and Structures | 6,992,818 | (91,040) | 6,203 | - | 6,907,981 |
| Machinery and Equipment | 3,399,606 | (926,775) | 164,077 | - | 2,636,908 |
| Vehicles | 2,008,184 | (27,206) | 158,429 | 383,592 | 1,755,815 |
| Construction-in-Progress | 159,740 | (79,588) | 68,105 | - | 148,257 |
| Total | \$ 16,658,704 | \$ (1,105,978) | \$ 511,838 | \$ 383,592 | \$ 15,680,972 |

Adjustments represent new fixed asset capitalization policy requiring that only amounts over \$5,000 be capitalized. Amounts are the removal of items under \$5,000. Construction-in-Progress also has an adjustment of \$79,588, which was moved to Land and Improvements.

A summary of proprietary fund type property, plant and equipment at June 30, 2002 is as follows:

| | Enterprise | Internal Service |
|---------------------------------|----------------------|---------------------|
| Land | \$ 1,066,531 | \$ 2,091 |
| Construction-in-Progress | 664,864 | - |
| Airport Master Plan | 38,875 | - |
| Building and Structures | 497,363 | 319,463 |
| Improvements | 1,341,009 | 22,315 |
| Machinery and Equipment | 9,175 | 1,308,120 |
| Utility Plant | 71,306,426 | - |
| Total | \$ 74,924,243 | \$ 1,651,989 |
| Accumulated Depreciation | 31,363,928 | 918,732 |
| Net | \$ 43,560,315 | \$ 733,257 |

Note 8: Loans Receivable

During the fiscal year 1998-99 the City loaned the A.C. Dysart Park Association \$15,000 with an interest rate of 5.4% to be repaid during a term not to exceed 5 years.

\$ 15,000

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.

45,761

Total Loans Receivable

\$ 60,761

City of Banning
Notes to Financial Statements (Continued)

Note 9: 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>Fund</u> | <u>Gross Receivable</u> | <u>Allowance for Doubtful Accounts</u> | <u>Net Receivable</u> |
|-------------|-----------------------------|--|---------------------------|
| Airport | \$ 4,979 | \$ - | \$ 4,979 |
| Water | 607,991 | 63,740 | 544,251 |
| Electric | 2,077,786 | 204,327 | 1,873,459 |
| Wastewater | 240,039 | 25,198 | 214,841 |
| Refuse | 245,217 | 25,748 | 219,469 |
| Totals | <u>\$ 3,176,012</u> | <u>\$ 319,013</u> | <u>\$ 2,856,999</u> |

Note 10: 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 \$18,261.37. The note is due October 1, 2019. The note is additionally reduced 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.

\$ 575,102

Note 11: Long-Term Debt

a. General Long-Term Debt Account Group

The following is a summary of the changes in the General Long-Term Debt Account Group for the fiscal year ended June 30, 2002:

| | <u>Balance July 1, 2001</u> | <u>Incurred</u> | <u>Retired</u> | <u>Balance June 30, 2002</u> |
|---|---------------------------------|------------------|-------------------|----------------------------------|
| 1992 Tax Allocation Bonds | \$ 2,945,000 | \$ - | \$ 195,000 | \$2,750,000 |
| 1997 Refunding Certificates of Participation | 6,295,000 | - | 195,000 | 6,100,000 |
| Advances Payable | 950,564 | - | 56,468 | 894,096 |
| Employee Benefits Payable | 627,120 | 66,295 | - | 693,415 |
| Capitalized Lease Obligations | 119,229 | - | 119,229 | - |
| | <u>\$ 10,936,913</u> | <u>\$ 66,295</u> | <u>\$ 565,697</u> | <u>\$10,437,511</u> |

City of Banning
Notes to Financial Statements (Continued)

Note 11: Long-Term Debt (Continued)

b. 1992 Tax Allocation Bonds

On February 1, 1992, the Banning Redevelopment Agency issued \$4,130,000 of 1992 Tax Allocations Bonds to finance Project Area No. 1 redevelopment costs. Interest is payable semi-annually on February 1 and August 1 of each year at rates of interest ranging from 6% to 6.125%, commencing August 1, 1992. Principal on serial bonds is payable in annual installments on each August 1, through the year 2011. The outstanding principal balance at June 30, 2002 is \$2,750,000.

The annual requirements to amortize the tax allocation bonds included in the General Long-Term Debt Account Group are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|-------------------|---------------------|
| 2003 | \$ 205,000 | \$ 161,500 | \$ 366,500 |
| 2004 | 220,000 | 148,750 | 368,750 |
| 2005 | 235,000 | 134,983 | 369,983 |
| 2006 | 245,000 | 120,343 | 365,343 |
| 2007 | 265,000 | 104,787 | 369,787 |
| Thereafter | <u>1,580,000</u> | <u>253,541</u> | <u>1,833,541</u> |
| Total | <u>\$ 2,750,000</u> | <u>\$ 923,904</u> | <u>\$ 3,673,904</u> |

c. 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 4.9% 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 the General Long-Term Debt Account Group.

The Agency advance refunded the 1990 Certificates to reduce its total debt service payments over the next 24 years by almost \$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.

City of Banning
Notes to Financial Statements (Continued)

Note 11: Long-Term Debt (Continued)

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 is established in the amount of \$522,615 from the Certificate proceeds for the benefit of the City and as security for the Certificate owners.

The 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% to 5.5% per annum. The outstanding principal balance at June 30, 2002 is \$6,100,000.

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

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|---------------------|---------------------|
| 2003 | \$ 200,000 | \$ 315,073 | \$ 515,073 |
| 2004 | 210,000 | 306,153 | 516,153 |
| 2005 | 220,000 | 296,583 | 516,583 |
| 2006 | 230,000 | 286,343 | 516,343 |
| 2007 | 240,000 | 275,293 | 515,293 |
| Thereafter | 5,000,000 | 2,146,891 | 7,146,891 |
| Total | <u>\$ 6,100,000</u> | <u>\$ 3,626,336</u> | <u>\$ 9,726,336</u> |

d. Certificates of Participation, Water Utility Enterprise Fund

- On November 1, 1986, \$4,055,000 of Certificates of Participation (Certificates) were 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 is 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.

City of Banning
Notes to Financial Statements (Continued)

Note 11: Long-Term Debt (Continued)

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 2002 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. The outstanding principal balance at June 30, 2002 is \$3,005,000.

2. On January 1, 1989, \$2,585,000 of Certificates of Participation (Certificates) were 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 is 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. The outstanding principal balance at June 30, 2002 is \$2,090,000.

The total debt service requirements to maturity with respect to the Water Utility Enterprise Fund Certificates of Participation are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|---------------------|---------------------|
| 2003 | \$ 185,000 | \$ 368,225 | \$ 553,225 |
| 2004 | 195,000 | 354,643 | 549,643 |
| 2005 | 205,000 | 340,205 | 545,205 |
| 2006 | 225,000 | 324,430 | 549,430 |
| 2007 | 240,000 | 307,365 | 547,365 |
| Thereafter | 4,045,000 | 1,826,232 | 5,871,232 |
| Total | <u>\$ 5,095,000</u> | <u>\$ 3,521,100</u> | <u>\$ 8,616,100</u> |

City of Banning
Notes to Financial Statements (Continued)

Note 11: Long-Term Debt (Continued)

e. Certificates of Participation, Electric Utility Enterprise Fund

1. On April 1, 1986, \$1,250,000 of Certificates of Participation (Certificates) were issued to construct a Hydroelectric plant and appurtenant facilities and to retire an outstanding street light loan 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 revenues derived from the ownership or operation of the electric system which will insure 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 \$104,512 is 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 Electric Utility Enterprise Fund, the Certificates are recorded as long-term debt in the Electric Utility Enterprise Fund.

The Certificates maturing 1988 to 2001 are serial certificates payable in annual installments of \$15,000 to \$35,000, while the term Certificates mature between 2002 and 2016. Interest is payable semi-annually on each October 1 and April 1, commencing October 1, 1986, at rates ranging from 5.0% to 7.1% per annum. The outstanding principal balance at June 30, 2002 is \$890,000.

2. On November 1, 1986, \$1,320,000 of Certificates of Participation (Certificates) were issued to construct a hydroelectric plant and related appurtenant facilities. 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 electric system which will insure 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 \$108,585 is 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 Electric Utility Enterprise Fund, the Certificates are recorded as long-term debt in the Electric Utility Enterprise Fund.

The Certificates maturing 1987 to 2001 are serial certificates payable in annual installments of \$15,000 to \$35,000, while the term Certificates mature between 2002 and 2016. Interest is payable semi-annually on each May 1 and November 1, commencing May 1, 1987, at rates ranging from 4.0% to 7.0% per annum. The outstanding principal balance at June 30, 2002 is \$955,000.

City of Banning
Notes to Financial Statements (Continued)

Note 11: Long-Term Debt (Continued)

The total debt service requirements to maturity with respect to the Electric Utility Enterprise Fund Certificates of Participation are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|---------------------|---------------------|
| 2003 | \$ 80,000 | \$ 127,463 | \$ 207,463 |
| 2004 | 80,000 | 121,823 | 201,823 |
| 2005 | 90,000 | 115,861 | 205,861 |
| 2006 | 95,000 | 109,428 | 204,428 |
| 2007 | 100,000 | 102,495 | 202,495 |
| Thereafter | <u>1,400,000</u> | <u>522,767</u> | <u>1,922,767</u> |
| Total | <u>\$ 1,845,000</u> | <u>\$ 1,099,837</u> | <u>\$ 2,944,837</u> |

f. Certificates of Participation, Wastewater Utility Enterprise Fund

On January 1, 1989, \$3,740,000 of Certificates of Participation (Certificates) were 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 installment payments in each fiscal year. A reserve fund in the amount of \$320,846 is 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. The outstanding principal balance at June 30, 2002 is \$2,410,000.

City of Banning
Notes to Financial Statements (Continued)

Note 11: Long-Term Debt (Continued)

The total debt service requirements to maturity with respect to the Wastewater Utility Enterprise Fund Certificates of Participation are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|---------------------|---------------------|
| 2003 | \$ 160,000 | \$ 185,070 | \$ 345,070 |
| 2004 | 170,000 | 172,775 | 342,775 |
| 2005 | 185,000 | 159,000 | 344,000 |
| 2006 | 195,000 | 143,800 | 338,800 |
| 2007 | 210,000 | 127,600 | 337,600 |
| Thereafter | 1,490,000 | 573,200 | 2,063,200 |
| Total | <u>\$ 2,410,000</u> | <u>\$ 1,361,445</u> | <u>\$ 3,771,445</u> |

g. Loan Payable - California Water Resource Control Board

On March 17, 1999 the City entered into a loan contract with the California Water Resource Control Board (Board). The loan was to provide the City with assistance for the Wastewater treatment facility upgrade project. The loan amount was \$4,658,883 and is subject to an interest rate of 2.6% per annum. The loan is to be repaid within 20 years through 20 equal annual installments of principal and interest. The outstanding loan balance at June 30, 2002 is \$4,516,991. The loan is recorded in the Wastewater Utility Enterprise Fund.

Note 12: Compensated Absences

For governmental funds, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2002 was \$693,415. These amounts are payable from future resources and therefore have been recorded in the General Long-Term Debt Account Group. 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 \$533,050 (\$286,547 in Enterprise Funds and \$246,503 in Internal Service Funds). These amounts are recorded within the respective proprietary funds.

Note 13: Capitalized Lease Obligations

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

- a. 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.

City of Banning
Notes to Financial Statements (Continued)

Note 13: Capitalized Lease Obligations (Continued)

- b. The City has entered into a lease agreement with Municipal Services Group, Inc. to lease a fire truck, a pick up truck and several police cars. The lease agreement, dated July, 1997, calls for semi-annual payments of \$26,825 through May, 2000 and then \$11,896 through May, 2007. The first payment was due November 1, 1997. The lease was paid in full during the current fiscal year.

Note 14: 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 Mello-Ross 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 general taxing power, of the City of Banning or the Agency have been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds have been included as liabilities in the accompanying financial statements.

| | <u>Amount of Issue</u> | <u>Outstanding June 30, 2002</u> |
|-------------------------------|----------------------------|--------------------------------------|
| CFD 86-1 1996 Refunding Bonds | \$ 3,810,000 | \$ 1,770,000 |
| AD 91-1 1992 | 3,422,134 | 2,405,000 |

Note 15: Single Family Mortgage Revenue Bonds

The Redevelopment Agency has issued mortgage revenue bonds as follows:

| | <u>Outstanding Balance June 30, 2002</u> |
|---|--|
| Redevelopment Agency of the City of Banning Single Family Residential Mortgage Revenue Refunding Bonds | <u>\$ 3,145,000</u> |

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 have been pledged to the payment of the bonds; therefore, the bonds are not shown in the financial statements of the City.

Note 16: Contributed Capital

Contributed capital is the portion of equity derived from pipeline construction and service by developers and donated to the City. Deletions for the year are attributable to depreciation on contributed assets.

The following is a summary of the change in contributed capital:

| <u>Balance July 1, 2001</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2002</u> |
|---------------------------------|------------------|-------------------|----------------------------------|
| <u>\$ 9,438,682</u> | <u>\$ -</u> | <u>\$ 438,862</u> | <u>\$ 8,999,820</u> |

City of Banning
Notes to Financial Statements (Continued)

Note 17: Reserved and Designated Fund Equities

| | <u>Outstanding Balance June 30, 2002</u> |
|---|--|
| Fund balance reserves are as follows: | |
| General Fund | |
| Non-Current Advances Receivable and Loans Receivable | \$ 238,344 |
| Special Revenue Funds | |
| Low and Moderate Income Housing | 482,948 |
| Special Donations | 19,141 |
| Debt Service Funds | |
| Long-term loan receivable | 575,102 |
| Retirement of Debt | 1,264,839 |
| Capital Projects Funds: | |
| Grant Program | <u>10,000</u> |
| Total Reserved | <u><u>\$ 2,590,374</u></u> |

Fund balances designated are as follows:

| | |
|--------------------------------|----------------------------|
| General Fund | |
| Specific Purpose | \$ 150,000 |
| Working Capital | 923,867 |
| Continuing Appropriations | 381,283 |
| Equipment Replacement | 450,000 |
| Cal PERS Liability | 850,000 |
| Compensated Absences | 300,000 |
| Special Revenue Funds | |
| Continuing Appropriations | 728,494 |
| Capital Projects Funds | |
| Specific Projects and Programs | 347,824 |
| Continuing Appropriations | <u>42,032</u> |
| Total Unreserved Designated | <u><u>\$ 4,173,500</u></u> |

Note 18: Fund Balance/Retained Earnings Restatements (Prior Period Adjustments)

Beginning fund balances/retained earnings have been restated as follows:

| | |
|---|---------------------------|
| Debt Service Funds: | |
| Redevelopment Agency Fund | |
| Adjustment related to sales tax forgiveness on loan receivable | <u><u>\$ (61,158)</u></u> |

City of Banning
Notes to Financial Statements (Continued)

Note 18: Fund Balance/Retained Earnings Restatements (Prior Period Adjustments) (Continued)

Enterprise Funds:

Water Utility

| | |
|--------------------------------------|----------|
| To correct prior year depreciation | \$ (89) |
| To correct prior contributed capital | <u>2</u> |

| | |
|------------------------|----------------|
| Total Enterprise Funds | <u>\$ (87)</u> |
|------------------------|----------------|

Internal Service Funds:

Fleet Maintenance Fund

| | |
|------------------------------------|------------|
| To correct prior year depreciation | \$ (1,211) |
|------------------------------------|------------|

Utility Billing, Accounting and Collection Fund

| | |
|------------------------------------|-------------|
| To correct prior year depreciation | <u>(40)</u> |
|------------------------------------|-------------|

| | |
|------------------------------|-------------------|
| Total Internal Service Funds | <u>\$ (1,251)</u> |
|------------------------------|-------------------|

Note 19: City Employees Retirement Plan (Defined Benefit Pension Plan)

Plan Description

The City of Banning contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

Funding Policy - Miscellaneous

Participants are required to contribute 7% of their annual covered salary, which is paid by the City per MOU agreements. 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, 2002 was 0% for miscellaneous employees. Benefit provisions and all other requirements are established by State statute and City contract with employee bargaining groups.

Annual Pension Cost - Miscellaneous

For the year ended June 30, 2002, the City's annual pension cost (employer contribution) of \$-0- for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1999, actuarial valuation using the entry age normal actuarial cost method.

Funding Policy - Safety

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, 2002 was 0% for safety employees. Benefit provisions and all other requirements are established by State statute and City contract with employee bargaining groups.

City of Banning
Notes to Financial Statements (Continued)

Note 19: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Annual Pension Cost - Safety

For the year ended June 30, 2002, the City's annual pension cost (employer contribution) of \$0 for safety employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1999 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. 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. The single funding horizon for this initial unfunded liability is June 30, 2012.

Three Year Trend Information for PERS - Miscellaneous Plan

| <u>Fiscal Year</u> | <u>Annual Pension Cost (APC)*</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligations</u> |
|--------------------|-----------------------------------|--------------------------------------|--------------------------------|
| 6/30/00 | \$ - | 100% | \$ - |
| 6/30/01 | - | 100% | \$ - |
| 6/30/02 | - | 100% | \$ - |

*Employer contribution

Schedule of Funding Progress for PERS - Miscellaneous Plan

| <u>Actuarial Valuation Date</u> | <u>Entry Age Normal Accrued Liability</u> | <u>Actuarial Value of Assets</u> | <u>Unfunded Liability (Excess Assets)</u> | <u>Funded Status</u> | <u>Annual Covered Payroll</u> | <u>UAAL *as a % of Covered Payroll</u> |
|---------------------------------|---|----------------------------------|---|----------------------|-------------------------------|--|
| 6/30/98 | \$ 13,724,990 | \$ 19,570,309 | \$ (5,845,319) | 142.6 % | \$ 3,792,080 | (154.145) % |
| 6/30/99 | 14,454,601 | 21,556,130 | (7,101,529) | 149.1 % | 3,432,332 | (206.901) % |
| 6/30/00 | 16,603,966 | 23,533,116 | (6,929,150) | 141.7 % | 3,827,987 | (181.013) % |

*UAAL - Unfunded actuarial accrued liability

Three Year Trend Information for PERS - Safety Plan

| <u>Fiscal Year</u> | <u>Annual Pension Cost (APC)*</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligations</u> |
|--------------------|-----------------------------------|--------------------------------------|--------------------------------|
| 6/30/2000 | \$309,514 | 100% | \$ - |
| 6/30/2001 | 285,003 | 100% | \$ - |
| 6/30/2002 | - | 100% | \$ - |

*Employer contribution

City of Banning
Notes to Financial Statements (Continued)

Note 19: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

| Schedule of Funding Progress for PERS - Safety Plan | | | | | | |
|---|---|---------------------------------|---|------------------|------------------------------|---------------------------------------|
| Actuarial Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded Liability (Excess Assets) | Funded Status | Annual Covered Payroll | UAAL *as a % of Covered Payroll |
| 6/30/1998 | \$ 10,417,928 | \$ 9,474,059 | \$ 943,869 | 90.9 % | \$ 1,193,962 | 79.054 % |
| 6/30/1999 | 17,046,082 | 18,622,354 | (1,576,272) | 109.2 % | 1,323,031 | (119.141) % |
| 6/30/2000 | 18,669,795 | 21,129,501 | (2,459,706) | 113.2 % | 1,399,157 | (175.799) % |

*UAAL - Unfunded actuarial accrued liability

Note 20: 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 21: Segment Information For Enterprise Funds

Segment information for enterprise fund activities are as follows:

| | Airport | Transit | Water Utility | Electric Utility | Wastewater Utility | Refuse Utility | Total |
|--|------------|------------|------------------|---------------------|-----------------------|-------------------|---------------|
| Operating Revenues | \$ 197,672 | \$ 103,869 | \$ 4,669,582 | \$ 20,150,416 | \$ 2,013,111 | \$ 1,920,101 | \$ 29,054,751 |
| Depreciation Expense | 72,518 | 130,182 | 630,466 | 694,944 | 817,579 | - | 2,345,689 |
| Amortization Expense | - | - | 17,589 | 10,608 | 5,473 | - | 33,670 |
| Operating Income (Loss) | (15,206) | (788,385) | 659,015 | 3,225,588 | (256,475) | 55,088 | 2,879,625 |
| Transfers Out | - | - | (24,000) | (6,000) | (85,000) | (55,000) | (170,000) |
| Non-Operating Grants | - | 944,131 | - | - | - | - | 944,131 |
| Net Income (Loss) | (39,693) | 184,383 | 1,607,289 | 4,764,922 | 421,556 | 32,286 | 6,970,743 |
| Property, Plant and Equipment Additions | 7,274 | 319,117 | 1,137,465 | 693,289 | 53,641 | - | 2,210,786 |
| Total Assets | 1,582,932 | 1,016,030 | 24,244,356 | 37,592,684 | 21,482,760 | 340,383 | 86,259,145 |
| Net Working Capital | 91,802 | 44,680 | 6,159,020 | 25,770,543 | 6,300,184 | 163,241 | 38,529,470 |
| Long-Term Liabilities | 311,245 | 44,679 | 4,998,511 | 1,911,897 | 6,772,648 | 803 | 14,039,783 |
| Total Equity | 1,247,039 | 772,461 | 18,671,468 | 34,769,682 | 14,253,430 | 162,438 | 69,876,518 |

City of Banning
Notes to Financial Statements (Continued)

Note 22: Insurance Programs

The City maintains self-insurance programs for workers' compensation and general liability. For liability claims, the City is at risk for up to \$50,000 per occurrence; amounts in excess of \$50,000 up to \$10,000,000, are covered through the Public Entity Risk Management Authority (PERMA). For workers' compensation claims, the City is at risk for up to \$250,000 per occurrence. Losses exceeding \$250,000 up to statutory limits are covered by the PERMA under their risk-sharing pool program. Estimates for all liabilities, including an estimate for incurred but not reported claims (IBNR's), have been included in the Self-Insurance Internal Service Fund.

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 the 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, 2002, the amount of these liabilities was \$939,466. The amount represents an estimate of \$497,553 for reported claims through June 30, 2002 and \$441,913 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, 2001, resulted from the following:

| Year | Liability at Beginning | Current Year Claims and Changes in Estimates | Claim Payments | Liability at End |
|------|------------------------|--|----------------|------------------|
| 2001 | \$ 1,048,227 | \$ 448,259 | \$ (353,648) | \$ 1,142,838 |
| 2002 | 1,142,838 | 248,584 | (421,956) | 939,466 |

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 23: 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 which 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.

City of Banning
Notes to Financial Statements (Continued)

Note 23: Contingencies (Continued)

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

Note 24: 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 \$2,853,046,000. The City's portion of the outstanding debt of SCPPA as of June 30, 2002 is \$31,778,387.

Summary financial information (audited) of SCPPA for the fiscal year ended June 30, 2002 is as follows:

| | Amounts (in thousands) |
|--|---------------------------|
| Total Assets | <u>\$ 2,185,925</u> |
| Total Liabilities | <u>\$ 2,471,557</u> |
| Total Revenues (including investment) | \$ 365,118 |
| Total Expenses (including debt and loss on refunding) | <u>341,427</u> |
| Total costs recoverable in excess of future billings to participants and earnings to be distributed | <u>\$ 23,691</u> |

Separate audited financial statements for SCPPA are available from SCPPA.

City of Banning
Notes to Financial Statements (Continued)

Note 25: New Pronouncement

In June 1999 the Governmental Accounting Standards Board adopted Statement No. 34. This statement provides for substantial changes in the financial reporting model. Significant areas of change are:

Governmental funds will be reported on the full accrual basis of accounting in the government-wide statements.

General governmental infrastructure, which was not reported in the past, will be presented as part of capital assets. All capital assets will be depreciated unless an allowed alternate method of reporting the maintenance and replacement costs is selected. The assets and related depreciation expense will be reported with governmental activities in the government-wide financial statements.

Management's discussion and analysis of the financial statements will be presented.

The statement of activities will show the net expense or revenue of the government's individual functions. Revenues, which relate to particular activities, will be grouped with those functions, arriving at a net expense or revenue for each function. General revenues will be reported after the net (expense)/revenue for the various functions.

The fund level statements will be reported on the modified accrual basis of accounting for governmental funds and the full accrual basis for proprietary funds. The statements will have a column for each major fund, with a single column for the aggregated totals of the nonmajor funds.

The implementation date for this pronouncement is based on the government's revenues for fiscal year 1998-99. The dates are as follows:

| | |
|--|-----------------------|
| Entities with revenues of \$100,000,000 or more | Fiscal year 2001-2002 |
| Entities with revenues from \$10,000,000 to \$99,999,999 | Fiscal year 2002-2003 |
| Entities with revenues less than \$10,000,000 | Fiscal year 2003-2004 |

Note 26: Subsequent Event

Subsequent to June 30, 2002, a judgment was awarded against PERMA, the risk-pooling insurance joint powers authority of which the City of Banning is a member. The judgment requires that PERMA place \$3,040,000 of its approximately \$8,000,000 in assets in an escrow account while the judgment is being appealed. PERMA believes that the judgment will be overturned. If the judgment is not overturned, the members of PERMA will be assessed the amount of the judgment less insurance dividends from prior policy years. It is estimated that the City of Banning's share of the assessment would be approximately \$65,000. As the likelihood of this judgment being overturned is not known, no accrual of this amount has been made in these financial statements.

CITY OF BANNING

Schedule 1

BALANCE SHEET
GENERAL FUND
JUNE 30, 2002

| | TOTALS | |
|--|---------------------|---------------------|
| | June 30, | |
| | 2002 | 2001 |
| <u>ASSETS</u> | | |
| Cash and investments | \$ 3,824,163 | \$ 2,286,447 |
| Accounts receivable | 110,279 | 108,942 |
| Interest receivable | 38,781 | 55,427 |
| Due from other governments | 725,228 | 691,485 |
| Loans receivable | 58,344 | 54,377 |
| Advances receivable from other funds | 180,000 | 190,000 |
| Total Assets | <u>\$ 4,936,795</u> | <u>\$ 3,386,678</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 410,114 | \$ 461,567 |
| Deposits | 84,696 | 239,491 |
| Total Liabilities | <u>494,810</u> | <u>701,058</u> |
| Fund Balances: | | |
| Reserved: | | |
| Reserved for non-current advances and loans receivable | 238,344 | 244,377 |
| Unreserved: | | |
| Designated for specific purpose | 150,000 | 150,000 |
| Designated for working capital | 923,867 | 859,124 |
| Designated for equipment replacement | 450,000 | 350,000 |
| Designated for continuing appropriations | 381,283 | 297,550 |
| Designated for compensated absences | 300,000 | - |
| Designated for Cal PERS liability | 850,000 | - |
| Undesignated | 1,148,491 | 784,569 |
| Total Fund Balances | <u>4,441,985</u> | <u>2,685,620</u> |
| Total Liabilities and Fund Balances | <u>\$ 4,936,795</u> | <u>\$ 3,386,678</u> |

CITY OF BANNING

Schedule 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| | TOTALS | |
|--|---------------------|---------------------|
| | June 30, | |
| | 2002 | 2001 |
| Revenues: | | |
| Taxes | \$ 4,488,776 | \$ 4,022,404 |
| Licenses and permits | 468,549 | 556,327 |
| Fines, forfeitures and penalties | 447,508 | 386,560 |
| Use of money and property | 193,917 | 252,969 |
| Intergovernmental | 1,562,212 | 1,642,111 |
| Charges for services | 2,342,606 | 1,739,268 |
| Other | 131,322 | 246,923 |
| Total Revenues | <u>9,634,890</u> | <u>8,846,562</u> |
| Expenditures: | | |
| Current: | | |
| General government | 1,542,949 | 1,579,519 |
| Public safety | 4,876,284 | 4,776,131 |
| Public works | 789,743 | 677,943 |
| Parks and recreation | 657,789 | 598,272 |
| Total Expenditures | <u>7,866,765</u> | <u>7,631,865</u> |
| Excess of Revenues over (under) Expenditures | <u>1,768,125</u> | <u>1,214,697</u> |
| Other Financing Sources (Uses): | | |
| Operating transfers in | 130,000 | 120,000 |
| Operating transfers out | <u>(141,760)</u> | <u>(340,675)</u> |
| Total Other Financing Sources (Uses) | <u>(11,760)</u> | <u>(220,675)</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | 1,756,365 | 994,022 |
| Fund Balances: | | |
| Beginning of Fiscal Year | 2,685,620 | 1,691,562 |
| Residual Equity Transfer | <u>-</u> | <u>36</u> |
| End of Fiscal Year | <u>\$ 4,441,985</u> | <u>\$ 2,685,620</u> |

CITY OF BANNING

Schedule 3
Page 1 of 2STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | T O T A L S - Year Ended June 30, | | | |
|--|-----------------------------------|--------------|---|--------------|
| | 2 0 0 2 | | | 2 0 0 1 |
| | Budget | Actual | Variance- Favorable (Unfavorable) | Actual |
| Revenues: | | | | |
| Taxes: | | | | |
| Sales and use | \$ 2,060,000 | \$ 2,203,726 | \$ 143,726 | \$ 2,066,180 |
| Property | 1,355,000 | 1,401,492 | 46,492 | 1,227,862 |
| Franchise | 488,000 | 514,804 | 26,804 | 477,817 |
| Transient occupancy | 130,000 | 151,008 | 21,008 | 192,737 |
| Other | 181,815 | 217,746 | 35,931 | 57,808 |
| Subtotal: | 4,214,815 | 4,488,776 | 273,961 | 4,022,404 |
| Licenses and permits: | | | | |
| Business licenses | - | - | - | 182,046 |
| Building permits | 383,150 | 468,549 | 85,399 | 374,281 |
| Subtotal: | 383,150 | 468,549 | 85,399 | 556,327 |
| Fines, forfeitures and penalties | | | | |
| Parking fines | 12,200 | 16,028 | 3,828 | 16,783 |
| Court fines and other fines | 356,500 | 431,480 | 74,980 | 369,777 |
| Subtotal: | 368,700 | 447,508 | 78,808 | 386,560 |
| Use of money and property: | | | | |
| Interest and rents | 158,100 | 193,917 | 35,817 | 252,969 |
| Intergovernmental: | | | | |
| State motor vehicle in-lieu fee | 1,304,000 | 1,325,820 | 21,820 | 1,325,723 |
| Other intergovernmental revenues | 218,650 | 236,392 | 17,742 | 316,388 |
| Subtotal: | 1,522,650 | 1,562,212 | 39,562 | 1,642,111 |
| Charges for services: | | | | |
| Engineering, police, fire and other fees | 619,268 | 804,817 | 185,549 | 633,795 |
| Recreation fees | 47,470 | 48,541 | 1,071 | 34,723 |
| Interfund charges | 1,462,500 | 1,489,248 | 26,748 | 1,070,750 |
| Subtotal: | 2,129,238 | 2,342,606 | 213,368 | 1,739,268 |
| Other | 128,860 | 131,322 | 2,462 | 246,923 |
| Total Revenue | 8,905,513 | 9,634,890 | 729,377 | 8,846,562 |
| Expenditures: | | | | |
| Current | | | | |
| General government: | | | | |
| City Council | 53,480 | 42,517 | 10,963 | 48,404 |
| City manager | 113,748 | 104,444 | 9,304 | 111,582 |
| Personnel | 128,437 | 123,643 | 4,794 | 108,401 |
| City clerk | 89,862 | 84,280 | 5,582 | 80,909 |
| Elections | - | - | - | 26,850 |
| City attorney | 46,496 | 48,447 | (1,951) | 45,995 |
| Finance | 188,467 | 161,874 | 26,593 | 145,973 |
| Community enhancement | 144,987 | 145,010 | (23) | 68,055 |
| Central Services | 992,460 | 832,734 | 159,726 | 943,350 |
| Subtotal: | 1,757,937 | 1,542,949 | 214,988 | 1,579,519 |
| Public Safety: | | | | |
| Police | 3,759,169 | 3,631,214 | 127,955 | 3,573,067 |
| Animal Control | 101,000 | 100,100 | 900 | 86,000 |
| Fire | 1,227,492 | 1,144,970 | 82,522 | 1,117,064 |
| Subtotal: | 5,087,661 | 4,876,284 | 211,377 | 4,776,131 |

CITY OF BANNING

Schedule 3
Page 2 of 2STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | T O T A L S - Year Ended June 30, | | | |
|--|-----------------------------------|--------------|---|--------------|
| | 2 0 0 2 | | | 2 0 0 1 |
| | Budget | Actual | Variance- Favorable (Unfavorable) | Actual |
| Expenditures:(Continued) | | | | |
| Current | | | | |
| Public works: | | | | |
| Building safety | \$ 454,931 | \$ 407,345 | \$ 47,586 | \$ 372,557 |
| Planning | 115,154 | 108,209 | 6,945 | 76,579 |
| Engineering | 174,540 | 117,047 | 57,493 | 99,392 |
| Building maintenance | 348,590 | 157,142 | 191,448 | 129,415 |
| Subtotal: | 1,093,215 | 789,743 | 303,472 | 677,943 |
| Parks and recreation: | | | | |
| Parks | 342,203 | 312,014 | 30,189 | 284,170 |
| Recreation | 362,585 | 345,775 | 16,810 | 314,102 |
| Subtotal: | 704,788 | 657,789 | 46,999 | 598,272 |
| Total Expenditures | 8,643,601 | 7,866,765 | 776,836 | 7,631,865 |
| Excess of Revenues over (under) Expenditures | 261,912 | 1,768,125 | 1,506,213 | 1,214,697 |
| Other Financing Sources (Uses): | | | | |
| Operating transfers in | 130,000 | 130,000 | - | 120,000 |
| Operating transfers out | (174,465) | (141,760) | 32,705 | (340,675) |
| Total Other Financing Sources (Uses) | (44,465) | (11,760) | 32,705 | (220,675) |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | 217,447 | 1,756,365 | 1,538,918 | 994,022 |
| Fund Balances: | | | | |
| Beginning of Fiscal Year | 2,685,620 | 2,685,620 | - | 1,691,562 |
| Residual Equity Transfer | - | - | - | 36 |
| End of Fiscal Year | \$ 2,903,067 | \$ 4,441,985 | \$ 1,538,918 | \$ 2,685,620 |

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CITY OF BANNING

**COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2002**

| | Gas Tax Street Fund | Measure A | SB 300 Street | Article 3 Sidewalk |
|--|------------------------------------|----------------------|--------------------------|-------------------------------|
| <u>A S S E T S</u> | | | | |
| Cash and investments | \$ 416,826 | \$ 902,665 | \$ 165,189 | \$ 29,404 |
| Interest receivable | 2,423 | 5,605 | 1,072 | 124 |
| Accounts receivable | 3,656 | - | - | - |
| Loans receivable | 2,135 | - | - | - |
| Due from other governments | 8,357 | 56,495 | - | 110,538 |
| Total Assets | \$ 433,397 | \$ 964,765 | \$ 166,261 | \$ 140,066 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 16,994 | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Deferred revenue | - | - | - | 110,538 |
| Total Liabilities | 16,994 | - | - | 110,538 |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for low and moderate income housing | - | - | - | - |
| Reserved for special donations | - | - | - | - |
| Unreserved: | | | | |
| Designated | 61,500 | 370,329 | 49,047 | 29,528 |
| Undesignated | 354,903 | 594,436 | 117,214 | - |
| Total Fund Balances | 416,403 | 964,765 | 166,261 | 29,528 |
| Total Liabilities and Fund Balances | \$ 433,397 | \$ 964,765 | \$ 166,261 | \$ 140,066 |

| Community Development Block Grant | Landscape Maintenance District | AQMD Air Pollution Program | Local Law Enforcement Block Grant | Supplemental Law Enforcement | Public Safety |
|---|--------------------------------------|----------------------------------|---|------------------------------------|------------------|
| \$ - | \$ 7,831 | \$ 159,312 | \$ 42,169 | \$ 207,678 | \$ 41,317 |
| - | 35 | 1,016 | 279 | 1,411 | 272 |
| - | - | - | - | 1,800 | - |
| - | - | - | - | - | - |
| 72,618 | 657 | 7,426 | - | - | 10,848 |
| <u>\$ 72,618</u> | <u>\$ 8,523</u> | <u>\$ 167,754</u> | <u>\$ 42,448</u> | <u>\$ 210,889</u> | <u>\$ 52,437</u> |
| | | | | | |
| \$ - | \$ 2,779 | \$ - | \$ 247 | \$ 24,288 | \$ - |
| 72,618 | - | - | - | - | - |
| - | - | - | 42,201 | - | - |
| 72,618 | 2,779 | - | 42,448 | 24,288 | - |
| | | | | | |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 100,000 | - | 83,263 | - |
| - | 5,744 | 67,754 | - | 103,338 | 52,437 |
| - | 5,744 | 167,754 | - | 186,601 | 52,437 |
| <u>\$ 72,618</u> | <u>\$ 8,523</u> | <u>\$ 167,754</u> | <u>\$ 42,448</u> | <u>\$ 210,889</u> | <u>\$ 52,437</u> |

CITY OF BANNING

COMBINING BALANCE SHEET ALL SPECIAL REVENUE FUNDS JUNE 30, 2002

| | Property Abatement | Special Donations | Senior Center Activities | Police Volunteer |
|--|-----------------------|----------------------|--------------------------------|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 154,481 | \$ 25,510 | \$ 53,787 | \$ 9,196 |
| Interest receivable | 936 | - | 342 | 49 |
| Accounts receivable | 112 | - | - | - |
| Loans receivable | 1,603 | - | - | - |
| Due from other governments | 81,684 | - | - | - |
| Total Assets | <u>\$ 238,816</u> | <u>\$ 25,510</u> | <u>\$ 54,129</u> | <u>\$ 9,245</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 4,266 | \$ 6,369 | \$ 171 | \$ 98 |
| Due to other funds | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Total Liabilities | <u>4,266</u> | <u>6,369</u> | <u>171</u> | <u>98</u> |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for low and moderate income housing | - | - | - | - |
| Reserved for special donations | - | 19,141 | - | - |
| Unreserved: | | | | |
| Designated | 34,827 | - | - | - |
| Undesignated | 199,723 | - | 53,958 | 9,147 |
| Total Fund Balances | <u>234,550</u> | <u>19,141</u> | <u>53,958</u> | <u>9,147</u> |
| Total Liabilities and Fund Balances | <u>\$ 238,816</u> | <u>\$ 25,510</u> | <u>\$ 54,129</u> | <u>\$ 9,245</u> |

| D.A.R.E. Donation | Ramsey/ Highland Home Signal | Wilson Median Improvement | Low and Moderate Income Housing | TOTALS | |
|----------------------|------------------------------------|---------------------------------|--|---------------------|---------------------|
| | | | | June 30, | |
| | | | | 2002 | 2001 |
| \$ 5,531 | \$ 64,586 | \$ 302,219 | \$ 483,541 | \$ 3,071,242 | \$ 3,463,094 |
| 36 | 414 | 1,937 | 2,964 | 18,915 | 40,912 |
| - | - | - | - | 5,568 | 9,288 |
| - | - | - | 5,116 | 8,854 | - |
| - | - | - | - | 348,623 | 203,810 |
| <u>\$ 5,567</u> | <u>\$ 65,000</u> | <u>\$ 304,156</u> | <u>\$ 491,621</u> | <u>\$ 3,453,202</u> | <u>\$ 3,717,104</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ 8,673 | \$ 63,885 | \$ 148,543 |
| - | - | - | - | 72,618 | 125,785 |
| - | - | - | - | 152,739 | 102,135 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>8,673</u> | <u>289,242</u> | <u>376,463</u> |
| | | | | | |
| - | - | - | 482,948 | 482,948 | 515,638 |
| - | - | - | - | 19,141 | 25,448 |
| - | - | - | - | 728,494 | 1,171,223 |
| <u>5,567</u> | <u>65,000</u> | <u>304,156</u> | <u>-</u> | <u>1,933,377</u> | <u>1,628,332</u> |
| <u>5,567</u> | <u>65,000</u> | <u>304,156</u> | <u>482,948</u> | <u>3,163,960</u> | <u>3,340,641</u> |
| <u>\$ 5,567</u> | <u>\$ 65,000</u> | <u>\$ 304,156</u> | <u>\$ 491,621</u> | <u>\$ 3,453,202</u> | <u>\$ 3,717,104</u> |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Gas Tax Street | Measure A | SB 300 Street | Article 3 Sidewalk |
|---|---------------------|--------------------|--------------------|-----------------------|
| Revenues: | | | | |
| Taxes | \$ - | \$ 503,995 | \$ - | \$ - |
| Special assessments | - | - | - | - |
| Use of money and property | 11,419 | 26,529 | 5,871 | 742 |
| Intergovernmental | 477,370 | - | - | 51,074 |
| Charges for services | - | - | - | - |
| Other | 29,843 | - | - | - |
| Total Revenues | <u>518,632</u> | <u>530,524</u> | <u>5,871</u> | <u>51,816</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 671,185 | - | - | - |
| Parks and recreation | - | - | - | - |
| Capital outlay | 210,122 | 551,733 | 29,024 | 110,237 |
| Total Expenditures | <u>881,307</u> | <u>551,733</u> | <u>29,024</u> | <u>110,237</u> |
| Excess of Revenues over (under) Expenditures | <u>(362,675)</u> | <u>(21,209)</u> | <u>(23,153)</u> | <u>(58,421)</u> |
| Other Financing Sources (Uses): | | | | |
| Operating transfers in | 283,000 | - | - | 56,237 |
| Operating transfers out | (33,500) | (36,237) | - | - |
| Total Other Financing Sources (Uses) | <u>249,500</u> | <u>(36,237)</u> | <u>-</u> | <u>56,237</u> |
| Excess of Revenues and Other Sources over (under) Expendi- tures and Other Uses | <u>\$ (113,175)</u> | <u>\$ (57,446)</u> | <u>\$ (23,153)</u> | <u>\$ (2,184)</u> |
| Fund Balances: | | | | |
| Beginning of Fiscal Year, as previously reported | \$ 529,578 | \$ 1,022,211 | \$ 189,414 | \$ 31,712 |
| Restatement | - | - | - | - |
| Beginning of Fiscal Year, as restated | 529,578 | 1,022,211 | 189,414 | 31,712 |
| Excess of Revenues and Other Sources over (under) Expendi- tures and Other Uses | (113,175) | (57,446) | (23,153) | (2,184) |
| Residual Equity Transfer | - | - | - | - |
| End of Fiscal Year | <u>\$ 416,403</u> | <u>\$ 964,765</u> | <u>\$ 166,261</u> | <u>\$ 29,528</u> |

| <u>Community Development Block Grant</u> | <u>Landscape Maintenance District</u> | <u>AQMD Air Pollution Program</u> | <u>Local Law Enforcement Block Grant</u> | <u>Supplemental Law Enforcement</u> | <u>Public Safety</u> |
|--|---|---|--|---|--------------------------|
| \$ - | \$ 30,690 | \$ - | \$ - | \$ - | \$ 136,237 |
| - | - | - | - | - | - |
| - | 47 | 5,131 | 2,190 | 5,211 | 1,443 |
| 235,860 | - | 27,512 | 93,288 | 137,603 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>235,860</u> | <u>30,737</u> | <u>32,643</u> | <u>95,478</u> | <u>142,814</u> | <u>137,680</u> |
| - | - | 16,587 | - | - | - |
| - | - | - | 15,669 | 100,911 | - |
| - | 39,433 | - | - | - | - |
| 16,886 | - | - | - | - | - |
| 218,974 | - | - | 88,354 | - | - |
| <u>235,860</u> | <u>39,433</u> | <u>16,587</u> | <u>104,023</u> | <u>100,911</u> | <u>-</u> |
| - | (8,696) | 16,056 | (8,545) | 41,903 | 137,680 |
| - | 13,500 | - | 8,545 | - | - |
| - | - | - | - | - | (130,000) |
| - | 13,500 | - | 8,545 | - | (130,000) |
| <u>\$ -</u> | <u>\$ 4,804</u> | <u>\$ 16,056</u> | <u>\$ -</u> | <u>\$ 41,903</u> | <u>\$ 7,680</u> |
| \$ - | \$ 940 | \$ 151,698 | \$ - | \$ 144,698 | \$ 44,757 |
| - | - | - | - | - | - |
| - | 940 | 151,698 | - | 144,698 | 44,757 |
| - | 4,804 | 16,056 | - | 41,903 | 7,680 |
| - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ 5,744</u> | <u>\$ 167,754</u> | <u>\$ -</u> | <u>\$ 186,601</u> | <u>\$ 52,437</u> |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | <u>Property Abatement</u> | <u>Special Donations</u> | <u>Senior Center Activities</u> | <u>Police Volunteer</u> |
|---|-------------------------------|------------------------------|---|-----------------------------|
| Revenues: | | | | |
| Taxes | \$ 66,456 | \$ - | \$ - | \$ - |
| Special Assessments | - | - | - | - |
| Use of money and property | 6,884 | - | 1,767 | 185 |
| Intergovernmental | 109,718 | - | - | - |
| Charges for services | 20,498 | - | 1,190 | - |
| Other | 3,825 | 10,153 | 14,334 | 6,982 |
| | <u>207,381</u> | <u>10,153</u> | <u>17,291</u> | <u>7,167</u> |
| Total Revenues | | | | |
| | <u>207,381</u> | <u>10,153</u> | <u>17,291</u> | <u>7,167</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | 3,801 |
| Public works | 205,627 | - | - | - |
| Parks and recreation | - | 34,460 | 17,022 | - |
| Capital outlay | 28,928 | - | - | - |
| | <u>234,555</u> | <u>34,460</u> | <u>17,022</u> | <u>3,801</u> |
| Total Expenditures | | | | |
| | <u>234,555</u> | <u>34,460</u> | <u>17,022</u> | <u>3,801</u> |
| Excess of Revenues over (under) Expenditures | <u>(27,174)</u> | <u>(24,307)</u> | <u>269</u> | <u>3,366</u> |
| Other Financing Sources (Uses): | | | | |
| Operating transfers in | 1,215 | 18,000 | - | 1,000 |
| Operating transfers out | - | - | - | - |
| | <u>1,215</u> | <u>18,000</u> | <u>-</u> | <u>1,000</u> |
| Total Other Financing Sources (Uses) | | | | |
| | <u>1,215</u> | <u>18,000</u> | <u>-</u> | <u>1,000</u> |
| Excess of Revenues and Other Sources over (under) Expendi- tures and Other Uses | <u>\$ (25,959)</u> | <u>\$ (6,307)</u> | <u>\$ 269</u> | <u>\$ 4,366</u> |
| Fund Balances: | | | | |
| Beginning of Fiscal Year, as previously reported | \$ 260,509 | \$ 25,448 | \$ 53,689 | \$ 4,781 |
| Restatement | - | - | - | - |
| Beginning of Fiscal Year, as restated | 260,509 | 25,448 | 53,689 | 4,781 |
| Excess of Revenues and Other Sources over (under) Expendi- tures and Other Uses | (25,959) | (6,307) | 269 | 4,366 |
| Residual Equity Transfer | - | - | - | - |
| End of Fiscal Year | <u>\$ 234,550</u> | <u>\$ 19,141</u> | <u>\$ 53,958</u> | <u>\$ 9,147</u> |

Schedule 5
Page 4 of 4

| D.A.R.E. Donation | Ramsey/ Highland Home Signal | Wilson Median Improvement | Low and Moderate Income Housing | T O T A L S | |
|----------------------|---------------------------------------|---------------------------------|--|---------------------|---------------------|
| | | | | Year ended June 30, | |
| | | | | 2 0 0 2 | 2 0 0 1 |
| \$ - | \$ - | \$ - | \$ - | \$ 737,378 | \$ 868,349 |
| - | - | - | - | - | - |
| 200 | 2,091 | 9,784 | 14,706 | 94,200 | 173,227 |
| - | - | - | - | 1,132,425 | 1,387,763 |
| - | - | - | - | 21,688 | 30,330 |
| 4,000 | - | - | 1,447 | 70,584 | 89,245 |
| 4,200 | 2,091 | 9,784 | 16,153 | 2,056,275 | 2,548,914 |
| - | - | - | 158,336 | 174,923 | 176,940 |
| 6,920 | - | - | - | 127,301 | 99,827 |
| - | - | - | - | 916,245 | 947,379 |
| - | - | - | - | 68,368 | 239,384 |
| - | - | - | - | 1,237,372 | 402,911 |
| 6,920 | - | - | 158,336 | 2,524,209 | 1,866,441 |
| (2,720) | 2,091 | 9,784 | (142,183) | (467,934) | 682,473 |
| - | - | - | 178,595 | 560,092 | 540,151 |
| - | - | - | (69,102) | (268,839) | (223,565) |
| - | - | - | 109,493 | 291,253 | 316,586 |
| <u>\$ (2,720)</u> | <u>\$ 2,091</u> | <u>\$ 9,784</u> | <u>\$ (32,690)</u> | <u>\$ (176,681)</u> | <u>\$ 999,059</u> |
| \$ 8,287 | \$ 62,909 | \$ 294,372 | \$ 515,638 | \$ 3,340,641 | \$ 2,352,161 |
| - | - | - | - | - | (10,543) |
| 8,287 | 62,909 | 294,372 | 515,638 | 3,340,641 | 2,341,618 |
| (2,720) | 2,091 | 9,784 | (32,690) | (176,681) | 999,059 |
| - | - | - | - | - | (36) |
| <u>\$ 5,567</u> | <u>\$ 65,000</u> | <u>\$ 304,156</u> | <u>\$ 482,948</u> | <u>\$ 3,163,960</u> | <u>\$ 3,340,641</u> |

CITY OF BANNING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| | GAS TAX STREET | | |
|---|-----------------------|-------------------|--|
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Use of money and property | 6,400 | 11,419 | 5,019 |
| Intergovernmental | 543,000 | 477,370 | (65,630) |
| Charges for services | - | - | - |
| Other | 26,122 | 29,843 | 3,721 |
| Total Revenues | <u>575,522</u> | <u>518,632</u> | <u>(56,890)</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | - | - | - |
| Public Safety | - | - | - |
| Public Works | 815,052 | 671,185 | 143,867 |
| Parks and recreation | - | - | - |
| Capital outlay | 262,795 | 210,122 | 52,673 |
| Total Expenditures | <u>1,077,847</u> | <u>881,307</u> | <u>196,540</u> |
| Excess of Revenues over (under) Expenditures | <u>(502,325)</u> | <u>(362,675)</u> | <u>139,650</u> |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | 283,000 | 283,000 | - |
| Operating transfers out | (33,500) | (33,500) | - |
| Total Other Financing Sources (Uses) | <u>249,500</u> | <u>249,500</u> | <u>-</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | <u>(252,825)</u> | <u>(113,175)</u> | <u>139,650</u> |
| Fund Balances: | | | |
| Beginning of Fiscal Year | <u>529,578</u> | <u>529,578</u> | <u>-</u> |
| End of Fiscal Year | <u>\$ 276,753</u> | <u>\$ 416,403</u> | <u>\$ 139,650</u> |

| MEASURE A | | | SB 300 STREET | | |
|------------|------------|---|---------------|------------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 526,000 | \$ 503,995 | \$ (22,005) | \$ - | \$ - | \$ - |
| 20,000 | 26,529 | 6,529 | 5,000 | 5,871 | 871 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 546,000 | 530,524 | (15,476) | 5,000 | 5,871 | 871 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 958,300 | 551,733 | 406,567 | 78,071 | 29,024 | 49,047 |
| 958,300 | 551,733 | 406,567 | 78,071 | 29,024 | 49,047 |
| (412,300) | (21,209) | 391,091 | (73,071) | (23,153) | 49,918 |
| - | - | - | - | - | - |
| - | (36,237) | (36,237) | - | - | - |
| - | (36,237) | (36,237) | - | - | - |
| (412,300) | (57,446) | 354,854 | (73,071) | (23,153) | 49,918 |
| 1,022,211 | 1,022,211 | - | 189,414 | 189,414 | - |
| \$ 609,911 | \$ 964,765 | \$ 354,854 | \$ 116,343 | \$ 166,261 | \$ 49,918 |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL ALL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | ARTICLE 3 SIDEWALK | | |
|---|--------------------|-----------|---|
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Use of money and property | 750 | 742 | (8) |
| Intergovernmental | 76,075 | 51,074 | (25,001) |
| Charges for services | - | - | - |
| Other | - | - | - |
| Total Revenues | 76,825 | 51,816 | (25,009) |
| Expenditures: | | | |
| Current: | | | |
| General government | - | - | - |
| Public Safety | - | - | - |
| Public Works | - | - | - |
| Parks and recreation | - | - | - |
| Capital outlay | 119,000 | 110,237 | 8,763 |
| Total Expenditures | 119,000 | 110,237 | 8,763 |
| Excess of Revenues over (under) Expenditures | (42,175) | (58,421) | (16,246) |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | 20,000 | 56,237 | 36,237 |
| Operating transfers out | - | - | - |
| Total Other Financing Sources (Uses) | 20,000 | 56,237 | 36,237 |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | (22,175) | (2,184) | 19,991 |
| Fund Balances: | | | |
| Beginning of Fiscal Year | 31,712 | 31,712 | - |
| End of Fiscal Year | \$ 9,537 | \$ 29,528 | \$ 19,991 |

| COMMUNITY DEVELOPMENT BLOCK GRANT | | |
|--------------------------------------|---------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ - | \$ - | \$ - |
| - | - | - |
| 600,284 | 235,860 | (364,424) |
| - | - | - |
| - | - | - |
| 600,284 | 235,860 | (364,424) |
| - | - | - |
| - | - | - |
| - | - | - |
| 22,886 | 16,886 | 6,000 |
| 577,398 | 218,974 | 358,424 |
| 600,284 | 235,860 | 364,424 |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| \$ - | \$ - | \$ - |

| LANDSCAPE MAINTENANCE DISTRICT | | |
|--------------------------------|-----------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 30,400 | \$ 30,690 | \$ 290 |
| 100 | 47 | (53) |
| - | - | - |
| - | - | - |
| - | - | - |
| 30,500 | 30,737 | 237 |
| - | - | - |
| - | - | - |
| 43,450 | 39,433 | 4,017 |
| - | - | - |
| - | - | - |
| 43,450 | 39,433 | 4,017 |
| (12,950) | (8,696) | 4,254 |
| 13,500 | 13,500 | - |
| - | - | - |
| 13,500 | 13,500 | - |
| - | - | - |
| 550 | 4,804 | 4,254 |
| 940 | 940 | - |
| \$ 1,490 | \$ 5,744 | \$ 4,254 |

CITY OF BANNING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| AQMD AIR POLLUTION PROGRAM | | | |
|---|------------------|-------------------|---|
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Use of money and property | 3,500 | 5,131 | 1,631 |
| Intergovernmental | 27,000 | 27,512 | 512 |
| Charges for services | - | - | - |
| Other | - | - | - |
| Total Revenues | <u>30,500</u> | <u>32,643</u> | <u>2,143</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 15,550 | 16,587 | (1,037) |
| Public Safety | - | - | - |
| Public Works | - | - | - |
| Parks and recreation | - | - | - |
| Capital outlay | 117,772 | - | 117,772 |
| Total Expenditures | <u>133,322</u> | <u>16,587</u> | <u>116,735</u> |
| Excess of Revenues over (under) Expenditures | <u>(102,822)</u> | <u>16,056</u> | <u>118,878</u> |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | - | - | - |
| Operating transfers out | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | <u>(102,822)</u> | <u>16,056</u> | <u>118,878</u> |
| Fund Balances: | | | |
| Beginning of Fiscal Year | 151,698 | 151,698 | - |
| End of Fiscal Year | <u>\$ 48,876</u> | <u>\$ 167,754</u> | <u>\$ 118,878</u> |

| LOCAL LAW ENFORCEMENT BLOCK GRANT | | | SUPPLEMENTAL LAW ENFORCEMENT | | |
|--------------------------------------|---------|---|------------------------------|------------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1,157 | 2,190 | 1,033 | 1,326 | 5,211 | 3,885 |
| 135,489 | 93,288 | (42,201) | 137,604 | 137,603 | (1) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 136,646 | 95,478 | (41,168) | 138,930 | 142,814 | 3,884 |
| - | - | - | - | - | - |
| 14,926 | 15,669 | (743) | 93,734 | 100,911 | (7,177) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 130,265 | 88,354 | 41,911 | 89,719 | - | 89,719 |
| 145,191 | 104,023 | 41,168 | 183,453 | 100,911 | 82,542 |
| (8,545) | (8,545) | - | (44,523) | 41,903 | 86,426 |
| 8,545 | 8,545 | - | - | - | - |
| - | - | - | - | - | - |
| 8,545 | 8,545 | - | - | - | - |
| - | - | - | (44,523) | 41,903 | 86,426 |
| - | - | - | 144,698 | 144,698 | - |
| \$ - | \$ - | \$ - | \$ 100,175 | \$ 186,601 | \$ 86,426 |

CITY OF BANNING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| | PUBLIC SAFETY | | |
|---|----------------------|------------------|--|
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$ 130,000 | \$ 136,237 | \$ 6,237 |
| Use of money and property | 750 | 1,443 | 693 |
| Intergovernmental | - | - | - |
| Charges for services | - | - | - |
| Other | - | - | - |
| Total Revenues | <u>130,750</u> | <u>137,680</u> | <u>6,930</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | - | - | - |
| Public Safety | - | - | - |
| Public Works | - | - | - |
| Parks and recreation | - | - | - |
| Capital outlay | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues over (under) Expenditures | <u>130,750</u> | <u>137,680</u> | <u>6,930</u> |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | - | - | - |
| Operating transfers out | <u>(130,000)</u> | <u>(130,000)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(130,000)</u> | <u>(130,000)</u> | <u>-</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | 750 | 7,680 | 6,930 |
| Fund Balances: | | | |
| Beginning of Fiscal Year | <u>44,757</u> | <u>44,757</u> | <u>-</u> |
| End of Fiscal Year | <u>\$ 45,507</u> | <u>\$ 52,437</u> | <u>\$ 6,930</u> |

| PROPERTY ABATEMENT | | |
|--------------------|------------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 36,300 | \$ 66,456 | \$ 30,156 |
| 6,000 | 6,884 | 884 |
| 123,140 | 109,718 | (13,422) |
| 12,500 | 20,498 | 7,998 |
| 1,200 | 3,825 | 2,625 |
| 179,140 | 207,381 | 28,241 |
| - | - | - |
| - | - | - |
| 248,893 | 205,627 | 43,266 |
| - | - | - |
| 35,650 | 28,928 | 6,722 |
| 284,543 | 234,555 | 49,988 |
| (105,403) | (27,174) | 78,229 |
| 1,215 | 1,215 | - |
| - | - | - |
| 1,215 | 1,215 | - |
| (104,188) | (25,959) | 78,229 |
| 260,509 | 260,509 | - |
| \$ 156,321 | \$ 234,550 | \$ 78,229 |

| SPECIAL DONATIONS | | |
|-------------------|-----------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ - | \$ - | \$ - |
| - | - | - |
| - | - | - |
| - | - | - |
| 11,850 | 10,153 | (1,697) |
| 11,850 | 10,153 | (1,697) |
| - | - | - |
| - | - | - |
| - | - | - |
| 28,235 | 34,460 | (6,225) |
| - | - | - |
| 28,235 | 34,460 | (6,225) |
| (16,385) | (24,307) | (7,922) |
| 18,000 | 18,000 | - |
| - | - | - |
| 18,000 | 18,000 | - |
| 1,615 | (6,307) | (7,922) |
| 25,448 | 25,448 | - |
| \$ 27,063 | \$ 19,141 | \$ (7,922) |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL ALL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | SENIOR CENTER ACTIVITIES | | |
|---|--------------------------|-----------|---|
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Use of money and property | 1,000 | 1,767 | 767 |
| Intergovernmental | - | - | - |
| Charges for services | 1,440 | 1,190 | (250) |
| Other | 18,362 | 14,334 | (4,028) |
| Total Revenues | 20,802 | 17,291 | (3,511) |
| Expenditures: | | | |
| Current: | | | |
| General government | - | - | - |
| Public Safety | - | - | - |
| Public Works | - | - | - |
| Parks and recreation | 25,700 | 17,022 | 8,678 |
| Capital outlay | - | - | - |
| Total Expenditures | 25,700 | 17,022 | 8,678 |
| Excess of Revenues over (under) Expenditures | (4,898) | 269 | 5,167 |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | - | - | - |
| Operating transfers out | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | (4,898) | 269 | 5,167 |
| Fund Balances: | | | |
| Beginning of Fiscal Year | 53,689 | 53,689 | - |
| End of Fiscal Year | \$ 48,791 | \$ 53,958 | \$ 5,167 |

| POLICE VOLUNTEER | | | D.A.R.E. DONATION | | |
|------------------|----------|---|-------------------|----------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 75 | 185 | 110 | 150 | 200 | 50 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,800 | 6,982 | 5,182 | 4,000 | 4,000 | - |
| 1,875 | 7,167 | 5,292 | 4,150 | 4,200 | 50 |
| - | - | - | - | - | - |
| 3,650 | 3,801 | (151) | 7,500 | 6,920 | 580 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 3,650 | 3,801 | (151) | 7,500 | 6,920 | 580 |
| (1,775) | 3,366 | 5,141 | (3,350) | (2,720) | 630 |
| 1,000 | 1,000 | - | - | - | - |
| - | - | - | - | - | - |
| 1,000 | 1,000 | - | - | - | - |
| - | - | - | - | - | - |
| (775) | 4,366 | 5,141 | (3,350) | (2,720) | 630 |
| 4,781 | 4,781 | - | 8,287 | 8,287 | - |
| \$ 4,006 | \$ 9,147 | \$ 5,141 | \$ 4,937 | \$ 5,567 | \$ 630 |

CITY OF BANNING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| | RAMSEY / HIGHLAND HOME SIGNAL | | |
|---|--|------------------|--|
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Use of money and property | 1,500 | 2,091 | 591 |
| Intergovernmental | - | - | - |
| Charges for services | - | - | - |
| Other | - | - | - |
| Total Revenues | <u>1,500</u> | <u>2,091</u> | <u>591</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | - | - | - |
| Public Safety | - | - | - |
| Public Works | - | - | - |
| Parks and recreation | - | - | - |
| Capital outlay | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues over (under) Expenditures | <u>1,500</u> | <u>2,091</u> | <u>591</u> |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | - | - | - |
| Operating transfers out | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | 1,500 | 2,091 | 591 |
| Fund Balances: | | | |
| Beginning of Fiscal Year | <u>62,909</u> | <u>62,909</u> | <u>-</u> |
| End of Fiscal Year | <u>\$ 64,409</u> | <u>\$ 65,000</u> | <u>\$ 591</u> |

| WILSON MEDIAN IMPROVEMENT | | | LOW AND MODERATE INCOME HOUSING | | |
|---------------------------|------------|----------------------------------|---------------------------------|------------|----------------------------------|
| Budget | Actual | Variance-Favorable (Unfavorable) | Budget | Actual | Variance-Favorable (Unfavorable) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 7,500 | 9,784 | 2,284 | 11,000 | 14,706 | 3,706 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 1,300 | 1,447 | 147 |
| 7,500 | 9,784 | 2,284 | 12,300 | 16,153 | 3,853 |
| - | - | - | 360,214 | 158,336 | 201,878 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 360,214 | 158,336 | 201,878 |
| 7,500 | 9,784 | 2,284 | (347,914) | (142,183) | 205,731 |
| - | - | - | 178,008 | 178,595 | 587 |
| - | - | - | (69,102) | (69,102) | - |
| - | - | - | 108,906 | 109,493 | 587 |
| 7,500 | 9,784 | 2,284 | (239,008) | (32,690) | 206,318 |
| 294,372 | 294,372 | - | 515,638 | 515,638 | - |
| \$ 301,872 | \$ 304,156 | \$ 2,284 | \$ 276,630 | \$ 482,948 | \$ 206,318 |

CITY OF BANNING

Schedule 6
Page 13 of 13

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| TOTALS - Year Ended June 30, | | | |
|---|---------------------|---------------------|--|
| 2002 | | | |
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes | \$ 722,700 | \$ 737,378 | \$ 14,678 |
| Use of money and property | 66,208 | 94,200 | 27,992 |
| Intergovernmental | 1,642,592 | 1,132,425 | (510,167) |
| Charges for services | 13,940 | 21,688 | 7,748 |
| Other | 64,634 | 70,584 | 5,950 |
| Total Revenues | <u>2,510,074</u> | <u>2,056,275</u> | <u>(453,799)</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 375,764 | 174,923 | 200,841 |
| Public Safety | 119,810 | 127,301 | (7,491) |
| Public Works | 1,107,395 | 916,245 | 191,150 |
| Parks and recreation | 76,821 | 68,368 | 8,453 |
| Capital outlay | 2,368,970 | 1,237,372 | 1,131,598 |
| Total Expenditures | <u>4,048,760</u> | <u>2,524,209</u> | <u>1,524,551</u> |
| Excess of Revenues over (under) Expenditures | <u>(1,538,686)</u> | <u>(467,934)</u> | <u>1,070,752</u> |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | 523,268 | 560,092 | 36,824 |
| Operating transfers out | <u>(232,602)</u> | <u>(268,839)</u> | <u>(36,237)</u> |
| Total Other Financing Sources (Uses) | <u>290,666</u> | <u>291,253</u> | <u>587</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | <u>(1,248,020)</u> | <u>(176,681)</u> | <u>1,071,339</u> |
| Fund Balances: | | | |
| Beginning of Fiscal Year | <u>3,340,641</u> | <u>3,340,641</u> | <u>-</u> |
| End of Fiscal Year | <u>\$ 2,092,621</u> | <u>\$ 3,163,960</u> | <u>\$ 1,071,339</u> |

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CITY OF BANNING

Schedule 7

**COMBINING BALANCE SHEET
ALL DEBT SERVICE FUNDS
JUNE 30, 2002**

| | | | T O T A L S | |
|---|-------------------|----------------------|---------------------|---------------------|
| | | | June 30, | |
| | City | Redevelopment Agency | 2 0 0 2 | 2 0 0 1 |
| <u>A S S E T S</u> | | | | |
| Cash and investments | \$ 33,938 | \$ 322,737 | \$ 356,675 | \$ 308,496 |
| Cash and investments with fiscal agents | 523,239 | 382,104 | 905,343 | 911,016 |
| Accounts receivable | - | - | - | 12,591 |
| Interest receivable | 309 | 1,795 | 2,104 | 3,917 |
| Due from other governments | - | 717 | 717 | - |
| Loan receivable - developer | - | 575,102 | 575,102 | 675,764 |
| Total Assets | <u>\$ 557,486</u> | <u>\$ 1,282,455</u> | <u>\$ 1,839,941</u> | <u>\$ 1,911,784</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 825</u> |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>825</u> |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for long-term loan receivable | - | 575,102 | 575,102 | - |
| Reserved for debt service | 557,486 | 707,353 | 1,264,839 | 1,910,959 |
| Total Fund Balances | <u>557,486</u> | <u>1,282,455</u> | <u>1,839,941</u> | <u>1,910,959</u> |
| Total Liabilities and Fund Balances | <u>\$ 557,486</u> | <u>\$ 1,282,455</u> | <u>\$ 1,839,941</u> | <u>\$ 1,911,784</u> |

CITY OF BANNING

Schedule 8

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| | City | Redevelopment Agency | TOTALS | |
|---|------------|-------------------------|---------------------|--------------|
| | | | Year Ended June 30, | |
| | | | 2002 | 2001 |
| Revenues: | | | | |
| Taxes | \$ - | \$ 884,191 | \$ 884,191 | \$ 630,704 |
| Use of money and property | 536,613 | 14,763 | 551,376 | 571,027 |
| Other | - | 33,541 | 33,541 | 41,589 |
| Total Revenues | 536,613 | 932,495 | 1,469,108 | 1,243,320 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 4,750 | 4,750 | 9,500 | 13,642 |
| Debt service: | | | | |
| Principal | 195,000 | 251,468 | 446,468 | 408,933 |
| Interest | 323,468 | 217,125 | 540,593 | 572,029 |
| Fiscal charges | 12,949 | 1,114 | 14,063 | 3,001 |
| Pass-through payments | - | 77,802 | 77,802 | 68,639 |
| Total Expenditures | 536,167 | 552,259 | 1,088,426 | 1,066,244 |
| Excess of Revenues over (under) Expenditures | 446 | 380,236 | 380,682 | 177,076 |
| Other Financing Sources (Uses): | | | | |
| Operating transfers in | - | 69,102 | 69,102 | 69,365 |
| Operating transfers out | - | (459,644) | (459,644) | (243,335) |
| Total Other Financing Sources (Uses) | - | (390,542) | (390,542) | (173,970) |
| Excess of Revenues and Other Sources over (under) Expendi- tures and Other Uses | \$ 446 | \$ (10,306) | \$ (9,860) | \$ 3,106 |
| Fund Balances: | | | | |
| Beginning of Fiscal Year, as originally reported | \$ 557,040 | \$ 1,353,919 | \$ 1,910,959 | \$ 2,027,931 |
| Restatement | - | (61,158) | (61,158) | (120,078) |
| Beginning of Fiscal Year, as restated | 557,040 | 1,292,761 | 1,849,801 | 1,907,853 |
| Excess of Revenues and Other Sources over (under) Expendi- tures and Other Uses | 446 | (10,306) | (9,860) | 3,106 |
| End of Fiscal Year | \$ 557,486 | \$ 1,282,455 | \$ 1,839,941 | \$ 1,910,959 |

CITY OF BANNING
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | CITY | | Variance- Favorable (Unfavorable) |
|--|-------------------|-------------------|--|
| | Budget | Actual | |
| Revenues: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Use of money and property | 536,500 | 536,613 | 113 |
| Other | - | - | - |
| Total Revenues | 536,500 | 536,613 | 113 |
| Expenditures: | | | |
| Current: | | | |
| General government | 4,900 | 4,750 | 150 |
| Debt service: | | | |
| Principal | 195,000 | 195,000 | - |
| Interest | 323,468 | 323,468 | - |
| Fiscal charges | 14,332 | 12,949 | 1,383 |
| Pass-through payments | - | - | - |
| Total Expenditures | 537,700 | 536,167 | 1,533 |
| Excess of Revenues over (under) Expenditures | (1,200) | 446 | 1,646 |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | - | - | - |
| Operating transfers out | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | \$ (1,200) | \$ 446 | \$ 1,646 |
| Fund Balances: | | | |
| Beginning of Fiscal Year, as originally reported | \$ 557,040 | \$ 557,040 | \$ - |
| Restatement | - | - | - |
| Beginning of Fiscal Year, as restated | 557,040 | 557,040 | - |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | (1,200) | 446 | 1,646 |
| End of Fiscal Year | \$ 555,840 | \$ 557,486 | \$ 1,646 |

| REDEVELOPMENT AGENCY | | | TOTALS - Year Ended June 30, 2002 | | |
|-------------------------|--------------|---|--------------------------------------|--------------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 880,207 | \$ 884,191 | \$ 3,984 | \$ 880,207 | \$ 884,191 | \$ 3,984 |
| 11,700 | 14,763 | 3,063 | 548,200 | 551,376 | 3,176 |
| 73,046 | 33,541 | (39,505) | 73,046 | 33,541 | (39,505) |
| 964,953 | 932,495 | (32,458) | 1,501,453 | 1,469,108 | (32,345) |
| 2,500 | 4,750 | (2,250) | 7,400 | 9,500 | (2,100) |
| 276,548 | 251,468 | 25,080 | 471,548 | 446,468 | 25,080 |
| 216,725 | 217,125 | (400) | 540,193 | 540,593 | (400) |
| 1,200 | 1,114 | 86 | 15,532 | 14,063 | 1,469 |
| 78,025 | 77,802 | 223 | 78,025 | 77,802 | 223 |
| 574,998 | 552,259 | 22,739 | 1,112,698 | 1,088,426 | 24,272 |
| 389,955 | 380,236 | (9,719) | 388,755 | 380,682 | (8,073) |
| 69,102 | 69,102 | - | 69,102 | 69,102 | - |
| (459,057) | (459,644) | (587) | (459,057) | (459,644) | (587) |
| (389,955) | (390,542) | (587) | (389,955) | (390,542) | (587) |
| \$ - | \$ (10,306) | \$ (10,306) | \$ (1,200) | \$ (9,860) | \$ (8,660) |
| \$ 1,353,919 | \$ 1,353,919 | \$ - | \$ 1,910,959 | \$ 1,910,959 | \$ - |
| - | (61,158) | (61,158) | - | (61,158) | (61,158) |
| 1,353,919 | 1,292,761 | (61,158) | 1,910,959 | 1,849,801 | (61,158) |
| - | (10,306) | (55,784) | (1,200) | (9,860) | (8,660) |
| \$ 1,353,919 | \$ 1,282,455 | \$ (71,464) | \$ 1,909,759 | \$ 1,839,941 | \$ (69,818) |

CITY OF BANNING
COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2002

| | <u>Animal Control Reserve</u> | <u>Police Facilities Development</u> | <u>Fire Facilities Development</u> | <u>Traffic Control Facilities</u> |
|---|---------------------------------------|--|--|---|
| <u>A S S E T S</u> | | | | |
| Cash and investments | \$ 11,056 | \$ 172,393 | \$ 146,315 | \$ 170,477 |
| Accounts receivable | - | - | - | - |
| Interest receivable | 71 | 1,056 | 808 | 1,071 |
| Total Assets | <u>\$ 11,127</u> | <u>\$ 173,449</u> | <u>\$ 147,123</u> | <u>\$ 171,548</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ - | \$ - | \$ - |
| Deposits | - | - | - | - |
| Advances payable to other funds | - | - | 299,437 | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>299,437</u> | <u>-</u> |
| Fund Balances: | | | | |
| Reserved for grant program | - | - | - | - |
| Unreserved: | | | | |
| Designated for specific projects and programs | 8,450 | - | - | 171,548 |
| Designated for continuing appropriations | - | - | - | - |
| Undesignated | 2,677 | 173,449 | (152,314) | - |
| Total Fund Balances | <u>11,127</u> | <u>173,449</u> | <u>(152,314)</u> | <u>171,548</u> |
| Total Liabilities and Fund Balances | <u>\$ 11,127</u> | <u>\$ 173,449</u> | <u>\$ 147,123</u> | <u>\$ 171,548</u> |

| General Facilities | Park Development | Redevelopment Agency | T O T A L S | |
|-----------------------|---------------------|-------------------------|---------------------|---------------------|
| | | | June 30, | |
| | | | 2 0 0 2 | 2 0 0 1 |
| \$ 166,779 | \$ 130,244 | \$ 686,105 | \$ 1,483,369 | \$ 1,094,487 |
| - | - | - | - | 2,754 |
| 1,047 | 721 | 4,202 | 8,976 | 12,305 |
| <u>\$ 167,826</u> | <u>\$ 130,965</u> | <u>\$ 690,307</u> | <u>\$ 1,492,345</u> | <u>\$ 1,109,546</u> |
| | | | | |
| \$ - | \$ 4,162 | \$ 6,236 | \$ 10,398 | \$ 12,312 |
| - | - | 45,256 | 45,256 | 45,256 |
| - | - | - | 299,437 | 429,437 |
| - | 4,162 | 51,492 | 355,091 | 487,005 |
| - | - | 10,000 | 10,000 | - |
| 167,826 | - | - | 347,824 | 319,334 |
| - | 42,032 | - | 42,032 | - |
| - | 84,771 | 628,815 | 737,398 | 303,207 |
| <u>167,826</u> | <u>126,803</u> | <u>638,815</u> | <u>1,137,254</u> | <u>622,541</u> |
| <u>\$ 167,826</u> | <u>\$ 130,965</u> | <u>\$ 690,307</u> | <u>\$ 1,492,345</u> | <u>\$ 1,109,546</u> |

CITY OF BANNING
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Animal Control Reserve | Police Facilities Development | Fire Facilities Development |
|---|---------------------------------------|--|--|
| Revenues: | | | |
| Use of money and property | \$ 319 | \$ 4,731 | \$ 2,227 |
| Other | 3,299 | 69,154 | 325,536 |
| Total Revenues | <u>3,618</u> | <u>73,885</u> | <u>327,763</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | - | - | - |
| Public Safety | 941 | - | 124,639 |
| Capital Outlay | - | - | - |
| Debt service: | | | |
| Interest | - | - | 19,166 |
| Total Expenditures | <u>941</u> | <u>-</u> | <u>143,805</u> |
| Excess of Revenues over (under) Expenditures | <u>2,677</u> | <u>73,885</u> | <u>183,958</u> |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Sources over (under) Expendi- tures and Other Uses | 2,677 | 73,885 | 183,958 |
| Fund Balances: | | | |
| Beginning of Fiscal Year | 8,450 | 99,564 | (336,272) |
| End of Fiscal Year | <u>\$ 11,127</u> | <u>\$ 173,449</u> | <u>\$ (152,314)</u> |

| Traffic Control Facilities | General Facilities | Park Development | Redevelopment Agency | TOTALS | |
|----------------------------------|-----------------------|---------------------|-------------------------|---------------------|-------------------|
| | | | | Year Ended June 30, | |
| | | | | 2002 | 2001 |
| \$ 5,113 | \$ 4,999 | \$ 2,766 | \$ 25,692 | \$ 45,847 | \$ 57,050 |
| 34,649 | 33,729 | 148,481 | 3,910 | 618,758 | 294,684 |
| 39,762 | 38,728 | 151,247 | 29,602 | 664,605 | 351,734 |
| - | - | 1,731 | 235,270 | 237,001 | 170,982 |
| - | - | - | - | 125,580 | 43,194 |
| - | - | 12,128 | 36,365 | 48,493 | 65,871 |
| - | - | 701 | - | 19,867 | 31,927 |
| - | - | 14,560 | 271,635 | 430,941 | 311,974 |
| 39,762 | 38,728 | 136,687 | (242,033) | 233,664 | 39,760 |
| - | - | - | 281,049 | 281,049 | 243,335 |
| - | - | - | 281,049 | 281,049 | 243,335 |
| 39,762 | 38,728 | 136,687 | 39,016 | 514,713 | 283,095 |
| 131,786 | 129,098 | (9,884) | 599,799 | 622,541 | 339,446 |
| <u>\$ 171,548</u> | <u>\$ 167,826</u> | <u>\$ 126,803</u> | <u>\$ 638,815</u> | <u>\$ 1,137,254</u> | <u>\$ 622,541</u> |

CITY OF BANNING
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Animal Control Reserve | | Variance- Favorable (Unfavorable) |
|---|-----------------------------------|------------------|--|
| | Budget | Actual | |
| Revenues: | | | |
| Use of money and property | \$ 100 | \$ 319 | \$ 219 |
| Other | 3,300 | 3,299 | (1) |
| Total Revenues | <u>3,400</u> | <u>3,618</u> | <u>218</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government | - | - | - |
| Public Safety | 4,000 | 941 | 3,059 |
| Capital outlay | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total Expenditures | <u>4,000</u> | <u>941</u> | <u>3,059</u> |
| Excess of Revenues over (under) Expenditures | <u>(600)</u> | <u>2,677</u> | <u>3,277</u> |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | <u>(600)</u> | <u>2,677</u> | <u>3,277</u> |
| Fund Balances: | | | |
| Beginning of Fiscal Year | <u>8,450</u> | <u>8,450</u> | <u>-</u> |
| End of Fiscal Year | <u>\$ 7,850</u> | <u>\$ 11,127</u> | <u>\$ 3,277</u> |

| Police Facilities Development | | | Fire Facilities Development | | |
|-------------------------------|------------|----------------------------------|-----------------------------|--------------|----------------------------------|
| Budget | Actual | Variance-Favorable (Unfavorable) | Budget | Actual | Variance-Favorable (Unfavorable) |
| \$ 3,500 | \$ 4,731 | \$ 1,231 | \$ 900 | \$ 2,227 | \$ 1,327 |
| 60,000 | 69,154 | 9,154 | 270,000 | 325,536 | 55,536 |
| 63,500 | 73,885 | 10,385 | 270,900 | 327,763 | 56,863 |
| - | - | - | - | - | - |
| - | - | - | 184,640 | 124,639 | 60,001 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 19,166 | 19,166 | - |
| - | - | - | 203,806 | 143,805 | 60,001 |
| 63,500 | 73,885 | 10,385 | 67,094 | 183,958 | 116,864 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 63,500 | 73,885 | 10,385 | 67,094 | 183,958 | 116,864 |
| 99,564 | 99,564 | - | (336,272) | (336,272) | - |
| \$ 163,064 | \$ 173,449 | \$ 10,385 | \$ (269,178) | \$ (152,314) | \$ 116,864 |

CITY OF BANNING
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Traffic Control Facilities | | |
|---|---------------------------------------|--------------------------|--|
| | Budget | Actual | Variance- Favorable (Unfavorable) |
| Revenues: | | | |
| Use of money and property | \$ 4,000 | \$ 5,113 | \$ 1,113 |
| Other | 35,000 | 34,649 | (351) |
| Total Revenues | <u>39,000</u> | <u>39,762</u> | <u>762</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government | - | - | - |
| Public Safety | - | - | - |
| Capital outlay | - | - | - |
| Debt Service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues over (under) Expenditures | <u>39,000</u> | <u>39,762</u> | <u>762</u> |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | 39,000 | 39,762 | 762 |
| Fund Balances: | | | |
| Beginning of Fiscal Year | <u>131,786</u> | <u>131,786</u> | <u>-</u> |
| End of Fiscal Year | <u><u>\$ 170,786</u></u> | <u><u>\$ 171,548</u></u> | <u><u>\$ 762</u></u> |

| General Facilities | | | Park Development | | |
|--------------------|------------|---|------------------|------------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 3,500 | \$ 4,999 | \$ 1,499 | \$ 2,000 | \$ 2,766 | \$ 766 |
| 35,000 | 33,729 | (1,271) | 130,000 | 148,481 | 18,481 |
| 38,500 | 38,728 | 228 | 132,000 | 151,247 | 19,247 |
| - | - | - | - | 1,731 | (1,731) |
| - | - | - | - | - | - |
| - | - | - | 51,750 | 12,128 | 39,622 |
| - | - | - | 70,000 | - | - |
| - | - | - | 817 | 701 | - |
| - | - | - | 122,567 | 14,560 | 37,891 |
| 38,500 | 38,728 | 228 | 9,433 | 136,687 | 127,254 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 38,500 | 38,728 | 228 | 9,433 | 136,687 | 127,254 |
| 129,098 | 129,098 | - | (9,884) | (9,884) | - |
| \$ 167,598 | \$ 167,826 | \$ 228 | \$ (451) | \$ 126,803 | \$ 127,254 |

CITY OF BANNING
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | Redevelopment Agency | | Variance- Favorable (Unfavorable) |
|---|---------------------------------|---------------|--|
| | Budget | Actual | |
| Revenues: | | | |
| Use of money and property | \$ 13,000 | \$ 25,692 | \$ 12,692 |
| Other | 3,096 | 3,910 | 814 |
| Total Revenues | 16,096 | 29,602 | 13,506 |
| Expenditures: | | | |
| Current: | | | |
| General Government | 321,473 | 235,270 | 86,203 |
| Public Safety | - | - | - |
| Capital outlay | 139,866 | 36,365 | 103,501 |
| Debt Service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total Expenditures | 461,339 | 271,635 | 189,704 |
| Excess of Revenues over (under) Expenditures | (445,243) | (242,033) | 203,210 |
| Other Financing Sources (Uses): | | | |
| Operating transfers in | 281,049 | 281,049 | - |
| Total Other Financing Sources (Uses) | 281,049 | 281,049 | - |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (Budgetary Basis) | (164,194) | 39,016 | 203,210 |
| Fund Balances: | | | |
| Beginning of Fiscal Year | 599,799 | 599,799 | - |
| End of Fiscal Year | \$ 435,605 | \$ 638,815 | \$ 203,210 |

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Page 6 of 6

| T O T A L S - Year Ended June 30, | | |
|-----------------------------------|--------------|---|
| 2 0 0 2 | | |
| Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 27,000 | \$ 45,847 | \$ 18,847 |
| 536,396 | 618,758 | 82,362 |
| 563,396 | 664,605 | 101,209 |
| 321,473 | 237,001 | 84,472 |
| 188,640 | 125,580 | 63,060 |
| 191,616 | 48,493 | 143,123 |
| 70,000 | - | 70,000 |
| 19,983 | 19,867 | 116 |
| 791,712 | 430,941 | 360,771 |
| (228,316) | 233,664 | 461,980 |
| 281,049 | 281,049 | - |
| 281,049 | 281,049 | - |
| 52,733 | 514,713 | 461,980 |
| 622,541 | 622,541 | - |
| \$ 675,274 | \$ 1,137,254 | \$ 461,980 |

CITY OF BANNING
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2002

| | <u>Airport</u> | <u>Transit</u> | <u>Water Utility</u> |
|--|---------------------|---------------------|--------------------------|
| <u>A S S E T S</u> | | | |
| Current Assets: | | | |
| Cash and investments | \$ 99,462 | \$ 176,785 | \$ 5,327,010 |
| Cash and investments with fiscal agent | - | - | 647,030 |
| Accounts receivable (net of allowance) | 4,979 | - | 544,251 |
| Interest receivable | 631 | 1,433 | 33,922 |
| Deposits with other agencies | - | - | - |
| Due from other governments | 1,500 | 65,352 | - |
| Loans receivable | - | - | 1,255 |
| Due from other funds | - | - | - |
| Inventories | 9,878 | - | 179,929 |
| Total Current Assets | <u>116,450</u> | <u>243,570</u> | <u>6,733,397</u> |
| Non-Current Assets: | | | |
| Advances receivable from other funds | - | - | - |
| Unamortized bond costs | - | - | 262,526 |
| Property, plant and equipment (net of accumulated depreciation) | 1,466,482 | 772,460 | 17,248,433 |
| Total Non-Current Assets | <u>1,466,482</u> | <u>772,460</u> | <u>17,510,959</u> |
| Total Assets | <u>\$ 1,582,932</u> | <u>\$ 1,016,030</u> | <u>\$ 24,244,356</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | |
| Current Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 2,493 | \$ 12,184 | \$ 215,717 |
| Deposits | 22,155 | - | 55,473 |
| Due to other governments | - | - | - |
| Deferred revenue | - | 186,706 | - |
| Certificates of Participation payable (current) | - | - | 185,000 |
| Interest payable | - | - | 118,187 |
| Total Current Liabilities | <u>24,648</u> | <u>198,890</u> | <u>574,377</u> |
| Non-Current Liabilities: | | | |
| Advances payable to other funds | 311,245 | - | - |
| Compensated absences | - | 44,679 | 88,511 |
| Certificates of Participation payable (long-term) | - | - | 4,910,000 |
| Loans payable | - | - | - |
| Total Non-Current Liabilities | <u>311,245</u> | <u>44,679</u> | <u>4,998,511</u> |
| Total Liabilities | <u>335,893</u> | <u>243,569</u> | <u>5,572,888</u> |
| Fund Equity: | | | |
| Contributed capital | 765,543 | 476,765 | 4,160,331 |
| Retained earnings | 481,496 | 295,696 | 14,511,137 |
| Total Fund Equity | <u>1,247,039</u> | <u>772,461</u> | <u>18,671,468</u> |
| Total Liabilities and Fund Equity | <u>\$ 1,582,932</u> | <u>\$ 1,016,030</u> | <u>\$ 24,244,356</u> |

| Electric Utility | Wastewater Utility | Refuse Utility | TOTALS | |
|----------------------|-----------------------|-------------------|----------------------|----------------------|
| | | | June 30, | |
| | | | 2002 | 2001 |
| \$ 19,019,923 | \$ 6,022,816 | \$ 120,209 | \$ 30,766,205 | \$ 23,736,142 |
| 210,746 | 408,028 | - | 1,265,804 | 1,280,715 |
| 1,873,459 | 214,841 | 219,469 | 2,856,999 | 3,040,121 |
| 130,413 | 38,563 | 705 | 205,667 | 277,573 |
| 4,677,602 | - | - | 4,677,602 | 4,623,947 |
| 3,648 | - | - | 70,500 | - |
| 1,162 | - | - | 2,417 | 993 |
| - | 72,618 | - | 72,618 | 125,785 |
| 764,695 | - | - | 954,502 | 861,046 |
| <u>26,681,648</u> | <u>6,756,866</u> | <u>340,383</u> | <u>40,872,314</u> | <u>33,946,322</u> |
| 1,013,533 | 311,245 | - | 1,324,778 | 1,516,246 |
| 148,915 | 90,297 | - | 501,738 | 535,407 |
| <u>9,748,588</u> | <u>14,324,352</u> | <u>-</u> | <u>43,560,315</u> | <u>43,949,251</u> |
| <u>10,911,036</u> | <u>14,725,894</u> | <u>-</u> | <u>45,386,831</u> | <u>46,000,904</u> |
| <u>\$ 37,592,684</u> | <u>\$ 21,482,760</u> | <u>\$ 340,383</u> | <u>\$ 86,259,145</u> | <u>\$ 79,947,226</u> |
| \$ 527,920 | \$ 49,996 | \$ 147,446 | \$ 955,756 | \$ 959,053 |
| 276,245 | 72,893 | 29,696 | 456,462 | 421,004 |
| - | - | - | - | 8,371 |
| - | - | - | 186,706 | 413,944 |
| 80,000 | 160,000 | - | 425,000 | 365,000 |
| 26,940 | 173,793 | - | 318,920 | 271,374 |
| <u>911,105</u> | <u>456,682</u> | <u>177,142</u> | <u>2,342,844</u> | <u>2,438,746</u> |
| - | - | - | 311,245 | 326,245 |
| 146,897 | 5,657 | 803 | 286,547 | 215,944 |
| 1,765,000 | 2,250,000 | - | 8,925,000 | 9,375,000 |
| - | 4,516,991 | - | 4,516,991 | 4,677,050 |
| <u>1,911,897</u> | <u>6,772,648</u> | <u>803</u> | <u>14,039,783</u> | <u>14,594,239</u> |
| <u>2,823,002</u> | <u>7,229,330</u> | <u>177,945</u> | <u>16,382,627</u> | <u>17,032,985</u> |
| 79,350 | 3,517,831 | - | 8,999,820 | 9,438,682 |
| 34,690,332 | 10,735,599 | 162,438 | 60,876,698 | 53,475,559 |
| <u>34,769,682</u> | <u>14,253,430</u> | <u>162,438</u> | <u>69,876,518</u> | <u>62,914,241</u> |
| <u>\$ 37,592,684</u> | <u>\$ 21,482,760</u> | <u>\$ 340,383</u> | <u>\$ 86,259,145</u> | <u>\$ 79,947,226</u> |

CITY OF BANNING
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | <u>Airport</u> | <u>Transit</u> | <u>Water Utility</u> |
|--|--------------------|-------------------|--------------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 197,672 | \$ 103,869 | \$ 4,585,223 |
| Connection fees | - | - | 84,359 |
| Total Operating Revenues | <u>197,672</u> | <u>103,869</u> | <u>4,669,582</u> |
| Operating Expenses: | | | |
| Salaries and benefits | 25,322 | 442,245 | 709,332 |
| Supplies and services | 109,546 | 319,827 | 2,649,739 |
| Repairs and maintenance | 5,492 | - | 3,441 |
| Street lighting costs | - | - | - |
| Power purchased for resale | - | - | - |
| Amortization | - | - | 17,589 |
| Depreciation | 72,518 | 130,182 | 630,466 |
| Total Operating Expenses | <u>212,878</u> | <u>892,254</u> | <u>4,010,567</u> |
| Operating Income (Loss) | <u>(15,206)</u> | <u>(788,385)</u> | <u>659,015</u> |
| Non-operating Revenues (Expenses): | | | |
| Interest income | 3,449 | 11,750 | 175,370 |
| Interest expense | (12,253) | - | (380,947) |
| Grants | - | 944,131 | - |
| Gain (loss) on disposal of fixed assets | (15,713) | (4,552) | (136,743) |
| Other | 30 | 21,439 | 1,314,594 |
| Total Operating Revenues | <u>(24,487)</u> | <u>972,768</u> | <u>972,274</u> |
| Net Income (Loss) Before Operating Transfers | <u>(39,693)</u> | <u>184,383</u> | <u>1,631,289</u> |
| Operating transfers: | | | |
| Operating transfers out | - | - | (24,000) |
| Total Operating transfers | <u>-</u> | <u>-</u> | <u>(24,000)</u> |
| Net Income (Loss) | <u>\$ (39,693)</u> | <u>\$ 184,383</u> | <u>\$ 1,607,289</u> |
| Retained Earnings: | | | |
| Beginning of Fiscal Year, as previously reported | \$ 468,563 | \$ 6,026 | \$ 12,801,426 |
| Restatements | - | - | (87) |
| Beginning of Fiscal Year, as restated | 468,563 | 6,026 | 12,801,339 |
| Depreciation Transferred to Contributed Capital | 52,626 | 105,287 | 102,509 |
| Net income (loss) | (39,693) | 184,383 | 1,607,289 |
| Residual equity transfer | - | - | - |
| End of Fiscal Year | <u>\$ 481,496</u> | <u>\$ 295,696</u> | <u>\$ 14,511,137</u> |

| Electric Utility | Wastewater Utility | Refuse Utility | TOTALS | |
|----------------------|-----------------------|-------------------|----------------------|----------------------|
| | | | Year ended June 30, | |
| | | | 2002 | 2001 |
| \$ 20,097,076 | \$ 2,013,111 | \$ 1,920,101 | \$ 28,917,052 | \$ 33,990,367 |
| 53,340 | - | - | 137,699 | 90,864 |
| <u>20,150,416</u> | <u>2,013,111</u> | <u>1,920,101</u> | <u>29,054,751</u> | <u>34,081,231</u> |
| 1,125,882 | 68,541 | 9,709 | 2,381,031 | 1,841,420 |
| 2,679,370 | 1,333,969 | 1,855,304 | 8,947,755 | 8,216,368 |
| 15,001 | 44,024 | - | 67,958 | 54,002 |
| 155,629 | - | - | 155,629 | - |
| 12,243,394 | - | - | 12,243,394 | 16,221,993 |
| 10,608 | 5,473 | - | 33,670 | 33,670 |
| 694,944 | 817,579 | - | 2,345,689 | 2,281,255 |
| <u>16,924,828</u> | <u>2,269,586</u> | <u>1,865,013</u> | <u>26,175,126</u> | <u>28,648,708</u> |
| <u>3,225,588</u> | <u>(256,475)</u> | <u>55,088</u> | <u>2,879,625</u> | <u>5,432,523</u> |
| 754,805 | 201,305 | 3,244 | 1,149,923 | 1,656,942 |
| (132,697) | (416,230) | - | (942,127) | (801,209) |
| - | - | - | 944,131 | 560,943 |
| (71,211) | (17,348) | - | (245,567) | - |
| <u>994,437</u> | <u>995,304</u> | <u>28,954</u> | <u>3,354,758</u> | <u>2,441,972</u> |
| <u>1,545,334</u> | <u>763,031</u> | <u>32,198</u> | <u>4,261,118</u> | <u>3,858,648</u> |
| <u>4,770,922</u> | <u>506,556</u> | <u>87,286</u> | <u>7,140,743</u> | <u>9,291,171</u> |
| <u>(6,000)</u> | <u>(85,000)</u> | <u>(55,000)</u> | <u>(170,000)</u> | <u>(165,276)</u> |
| <u>(6,000)</u> | <u>(85,000)</u> | <u>(55,000)</u> | <u>(170,000)</u> | <u>(165,276)</u> |
| <u>\$ 4,764,922</u> | <u>\$ 421,556</u> | <u>\$ 32,286</u> | <u>\$ 6,970,743</u> | <u>\$ 9,125,895</u> |
| \$ 29,919,772 | \$ 10,149,620 | \$ 130,152 | \$ 53,475,559 | \$ 43,917,042 |
| - | - | - | (87) | (3,367) |
| <u>29,919,772</u> | <u>10,149,620</u> | <u>130,152</u> | <u>53,475,472</u> | <u>43,913,675</u> |
| 5,638 | 164,423 | - | 430,483 | 435,989 |
| <u>4,764,922</u> | <u>421,556</u> | <u>32,286</u> | <u>6,970,743</u> | <u>9,125,895</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 34,690,332</u> | <u>\$ 10,735,599</u> | <u>\$ 162,438</u> | <u>\$ 60,876,698</u> | <u>\$ 53,475,559</u> |

CITY OF BANNING
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | <u>Airport</u> | <u>Transit</u> | <u>Water Utility</u> |
|--|------------------|-------------------|--------------------------|
| Cash Flows from Operating Activities: | | | |
| Operating Income | \$ (15,206) | \$ (788,385) | \$ 659,015 |
| Adjustment to reconcile Operating Income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation | 72,518 | 130,182 | 630,466 |
| Amortization | - | - | 17,589 |
| Changes in Assets and Liabilities: | | | |
| (Increase) decrease in employee loans | - | - | (905) |
| (Increase) decrease in accounts receivable | 1,467 | - | (5,636) |
| (Increase) decrease in interest receivable | 355 | 2,461 | 16,961 |
| (Increase) decrease in deposits with other agencies | 10,000 | - | - |
| (Increase) decrease in due from other governments | (1,500) | (65,352) | - |
| (Increase) decrease in due from other funds | - | - | - |
| (Increase) decrease in inventories | (642) | - | (4,683) |
| Increase (decrease) in accounts payable and accrued liabilities | (289) | 1,280 | 97,040 |
| Increase (decrease) in deposits | 4,813 | - | 188 |
| Increase (decrease) in due to other governments | - | (8,371) | - |
| Increase (decrease) in deferred revenue | - | (227,238) | - |
| Increase (decrease) in interest payable | - | - | (3,494) |
| Increase (decrease) in compensated absences | - | 5,500 | 18,071 |
| Total Adjustments | 86,722 | (161,538) | 765,597 |
| Net Cash Provided (Used) by Operating Activities | 71,516 | (949,923) | 1,424,612 |
| Cash Flows from Noncapital Financing Activities: | | | |
| Operating transfers to other funds | - | - | (24,000) |
| Advances to/from other funds | (15,000) | - | - |
| Grants | - | 944,131 | - |
| Miscellaneous receipts | 30 | 21,439 | 1,314,594 |
| Net Cash Provided (Used) by Noncapital Financing Activities | (14,970) | 965,570 | 1,290,594 |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Disposition (acquisition) of property, plant and equipment | (7,274) | (319,117) | (1,137,465) |
| Principal paid | (18,167) | - | (175,000) |
| Interest paid | (12,253) | - | (380,947) |
| Proceeds from long term debt | - | - | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (37,694) | (319,117) | (1,693,412) |
| Cash Flows from Investing Activities: | | | |
| Interest Received | 3,449 | 11,750 | 175,370 |
| Net Increase (Decrease) in Cash and Investments | 22,301 | (291,720) | 1,197,164 |
| Cash and Investments at Beginning of Year | 77,161 | 468,505 | 4,776,876 |
| Cash and Investments at End of Year | <u>\$ 99,462</u> | <u>\$ 176,785</u> | <u>\$ 5,974,040</u> |

SCHEDULE OF NONCASH TRANSACTIONS

There were no non-cash transactions during the fiscal year.

| Electric Utility | Wastewater Utility | Refuse Utility | T O T A L S | |
|---------------------|-----------------------|-------------------|---------------------|---------------|
| | | | Year ended June 30, | |
| | | | 2 0 0 2 | 2 0 0 1 |
| \$ 3,225,588 | \$ (256,475) | \$ 55,088 | \$ 2,879,625 | \$ 5,432,523 |
| 694,944 | 817,579 | - | 2,345,689 | 2,281,255 |
| 10,608 | 5,473 | - | 33,670 | 33,670 |
| (519) | - | - | (1,424) | 6,857 |
| 207,235 | (1,703) | (18,242) | 183,121 | (363,156) |
| 27,918 | 23,943 | 268 | 71,906 | (85,311) |
| (63,655) | - | - | (53,655) | (141,086) |
| (3,648) | - | - | (70,500) | 1,361,632 |
| - | 53,167 | - | 53,167 | (43,645) |
| (88,131) | - | - | (93,456) | (2,779) |
| (92,845) | (20,318) | 11,835 | (3,297) | (869,076) |
| 25,585 | 2,444 | 2,428 | 35,458 | 82,287 |
| - | - | - | (8,371) | (18,167) |
| - | - | - | (227,238) | 234,527 |
| (1,017) | 52,057 | - | 47,546 | (9,015) |
| 46,434 | 484 | 114 | 70,603 | 25,923 |
| 762,909 | 933,126 | (3,597) | 2,383,219 | 2,493,916 |
| 3,988,497 | 676,651 | 51,491 | 5,262,844 | 7,926,439 |
| (6,000) | (85,000) | (55,000) | (170,000) | (165,276) |
| 176,468 | 15,000 | - | 176,468 | 168,933 |
| - | - | - | 944,131 | 560,943 |
| 994,437 | 995,304 | 28,954 | 3,354,758 | 2,441,972 |
| 1,164,905 | 925,304 | (26,046) | 4,305,357 | 3,006,572 |
| (693,289) | (53,641) | - | (2,210,786) | (1,440,961) |
| (70,000) | (286,892) | - | (550,059) | (365,000) |
| (132,697) | (416,230) | - | (942,127) | (801,209) |
| - | - | - | - | 676,279 |
| (895,986) | (756,763) | - | (3,702,972) | (1,930,891) |
| 754,805 | 201,305 | 3,244 | 1,149,923 | 1,656,942 |
| 5,012,221 | 1,046,497 | 28,689 | 7,015,152 | 10,659,062 |
| 14,218,448 | 5,384,347 | 91,520 | 25,016,857 | 14,357,795 |
| \$ 19,230,669 | \$ 6,430,844 | \$ 120,209 | \$ 32,032,009 | \$ 25,016,857 |

CITY OF BANNING
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 2002

| | <u>Self Insurance</u> | <u>Fleet Maintenance</u> | <u>Information Services</u> |
|--|---------------------------|------------------------------|---------------------------------|
| <u>A S S E T S</u> | | | |
| Current Assets: | | | |
| Cash and investments | \$ 1,649,531 | \$ 81,420 | \$ 78,035 |
| Accounts receivable | - | 11,344 | 2,478 |
| Interest receivable | 9,889 | 478 | 507 |
| Loans receivable | - | 1,447 | - |
| Due from other governments | - | 1,134 | - |
| Inventories | - | 37,655 | - |
| Total Current Assets | <u>1,659,420</u> | <u>133,478</u> | <u>81,020</u> |
| Non-Current Assets: | | | |
| Property, plant and equipment (net of accumulated depreciation) | - | 392,965 | 55,871 |
| Total Non-Current Assets | <u>-</u> | <u>392,965</u> | <u>55,871</u> |
| Total Assets | <u>\$ 1,659,420</u> | <u>\$ 526,443</u> | <u>\$ 136,891</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | |
| Current Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 7,923 | \$ 9,243 | \$ 3,643 |
| Total Current Liabilities | <u>7,923</u> | <u>9,243</u> | <u>3,643</u> |
| Non-Current Liabilities: | | | |
| Compensated absences | 33,797 | 55,735 | 15,529 |
| Claims and judgements payable | 939,466 | - | - |
| Total Non-Current Liabilities | <u>973,263</u> | <u>55,735</u> | <u>15,529</u> |
| Total Liabilities | <u>981,186</u> | <u>64,978</u> | <u>19,172</u> |
| Fund Equity: | | | |
| Retained earnings | 678,234 | 461,465 | 117,719 |
| Total Fund Equity | <u>678,234</u> | <u>461,465</u> | <u>117,719</u> |
| Total Liabilities and Fund Equity | <u>\$ 1,659,420</u> | <u>\$ 526,443</u> | <u>\$ 136,891</u> |

| Public Works Administration | Utility Billing Accounting and Collection | TOTALS | |
|-----------------------------------|--|--------------|--------------|
| | | June 30, | |
| | | 2002 | 2001 |
| \$ 109,663 | \$ 78,923 | \$ 1,997,572 | \$ 2,015,770 |
| - | 10,851 | 24,673 | 32,896 |
| 740 | 692 | 12,306 | 22,740 |
| 1,644 | 10,127 | 13,218 | 534 |
| - | - | 1,134 | - |
| - | - | 37,655 | 33,991 |
| 112,047 | 100,593 | 2,086,558 | 2,105,931 |
| 187,996 | 96,425 | 733,257 | 817,317 |
| 187,996 | 96,425 | 733,257 | 817,317 |
| \$ 300,043 | \$ 197,018 | \$ 2,819,815 | \$ 2,923,248 |
| \$ 4,451 | \$ 13,182 | \$ 38,442 | \$ 49,575 |
| 4,451 | 13,182 | 38,442 | 49,575 |
| 97,479 | 43,963 | 246,503 | 219,469 |
| - | - | 939,466 | 1,142,838 |
| 97,479 | 43,963 | 1,185,969 | 1,362,307 |
| 101,930 | 57,145 | 1,224,411 | 1,411,882 |
| 198,113 | 139,873 | 1,595,404 | 1,511,366 |
| 198,113 | 139,873 | 1,595,404 | 1,511,366 |
| \$ 300,043 | \$ 197,018 | \$ 2,819,815 | \$ 2,923,248 |

CITY OF BANNING
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | <u>Self Insurance</u> | <u>Fleet Maintenance</u> | <u>Information Services</u> |
|--|---------------------------|------------------------------|---------------------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 983,877 | \$ 641,252 | \$ 178,000 |
| Total Operating Revenues | <u>983,877</u> | <u>641,252</u> | <u>178,000</u> |
| Operating Expenses: | | | |
| Salaries and benefits | 116,306 | 212,755 | 87,976 |
| Supplies and services | 204,868 | 377,694 | 47,830 |
| Repairs and maintenance | - | 58,677 | 6,038 |
| Insurance premiums | 336,762 | - | - |
| Claims and judgements | 270,732 | - | - |
| Depreciation | - | 17,920 | 28,143 |
| Total Operating Expenses | <u>928,668</u> | <u>667,046</u> | <u>169,987</u> |
| Operating Income (Loss) | <u>55,209</u> | <u>(25,794)</u> | <u>8,013</u> |
| Non-operating Revenues (Expenses): | | | |
| Interest income | 50,657 | 2,536 | 1,974 |
| Gain (loss) on disposal of fixed assets | (132) | (12,058) | (32,167) |
| Other | 56,493 | 10,230 | 4,469 |
| Total Operating Revenues | <u>107,018</u> | <u>708</u> | <u>(25,724)</u> |
| Net Income (Loss) | <u>\$ 162,227</u> | <u>\$ (25,086)</u> | <u>\$ (17,711)</u> |
| Retained Earnings: | | | |
| Beginning of Fiscal Year, as previously reported | \$ 516,007 | \$ 487,762 | \$ 135,430 |
| Restatements | - | (1,211) | - |
| Beginning of Fiscal Year, as restated | 516,007 | 486,551 | 135,430 |
| Net income (loss) | <u>162,227</u> | <u>(25,086)</u> | <u>(17,711)</u> |
| End of Fiscal Year | <u>\$ 678,234</u> | <u>\$ 461,465</u> | <u>\$ 117,719</u> |

| Public Works Administration | Utility Billing Accounting and Collection | T O T A L S | |
|-----------------------------------|--|---------------------|--------------|
| | | Year ended June 30, | |
| | | 2 0 0 2 | 2 0 0 1 |
| \$ 471,000 | \$ 809,570 | \$ 3,083,699 | \$ 3,185,600 |
| 471,000 | 809,570 | 3,083,699 | 3,185,600 |
| 242,431 | 558,903 | 1,218,371 | 1,047,046 |
| 238,237 | 243,033 | 1,111,662 | 1,024,526 |
| 87 | 22,725 | 87,527 | 70,695 |
| - | - | 336,762 | 336,963 |
| - | - | 270,732 | 580,103 |
| 11,167 | 25,726 | 82,956 | 118,167 |
| 491,922 | 850,387 | 3,108,010 | 3,177,500 |
| (20,922) | (40,817) | (24,311) | 8,100 |
| 4,301 | 3,460 | 62,928 | 102,190 |
| (8,374) | (11,141) | (63,872) | - |
| 12,342 | 27,010 | 110,544 | 78,607 |
| 8,269 | 19,329 | 109,600 | 180,797 |
| \$ (12,653) | \$ (21,488) | \$ 85,289 | \$ 188,897 |
| \$ 210,766 | \$ 161,401 | \$ 1,511,366 | \$ 1,119,345 |
| - | (40) | (1,251) | 203,124 |
| 210,766 | 161,361 | 1,510,115 | 1,322,469 |
| (12,653) | (21,488) | 85,289 | 188,897 |
| \$ 198,113 | \$ 139,873 | \$ 1,595,404 | \$ 1,511,366 |

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2002

| | <u>Self Insurance</u> | <u>Fleet Maintenance</u> | <u>Information Services</u> |
|--|---------------------------|------------------------------|---------------------------------|
| Cash Flows from Operating Activities: | | | |
| Operating Income | \$ 55,209 | \$ (25,794) | \$ 8,013 |
| Adjustment to reconcile Operating Income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation | - | 17,920 | 28,143 |
| Changes in Assets and Liabilities: | | | |
| (Increase) decrease in accounts receivable | 278 | 9,631 | (2,478) |
| (Increase) decrease in interest receivable | 8,059 | 510 | 174 |
| (Increase) decrease in loans receivable | - | - | - |
| (Increase) decrease in deposits | - | - | - |
| (Increase) decrease in due from other governments | - | (1,134) | - |
| (Increase) decrease in inventories | - | (3,664) | - |
| Increase (decrease) in accounts payable and accrued liabilities | (16,892) | 1,643 | (732) |
| Increase (decrease) in due to other agencies | - | - | - |
| Increase (decrease) in compensated absences | 3,271 | 8,072 | 1,753 |
| Increase (decrease) in claims and judgements payable | (203,372) | - | - |
| Total Adjustments | (208,656) | 32,978 | 26,860 |
| Net Cash Provided (Used) by Operating Activities | (153,447) | 7,184 | 34,873 |
| Cash Flows from Noncapital Financing Activities: | | | |
| Miscellaneous receipts | 56,493 | 10,230 | 4,469 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 56,493 | 10,230 | 4,469 |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Disposition (acquisition) of property, plant and equipment | - | - | (6,539) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | - | - | (6,539) |
| Cash Flows from Investing Activities: | | | |
| Interest Received | 50,657 | 2,536 | 1,974 |
| Net Increase (Decrease) in Cash and Investments | (46,297) | 19,950 | 34,777 |
| Cash and Investments at Beginning of Year | 1,695,828 | 61,470 | 43,258 |
| Cash and Investments at End of Year | \$ 1,649,531 | \$ 81,420 | \$ 78,035 |

SCHEDULE OF NONCASH TRANSACTIONS

There were no non-cash transactions during the fiscal year.

| Public Works Administration | Utility Billing Accounting and Collection | T O T A L S | |
|-----------------------------------|--|---------------------|--------------|
| | | Year ended June 30, | |
| | | 2 0 0 2 | 2 0 0 1 |
| \$ (20,922) | \$ (40,817) | \$ (24,311) | \$ 8,100 |
| 11,167 | 25,726 | 82,956 | 118,167 |
| (1,644) | (10,782) | (4,995) | 1,802 |
| 679 | 1,012 | 10,434 | 427 |
| - | 534 | 534 | (4,057) |
| - | - | - | 65,089 |
| - | - | (1,134) | - |
| - | - | (3,664) | 11,526 |
| 576 | 4,271 | (11,134) | 5,335 |
| - | - | - | (13,816) |
| 8,760 | 5,179 | 27,035 | 12,410 |
| - | - | (203,372) | 94,611 |
| 19,538 | 25,940 | (103,340) | 291,494 |
| (1,384) | (14,877) | (127,651) | 299,594 |
| 12,342 | 27,010 | 110,544 | 78,608 |
| 12,342 | 27,010 | 110,544 | 78,608 |
| - | (57,480) | (64,019) | (77,519) |
| - | (57,480) | (64,019) | (77,519) |
| 4,301 | 3,460 | 62,928 | 102,190 |
| 15,259 | (41,887) | (18,198) | 402,873 |
| 94,404 | 120,810 | 2,015,770 | 1,612,897 |
| \$ 109,663 | \$ 78,923 | \$ 1,997,572 | \$ 2,015,770 |

CITY OF BANNING

Schedule 19

**COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2002**

| <u>A S S E T S</u> | <u>Sun Lakes</u> | <u>Special</u> | <u>Area</u> | <u>TOTALS</u> | |
|--|-------------------|----------------------|------------------|---------------------|---------------------|
| | <u>CFD #86-1</u> | <u>Assessment</u> | <u>Police</u> | <u>June 30,</u> | |
| | | <u>District 91-1</u> | <u>Computer</u> | <u>2002</u> | <u>2001</u> |
| Cash and investments | \$ 480,801 | \$ 178,533 | \$ 9,351 | \$ 668,685 | \$ 731,913 |
| Cash and investments with fiscal agent | 385,150 | 132,523 | - | 517,673 | 585,021 |
| Accounts receivable | - | - | - | - | 1,329 |
| Interest receivable | 2,452 | 713 | 54 | 3,219 | 7,237 |
| Due from other governments | 8,387 | 2,079 | 3,030 | 13,496 | 8,736 |
| Total Assets | <u>\$ 876,790</u> | <u>\$ 313,848</u> | <u>\$ 12,435</u> | <u>\$ 1,203,073</u> | <u>\$ 1,334,236</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Accounts payable | \$ - | \$ - | \$ 3,192 | \$ 3,192 | \$ 310 |
| Deposits | - | - | 9,243 | 9,243 | 45,265 |
| Due to bondholders | 876,790 | 313,848 | - | 1,190,638 | 1,288,661 |
| Total Liabilities | <u>\$ 876,790</u> | <u>\$ 313,848</u> | <u>\$ 12,435</u> | <u>\$ 1,203,073</u> | <u>\$ 1,334,236</u> |

CITY OF BANNING

Schedule 20

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

| | <u>Balance July 1, 2001</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2002</u> |
|--|---------------------------------|---------------------|---------------------|----------------------------------|
| <u>Sun Lakes CFD #86-1</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 482,516 | \$ 1,454,126 | \$ 1,455,841 | \$ 480,801 |
| Cash and investments with fiscal agent | 391,315 | 810,877 | 817,042 | 385,150 |
| Accounts receivable | 1,329 | 2,658 | 3,987 | - |
| Interest receivable | 4,989 | 16,272 | 18,809 | 2,452 |
| Due from other governments | 6,804 | 21,995 | 20,412 | 8,387 |
| Total Assets | <u>\$ 886,953</u> | <u>\$ 2,305,928</u> | <u>\$ 2,316,091</u> | <u>\$ 876,790</u> |
| Liabilities: | | | | |
| Due to bondholders | <u>\$ 886,953</u> | <u>\$ 2,305,928</u> | <u>\$ 2,316,091</u> | <u>\$ 876,790</u> |
| Total Liabilities | <u>\$ 886,953</u> | <u>\$ 2,305,928</u> | <u>\$ 2,316,091</u> | <u>\$ 876,790</u> |
| <u>Special Assessment District 91-1</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 204,361 | \$ 697,209 | \$ 723,037 | \$ 178,533 |
| Cash and investments with fiscal agent | 193,706 | 457,648 | 518,831 | 132,523 |
| Interest receivable | 1,709 | 6,033 | 7,029 | 713 |
| Due from other governments | 1,932 | 5,942 | 5,795 | 2,079 |
| Total Assets | <u>\$ 401,708</u> | <u>\$ 1,166,832</u> | <u>\$ 1,254,692</u> | <u>\$ 313,848</u> |
| Liabilities: | | | | |
| Due to bondholders | <u>\$ 401,708</u> | <u>\$ 1,166,832</u> | <u>\$ 1,254,692</u> | <u>\$ 313,848</u> |
| Total Liabilities | <u>\$ 401,708</u> | <u>\$ 1,166,832</u> | <u>\$ 1,254,692</u> | <u>\$ 313,848</u> |
| <u>Area Police Computer</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 45,036 | \$ 189,572 | \$ 225,257 | \$ 9,351 |
| Interest receivable | 539 | 1,134 | 1,619 | 54 |
| Due from other governments | - | 3,030 | - | 3,030 |
| Total Assets | <u>\$ 45,575</u> | <u>\$ 193,736</u> | <u>\$ 226,876</u> | <u>\$ 12,435</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 310 | \$ 132,761 | \$ 129,879 | \$ 3,192 |
| Deposits | 45,265 | 60,975 | 96,997 | 9,243 |
| Total Liabilities | <u>\$ 45,575</u> | <u>\$ 193,736</u> | <u>\$ 226,876</u> | <u>\$ 12,435</u> |
| <u>TOTALS - ALL AGENCY FUNDS</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 731,913 | \$ 2,340,907 | \$ 2,404,135 | \$ 668,685 |
| Cash and investments with fiscal agent | 585,021 | 1,268,525 | 1,335,873 | 517,673 |
| Accounts receivable | 1,329 | 2,658 | 3,987 | - |
| Interest receivable | 7,237 | 23,439 | 27,457 | 3,219 |
| Due from other governments | 8,736 | 30,967 | 26,207 | 13,496 |
| Total Assets | <u>\$ 1,334,236</u> | <u>\$ 3,666,496</u> | <u>\$ 3,797,659</u> | <u>\$ 1,203,073</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 310 | \$ 132,761 | \$ 129,879 | \$ 3,192 |
| Deposits | 45,265 | 60,975 | 96,997 | 9,243 |
| Due to bondholders | 1,288,661 | 3,472,760 | 3,570,783 | 1,190,638 |
| Total Liabilities | <u>\$ 1,334,236</u> | <u>\$ 3,666,496</u> | <u>\$ 3,797,659</u> | <u>\$ 1,203,073</u> |

CITY OF BANNING

Schedule 21

**SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2002**

| | TOTALS | |
|--|----------------------|----------------------|
| | 2002 | 2001 |
| AMOUNTS AVAILABLE AND TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT | | |
| Amount available in debt service funds | \$ 1,839,941 | \$ 1,910,959 |
| Amount to be provided for retirement of long-term debt | <u>8,597,570</u> | <u>9,025,954</u> |
| Total Available And To Be Provided For Retirement of General Long-Term Debt | <u>\$ 10,437,511</u> | <u>\$ 10,936,913</u> |
| GENERAL LONG-TERM DEBT PAYABLE | | |
| Redevelopment Agency of the City of Banning Tax Allocation Bonds | \$ 2,750,000 | \$ 2,945,000 |
| Redevelopment Agency of the City of Banning Certificates of Participation | 6,100,000 | 6,295,000 |
| Advances payable to other funds | 894,096 | 950,564 |
| Employee leave benefits payable | 693,415 | 627,120 |
| Capitalized lease obligations | - | 119,229 |
| Total General Long-Term Debt Payable | <u>\$ 10,437,511</u> | <u>\$ 10,936,913</u> |