

CITY OF BANNING, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2004

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FINANCIAL STATEMENTS

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Banning, California, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Banning's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Banning as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2004 on our consideration of the City of Banning's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.





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

Our audit was made for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lance, Soli & Lunghard, LLP*

December 2, 2004

## CITY OF BANNING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Banning, we offer readers of the City of Banning's financial statements this narrative overview and analysis of the financial activities of the City of Banning for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

#### FINANCIAL HIGHLIGHTS

- The City's governmental activities net assets and business-type activities net assets were \$70.16 million and \$86.70 million, respectively, at June 30, 2004.
- During the year, the City had revenues that were \$0.96 million more than the \$15.48 million expenses recorded by the City in its governmental activities.
- In the City's business-type activities, revenues were \$7.32 million more than the \$29.31 million in expenses recorded.
- The revenues available for expenditure were \$0.63 million more than budgeted for in the General Fund. The City kept expenditures within spending limits by \$1.29 million.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these fund statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operation in more detail than the government-wide statements by providing information about the City's most significant funds and other funds. The remaining fiduciary (Agency) fund statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

#### REPORTING THE CITY AS A WHOLE

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

Our analysis of the City as a whole begins on page 11. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that answers this question. These statements include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and *changes*. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are an indication of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the economy due to external factors that will cause a decrease in consumer spending.

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

**City of Banning**  
**Management's Discussion and Analysis (Continued)**

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

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

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements:**

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

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

**Proprietary funds** - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's proprietary funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information such as a statement of cash flows.

**THE CITY AS TRUSTEE**

**Reporting the City's Fiduciary Responsibilities:**

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

**THE CITY AS A WHOLE**

The City's combined net assets were \$156.85 million at June 30, 2004. A separate review of the net change in the governmental and business-type activities depicts two different stories. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

**City of Banning**  
**Management's Discussion and Analysis (Continued)**

TABLE 1  
NET ASSETS  
(IN MILLIONS)

As of June 30, 2004 and 2003

	Governmental Activities	Business-Type Activities	2004 Total	2003 Total
Current and other assets	\$ 30.89	\$ 48.78	79.67	\$ 62.55
Capital assets	64.00	52.14	116.14	113.25
<b>TOTAL ASSETS</b>	<b>94.89</b>	<b>100.92</b>	<b>195.81</b>	<b>175.80</b>
Long-term liabilities outstanding	4.63	10.58	15.21	21.18
Other liabilities	20.10	3.65	23.75	5.94
<b>TOTAL LIABILITIES</b>	<b>24.73</b>	<b>14.23</b>	<b>38.96</b>	<b>27.12</b>
Net assets:				
Invested in capital assets, net of related debt	47.87	41.21	89.08	95.86
Restricted	17.61	1.04	18.65	7.74
Unrestricted	4.68	44.44	49.12	45.08
<b>TOTAL NET ASSETS</b>	<b>\$ 70.16</b>	<b>\$ 86.69</b>	<b>\$ 156.85</b>	<b>\$ 148.68</b>

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

The net assets of the governmental activities and business-type activities of the City increased by \$0.96 million and \$7.32 million, respectively.

**City of Banning**  
**Management's Discussion and Analysis (Continued)**

TABLE 2

**CHANGES IN NET ASSETS**  
**(IN MILLIONS)**

As of June 30, 2004 and 2003

	Governmental Activities	Business Type Activities	2004 Total	2003 Total
<b>REVENUES:</b>				
Program Revenues:				
Charges for services	\$ 3.53	\$ 31.42	\$ 34.95	\$ 32.59
Operating grants and contributions	0.84	0.26	1.10	0.34
Capital grants and contributions	0.35	-	0.35	0.37
General Revenues:				
Property taxes	3.16	1.31	4.47	3.08
Sales tax	3.27	-	3.27	2.97
Franchise Taxes	0.59	-	0.59	0.49
Other taxes	0.70	-	0.70	0.48
Motor Vehicle In-Lieu	1.29	-	1.29	1.40
Use of Money & Property	0.80	0.44	1.24	2.39
Other Revenues	1.91	3.20	5.11	10.14
<b>TOTAL REVENUES</b>	<b>16.44</b>	<b>36.63</b>	<b>53.07</b>	<b>54.25</b>
<b>EXPENSES:</b>				
General Government	3.07	-	3.07	2.28
Public Safety	6.34	-	6.34	5.82
Public Works	4.51	-	4.51	4.00
Parks and Recreation	0.87	-	0.87	0.97
Interest on long-term debt	0.69	-	0.69	0.51
Airport	-	0.24	0.24	0.23
Transit	-	0.98	0.98	0.91
Water	-	4.48	4.48	4.68
Electric	-	18.80	18.80	19.28
Wastewater	-	2.67	2.67	2.63
Refuse	-	2.14	2.14	1.97
<b>TOTAL EXPENSES</b>	<b>15.48</b>	<b>29.31</b>	<b>44.79</b>	<b>43.28</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 0.96</b>	<b>\$ 7.32</b>	<b>\$ 8.28</b>	<b>\$ 10.97</b>

**Governmental Activities**

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

**City of Banning  
Management's Discussion and Analysis (Continued)**

TABLE 3

**PROGRAM NET COST  
GOVERNMENTAL ACTIVITIES  
(IN MILLIONS)**

As of June 30, 2004

	<u>Total Cost of Services</u>	<u>Net Revenue (Expense)</u>
General Government	\$ 3.07	\$ (1.26)
Public Safety	6.34	(5.75)
Public Works	4.51	(2.52)
Parks and Recreation	0.87	(0.60)
Interest on Long-Term Debt	0.69	(0.69)
Total	<u>\$ 15.48</u>	<u>\$ (10.82)</u>

**Business-Type Activities**

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

TABLE 4

**PROGRAM NET COST  
BUSINESS-TYPE ACTIVITIES  
(IN MILLIONS)**

As of June 30, 2004

	<u>Total Cost of Services</u>	<u>Net Revenue (Expense)</u>
Airport	\$ 0.24	\$ 0.23
Transit	0.98	(0.87)
Water Utility	4.48	1.53
Electric Utility	18.80	1.53
Wastewater Utility	2.66	(0.13)
Refuse Utility	2.14	0.08
Total	<u>\$ 29.30</u>	<u>\$ 2.37</u>

**THE CITY'S FUNDS**

On page 14, the governmental funds balance sheet is shown. The total fund balance for all governmental funds is \$25.10 million. This total includes the general fund balance of \$7.33 million. The City's general fund balance includes reserves for loans receivable as well as City Council adopted designations of fund balance totaling \$3.87 million.

**City of Banning  
Management's Discussion and Analysis (Continued)**

**General Fund Budgetary Highlights**

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

For the City's general fund, actual ending revenues of \$10.91 million were \$0.63 million more than the final budgeted revenues of \$10.28 million. The most significant variance was in total tax revenues, which was budgeted to be \$4.97 million; however, the actual was \$5.29 million. The other significant variances were in licenses and permits and charges for services. In these two categories, the City budgeted a total of \$2.78 million, and the actual was \$3.27 million.

The general fund actual ending expenditures of \$10.60 million were \$1.29 million less than the final budget of \$11.89 million. There were significant changes in the original budget compared to the final budget during the year. The original expenditure budget was \$9.77 million compared to the final budget of \$11.89 million, a \$2.12 million increase.

Even though the City's general fund appropriations increased by \$2.12 million to \$11.89 million, mainly due to the carryover of continuing appropriations, final expenditures were only \$10.60 million. The City's general fund still had an actual net increase in fund balance of \$0.34 million.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2004, the City had \$116.15 million invested in a broad range of capital assets (See Table 5).

TABLE 5  
CAPITAL ASSETS BY ACTIVITY  
(IN MILLIONS)

June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Land	\$ 2.85	\$ 1.18	\$ 4.03
Construction in progress	0.87	4.77	5.64
Buildings and Structures	3.00	0.20	3.20
Improvements	1.10	0.78	1.88
Machinery and Equipment	1.29	-	1.29
Vehicles	0.68	-	0.68
Utility Plant	-	45.22	45.22
Infrastructure	54.21	-	54.21
<b>TOTALS</b>	<b>\$ 64.00</b>	<b>\$ 52.15</b>	<b>\$ 116.15</b>



**City of Banning**  
**Management's Discussion and Analysis (Continued)**

As presented in the Adopted Operating budget for Fiscal Year 2003-04, the CIP totals \$2.94 million for all categories of the capital improvement projects reported by the various City departments. The amount of the adopted projects reflects a \$4.76 million decrease over the previous fiscal year's Capital Budget of \$7.70 million. The difference is attributed to the number and nature of capital improvement projects within the various departments. Several major projects in the City's utilities funds were budgeted for in the prior fiscal year. For additional information on capital assets refer to the Notes to the Financial Statements.

**Debt**

At year-end, the City's governmental activities had \$20.87 million in bonds, loans, advances, leases, and compensated absences outstanding while the business-type activities had \$11.22 million in debt (see Table 6).

TABLE 6  
DEBT RECAP BY ACTIVITY  
(IN MILLIONS)

June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Compensated absences	\$ 1.08	\$ 0.29	\$ 1.37
Tax Allocation Bonds	14.09	-	14.09
Certificates of Participation	5.70	6.79	12.49
Loans	-	4.14	4.14
<b>TOTALS</b>	<b>\$ 20.87</b>	<b>\$ 11.22</b>	<b>\$ 32.09</b>

During fiscal year ended June 30, 2004, the City retired \$2.55 million in Redevelopment Tax Allocation Bonds and well as issued \$14.09 million in Tax Allocation Bonds. The City was able to meet its current debt obligations in a timely manner.

Debt in the business-type activities consists of a Water and Wastewater Certificates of Participation, a loan payable to the California Water Resources Control Board to assist with upgrades to the wastewater treatment facility and compensated absences. For additional information on long term debt refer to the Notes to the Financial Statements.

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

In preparing the budget for 2005, management looked at the following economic factors:

- The possible impact to the City of Banning's revenues due to the State of California's budget deficit.
- The economic downturn due to the terrorist activities of 9-11.

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

- The state's short-term fiscal problems will not result in any additional City revenue reductions beyond those specific impacts identified and included in the Governor's 2004-2005 budget.
- The national economy's recent modest recovery efforts and continued fluctuations will not have a significant adverse impact on the City's revenue stream.
- Sales Tax revenue will increase slightly to approximately \$2.46 million absent the affects of the State's Triple Flip.
- The state will decrease Motor Vehicle License Fees significantly, however, the entire reduction will be backfilled by the State with property taxes.
- Property Tax revenues will increase by \$0.08 million, or approximately 5%, absent the affects of the state's backfill commitments.
- Banning Redevelopment Agency will reimburse the City \$0.45 million on an outstanding loan.
- Development related revenues will be moderately higher than the prior year levels due to activity levels consistent with last year.
- City revenues will not be adversely affected by court decisions, state legislative actions, various propositions, initiatives, or other actions beyond the City's control.

The General Fund Expenditure Budget of \$11.17 million is approximately \$1.40 million higher than the Adopted Budget for Fiscal Year 2003-2004. This net increase is primarily attributed to a rise in labor costs (\$0.59 million) and an increase in services and supplies (\$0.60 million) as well as an increase in capital expenditures (\$0.21 million).

The Operating Budget for Fiscal Year 2004-2005 is a well-balanced budget that reflects the City's commitment to provide its citizens a safe environment to work, play and live as well as provide the highest level of service to the community within the City's financial constraint and is consistent with the City Council's goals and objectives. Questions or requests for information regarding the City of Banning's 2004-2005 budget should be sent to the Finance Department at the address below.

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

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

## CITY OF BANNING

Exhibit A

STATEMENT OF NET ASSETS  
JUNE 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 27,035,000	\$ 39,518,401	\$ 66,553,401
Receivables:			
Accounts	427,818	3,361,278	3,789,096
Loans	391,605	9,698	401,303
Accrued interest	101,441	135,202	236,643
Deferred loans	6,588	-	6,588
Internal balances	(893,160)	893,160	-
Inventories	38,298	995,940	1,034,238
Unamortized debt issuance costs	664,914	306,701	971,615
Deposits	-	2,279,429	2,279,429
Due from other governments	1,608,272	238,237	1,846,509
Restricted assets:			
Cash and investments	-	2,290	2,290
Cash with fiscal agent	1,503,664	1,036,937	2,540,601
Capital assets not being depreciated	3,714,091	5,956,445	9,670,536
Capital assets, net of depreciation	60,288,753	46,187,797	106,476,550
<b>Total Assets</b>	<b>94,887,284</b>	<b>100,921,515</b>	<b>195,808,799</b>
<b>Liabilities:</b>			
Accounts payable	1,567,526	2,001,286	3,568,812
Accrued liabilities	245,940	92,010	337,950
Accrued interest	303,828	265,402	569,230
Unearned revenues	30,891	177,401	208,292
Deposits payable	628,127	466,858	1,094,985
Due to other governments	10,923	-	10,923
Accrued claims and judgments	1,141,436	-	1,141,436
Noncurrent liabilities:			
Due within one year	708,929	643,287	1,352,216
Due in more than one year	20,094,463	10,578,769	30,673,232
<b>Total Liabilities</b>	<b>24,732,063</b>	<b>14,225,013</b>	<b>38,957,076</b>
<b>Net Assets:</b>			
Invested in capital assets, net or related debt	47,866,862	41,210,803	89,077,665
Restricted for:			
Community development projects	1,764,308	-	1,764,308
Public safety	1,060,870	-	1,060,870
Other purpose	13,014,162	-	13,014,162
Debt service	1,801,702	1,036,937	2,838,639
Unrestricted	4,647,317	44,448,762	49,096,079
<b>Total Net Assets</b>	<b>\$ 70,155,221</b>	<b>\$ 86,696,502</b>	<b>\$ 156,851,723</b>

See Notes to Financial Statements

**CITY OF BANNING**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 3,069,323	\$ 1,667,794	\$ 140,000	\$ -
Public safety	6,340,556	191,430	398,901	-
Public works	4,507,150	1,512,001	131,253	348,433
Parks and recreation	868,700	159,722	112,145	-
Interest on long-term debt	694,078	-	-	-
<b>Total Governmental Activities</b>	<b>15,479,807</b>	<b>3,530,947</b>	<b>782,299</b>	<b>348,433</b>
Business-Type Activities:				
Airport	241,872	222,680	246,737	-
Transit	983,818	99,237	14,862	-
Water utility	4,481,376	6,014,318	-	-
Electric utility	18,800,940	20,331,610	-	-
Wastewater utility	2,661,459	2,529,235	-	-
Refuse utility	2,137,617	2,218,077	-	-
<b>Total Business-Type Activities</b>	<b>29,307,082</b>	<b>31,415,157</b>	<b>261,599</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 44,786,889</b>	<b>\$ 34,946,104</b>	<b>\$ 1,043,898</b>	<b>\$ 348,433</b>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu

Use of money and property

Other

**Transfers**

**Total General Revenues and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

**Net Assets at End of Year**

**See Notes to Financial Statements**

Exhibit B

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,261,529)	\$ -	\$ (1,261,529)
(5,750,225)	-	(5,750,225)
(2,515,463)	-	(2,515,463)
(596,833)	-	(596,833)
(694,078)	-	(694,078)
<u>(10,818,128)</u>	<u>-</u>	<u>(10,818,128)</u>
-	227,545	227,545
-	(869,719)	(869,719)
-	1,532,942	1,532,942
-	1,530,670	1,530,670
-	(132,224)	(132,224)
-	80,460	80,460
-	<u>2,369,674</u>	<u>2,369,674</u>
<u>(10,818,128)</u>	<u>2,369,674</u>	<u>(8,448,454)</u>
3,157,130	1,315,981	4,473,111
175,186	-	175,186
3,265,022	-	3,265,022
590,401	-	590,401
145,173	-	145,173
380,052	-	380,052
1,294,403	-	1,294,403
801,112	441,467	1,242,579
1,788,965	3,375,421	5,164,386
184,600	(184,600)	-
<u>11,782,044</u>	<u>4,948,269</u>	<u>16,730,313</u>
963,916	7,317,943	8,281,859
69,301,868	79,378,559	148,680,427
(110,563)	-	(110,563)
<u>\$ 70,155,221</u>	<u>\$ 86,696,502</u>	<u>\$ 156,851,723</u>

**CITY OF BANNING**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	<b>General</b>	<b>Capital Projects Fund Redevelopment Agency</b>	<b>Debt Service Fund Redevelopment Agency</b>
<b>Assets:</b>			
Cash and investments	\$ 7,476,553	\$ 11,704,189	\$ 706,262
Receivables:			
Accounts	139,570	-	32,512
Interest	36,614	39,720	1,973
Loans	43,632	-	345,503
Due from other governments	857,814	-	-
Advances to other funds	45,000	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	1,503,664
<b>Total Assets</b>	<b>\$ 8,599,183</b>	<b>\$ 11,743,909</b>	<b>\$ 2,589,914</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 820,001	\$ 133,153	\$ 1,250
Accrued liabilities	182,391	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Deferred revenues	36,313	-	-
Advances from other funds	-	-	659,447
Deposits payable	228,210	45,256	-
Due to other governments	-	-	-
<b>Total Liabilities</b>	<b>1,266,915</b>	<b>178,409</b>	<b>660,697</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for special donations	-	-	-
Reserved for loans receivable	43,633	-	345,503
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Designated for contingency	188,916	-	-
Designated for working capital	977,182	-	-
Designated for equipment replacement	342,938	-	-
Designated for compensated absences	390,500	-	-
Designated for CALPERS liabilities	1,200,000	-	-
Designated for continuing appropriations	725,170	-	-
Designated for capital projects	-	8,938,346	-
Designated for low and moderate housing	-	2,627,154	-
Designated for debt service	-	-	1,583,714
Undesignated	3,463,929	-	-
<b>Total Fund Balances</b>	<b>7,332,268</b>	<b>11,565,500</b>	<b>1,929,217</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,599,183</b>	<b>\$ 11,743,909</b>	<b>\$ 2,589,914</b>

See Notes to Financial Statements

# Exhibit C

Other Governmental Funds	Total Governmental Funds
\$ 4,744,417	\$ 24,631,421
176,050	348,132
15,635	93,942
2,470	391,605
747,820	1,605,634
-	45,000
-	1,503,664
<b>\$ 5,686,392</b>	<b>\$ 28,619,398</b>
\$ 561,813	\$ 1,516,217
23,801	206,192
291,391	291,391
30,891	30,891
140,000	176,313
-	659,447
353,733	627,199
10,923	10,923
<b>1,412,552</b>	<b>3,518,573</b>
29,774	29,774
-	389,136
2,108,640	2,108,640
2,135,426	2,135,426
-	-
-	188,916
-	977,182
-	342,938
-	390,500
-	1,200,000
-	725,170
-	8,938,346
-	2,627,154
-	1,583,714
-	3,463,929
<b>4,273,840</b>	<b>25,100,825</b>
<b>\$ 5,686,392</b>	<b>\$ 28,619,398</b>

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## CITY OF BANNING

Exhibit D

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2004**

Fund balances of governmental funds	\$ 25,100,825
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	63,413,730
Long-term debt and compensated absences from the General Long-Term Debt Account Group that have not been included in the governmental fund activity:	
Certificates of participation payable	(19,058,427)
Compensated absences	(836,094)
Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.	(303,828)
The accrued interest on interfund loans between the City and Redevelopment Agency were recorded as deferred revenue in the governmental funds. They are included as interest revenue in the governmental fund activity.	176,313
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	<u>1,662,702</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 70,155,221</u></b>

**CITY OF BANNING**

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004**

	<u>General</u>	<u>Capital Projects Fund Redevelopment Agency</u>	<u>Debt Service Fund Redevelopment Agency</u>
<b>Revenues:</b>			
Taxes	\$ 5,291,627	\$ 305,739	\$ 1,222,952
Licenses and permits	408,454	-	-
Intergovernmental	1,510,010	-	-
Charges for services	2,862,761	-	-
Use of money and property	133,072	73,877	525,987
Fines and forfeitures	397,670	-	-
Miscellaneous	114,470	-	21,853
<b>Total Revenues</b>	<b>10,718,064</b>	<b>379,616</b>	<b>1,770,792</b>
<b>Expenditures:</b>			
Current:			
General government	1,786,806	529,328	131,977
Public safety	5,887,741	-	-
Public works	1,001,597	-	-
Parks and recreation	756,592	-	-
Capital outlay	918,795	66,384	-
Debt service:			
Principal retirement	-	-	2,755,000
Interest and fiscal charges	-	-	553,580
Debt issuance costs	-	-	679,767
Pass-through agreement payments	-	-	162,978
<b>Total Expenditures</b>	<b>10,351,531</b>	<b>595,712</b>	<b>4,283,302</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	366,533	(216,096)	(2,512,510)
<b>Other Financing Sources (Uses):</b>			
Transfers in	190,000	192,668	68,866
Transfers out	(251,479)	(68,866)	(192,668)
Other debts issued	-	10,358,728	3,736,272
<b>Total Other Financing Sources (Uses)</b>	<b>(61,479)</b>	<b>10,482,530</b>	<b>3,612,470</b>
Net Change in Fund Balances	\$ 305,054	\$ 10,266,434	\$ 1,099,960
<b>Fund Balances:</b>			
Beginning of Year, as originally reported	\$ 7,027,214	\$ 1,299,066	\$ 318,307
Restatements	-	-	510,950
Beginning of Year, as restated	7,027,214	1,299,066	829,257
Net Change in Fund Balances	305,054	10,266,434	1,099,960
<b>End of Year</b>	<b>\$ 7,332,268</b>	<b>\$ 11,565,500</b>	<b>\$ 1,929,217</b>

See Notes to Financial Statements

Exhibit E

Other Governmental Funds	Total Governmental Funds
\$ 892,646	\$ 7,712,964
-	408,454
1,477,058	2,987,068
109,439	2,972,200
44,976	777,912
-	397,670
667,019	803,342
<b>3,191,138</b>	<b>16,059,610</b>
10,205	2,458,316
151,852	6,039,593
1,095,018	2,096,615
71,986	828,578
2,503,868	3,489,047
-	2,755,000
-	553,580
-	679,767
-	162,978
<b>3,832,929</b>	<b>19,063,474</b>
(641,791)	(3,003,864)
656,053	1,107,587
(409,974)	(922,987)
-	14,095,000
<b>246,079</b>	<b>14,279,600</b>
\$ (395,712)	\$ 11,275,736
\$ 5,230,547	\$ 13,875,134
(560,995)	(50,045)
4,669,552	13,825,089
(395,712)	11,275,736
<b>\$ 4,273,840</b>	<b>\$ 25,100,825</b>

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004**

Net change in fund balances - total governmental funds	\$ 11,275,736
Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	340,752
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	(10,613,427)
Accrued interest for Tax Allocation Bonds. This is the net change in accrued interest for the current period.	(187,304)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(94,438)
The accrued interest on interfund loans between the City and Redevelopment Agency were recorded as deferred revenue in the governmental funds. They are included as interest revenue in the governmental fund activity.	176,313
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	66,284
<b>Change in net assets of governmental activities</b>	<b><u>\$ 963,916</u></b>

## CITY OF BANNING

Exhibit G  
Page 1 of 2BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 7,027,214	\$ 7,027,214	\$ 7,027,214	\$ -
<b>Resources (Inflows):</b>				
Taxes:				
Sales and use	2,260,000	2,410,000	2,475,961	65,961
Property	1,620,000	1,605,000	1,697,925	92,925
Franchise	353,094	376,086	387,975	11,889
Transient occupancy	130,000	145,000	175,186	30,186
Other	386,225	432,500	554,580	122,080
<b>Subtotal</b>	<b>4,749,319</b>	<b>4,968,586</b>	<b>5,291,627</b>	<b>323,041</b>
Licenses and permits:				
Building permits	237,670	212,470	350,712	138,242
Other permits	13,195	30,995	57,742	26,747
<b>Subtotal</b>	<b>250,865</b>	<b>243,465</b>	<b>408,454</b>	<b>164,989</b>
Fines, forfeitures and penalties:				
Parking fines	9,200	9,200	19,960	10,760
Court fines and other fines	456,500	442,594	377,710	(64,884)
<b>Subtotal</b>	<b>465,700</b>	<b>451,794</b>	<b>397,670</b>	<b>(54,124)</b>
Use of money and property:				
Interest and rents	142,254	142,754	133,072	(9,682)
<b>Subtotal</b>	<b>142,254</b>	<b>142,754</b>	<b>133,072</b>	<b>(9,682)</b>
Intergovernmental:				
State motor vehicle in-lieu fee	1,460,400	976,936	1,294,403	317,467
Other intergovernmental revenues	101,650	544,067	215,607	(328,460)
<b>Subtotal</b>	<b>1,562,050</b>	<b>1,521,003</b>	<b>1,510,010</b>	<b>(10,993)</b>
Charges for services:				
Engineering, police, fire and other fees	422,176	926,483	1,201,837	275,354
Recreation fees	53,950	53,450	49,755	(3,695)
Interfund charges	1,562,500	1,562,500	1,611,169	48,669
<b>Subtotal</b>	<b>2,038,626</b>	<b>2,542,433</b>	<b>2,862,761</b>	<b>320,328</b>
Other	197,100	217,100	114,470	(102,630)
Transfers from other funds	140,000	190,000	190,000	-
<b>Amounts Available for Appropriation</b>	<b>9,545,914</b>	<b>10,277,135</b>	<b>10,908,064</b>	<b>630,929</b>

See Notes to Financial Statements

**CITY OF BANNING**  
**BUDGETARY COMPARISON STATEMENT**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2004**

Exhibit G  
Page 2 of 2

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Charges to Appropriation (Outflow):</b>				
General government:				
City council	74,692	161,292	125,454	35,838
City manager	205,059	222,719	188,880	33,839
Personnel	138,065	224,415	178,251	46,164
City clerk	104,020	104,020	100,704	3,316
Elections	25,500	25,500	4,401	21,099
City attorney	51,611	70,986	56,010	14,976
Finance	170,361	201,457	164,089	37,368
Community enhancement	109,196	114,136	88,288	25,848
Central services	897,974	947,777	880,729	67,048
<b>Subtotal</b>	<b>1,776,478</b>	<b>2,072,302</b>	<b>1,786,806</b>	<b>285,496</b>
Public safety:				
Police	4,517,262	4,496,153	4,421,754	74,399
Animal control	124,000	124,000	122,208	1,792
Fire	1,439,789	1,454,954	1,343,779	111,175
<b>Subtotal</b>	<b>6,081,051</b>	<b>6,075,107</b>	<b>5,887,741</b>	<b>187,366</b>
Public works:				
Building safety	496,475	579,905	478,261	101,644
Planning	94,313	464,463	170,963	293,500
Engineering	173,678	236,878	211,629	25,249
Building maintenance	135,780	164,780	140,744	24,036
<b>Subtotal</b>	<b>900,246</b>	<b>1,446,026</b>	<b>1,001,597</b>	<b>444,429</b>
Parks	366,626	431,306	406,621	24,685
Recreation	389,983	391,283	349,971	41,312
<b>Subtotal</b>	<b>756,609</b>	<b>822,589</b>	<b>756,592</b>	<b>65,997</b>
Capital outlay	-	1,218,323	918,795	299,528
Transfers out	257,429	257,429	251,479	5,950
<b>Total Charges to Appropriations</b>	<b>9,771,813</b>	<b>11,891,776</b>	<b>10,603,010</b>	<b>1,288,766</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,801,315</b>	<b>\$ 5,412,573</b>	<b>\$ 7,332,268</b>	<b>\$ 1,919,695</b>

See Notes to Financial Statements

**CITY OF BANNING**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2004**

	<u>Water Utility</u>	<u>Electric Utility</u>	<u>Wastewater Utility</u>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 7,493,539	\$ 22,102,848	\$ 9,234,006
Receivables:			
Accounts	755,906	2,047,435	287,423
Interest	24,573	75,514	31,833
Loans	5,456	4,242	-
Due from other funds	-	-	291,391
Due from other governments	-	-	-
Inventories	182,701	797,384	-
Deposits with other agencies	-	2,279,429	-
<b>Total Current Assets</b>	<b>8,462,175</b>	<b>27,306,852</b>	<b>9,844,653</b>
Restricted:			
Cash and investments	-	2,290	-
Cash with fiscal agent	641,216	-	395,721
<b>Total Restricted Assets</b>	<b>641,216</b>	<b>2,290</b>	<b>395,721</b>
Noncurrent:			
Unamortized debt issuance costs	227,349	-	79,352
Advances to other funds	-	614,447	256,245
Capital assets - net of accumulated depreciation	22,177,414	14,282,894	12,938,061
<b>Total Noncurrent Assets</b>	<b>22,404,763</b>	<b>14,897,341</b>	<b>13,273,658</b>
<b>Total Assets</b>	<b>\$ 31,508,154</b>	<b>\$ 42,206,483</b>	<b>\$ 23,514,032</b>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ 166,233	\$ 1,359,999	\$ 50,402
Accrued payroll payable	28,996	43,053	3,200
Accrued interest payable	110,469	-	154,933
Deposits payable	71,519	256,759	78,490
Unearned revenues	-	-	-
Bonds, notes and loans payable	205,000	-	381,689
<b>Total Current Liabilities</b>	<b>582,217</b>	<b>1,659,811</b>	<b>668,714</b>
Noncurrent:			
Advances from other funds	-	-	-
Compensated absences	114,144	116,206	11,760
Claims and judgments	-	-	-
Bonds, notes and loans payable	4,510,000	-	5,836,750
<b>Total Noncurrent Liabilities</b>	<b>4,624,144</b>	<b>116,206</b>	<b>5,848,510</b>
<b>Total Liabilities</b>	<b>5,206,361</b>	<b>1,776,017</b>	<b>6,517,224</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	17,462,414	14,282,894	6,719,622
Restricted for debt service	641,216	-	395,721
Unrestricted	8,198,163	26,147,572	9,881,465
<b>Total Net Assets</b>	<b>26,301,793</b>	<b>40,430,466</b>	<b>16,996,808</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 31,508,154</b>	<b>\$ 42,206,483</b>	<b>\$ 23,514,032</b>

**Reconciliation of Net Assets to the Statement of Net Assets:**

Net Assets per Statement of Net Assets - Proprietary Funds  
Prior years' accumulated adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds

Current adjustments to reflect the consolidation of internal service activities related to enterprise funds

**Net Assets: Business-Type Activities**



Exhibit H

Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
\$ 688,008	\$ 39,518,401	\$ 2,403,579
270,514	3,361,278	79,686
3,282	135,202	7,499
-	9,698	6,588
-	291,391	-
238,237	238,237	2,638
15,855	995,940	38,298
-	2,279,429	-
<u>1,215,896</u>	<u>46,829,576</u>	<u>2,538,288</u>
-	2,290	-
-	1,036,937	-
-	<u>1,039,227</u>	-
-	306,701	-
-	870,692	-
2,745,873	52,144,242	589,114
<u>2,745,873</u>	<u>53,321,635</u>	<u>589,114</u>
<u>\$ 3,961,769</u>	<u>\$ 101,190,438</u>	<u>\$ 3,127,402</u>
\$ 424,652	\$ 2,001,286	\$ 51,309
16,761	92,010	39,748
-	265,402	-
60,090	466,858	928
177,401	177,401	-
-	586,689	-
<u>678,904</u>	<u>3,589,646</u>	<u>91,985</u>
256,245	256,245	-
46,507	288,617	243,957
-	-	1,141,436
-	10,346,750	-
<u>302,752</u>	<u>10,891,612</u>	<u>1,385,393</u>
<u>981,656</u>	<u>14,481,258</u>	<u>1,477,378</u>
2,745,873	41,210,803	589,114
-	1,036,937	-
234,240	44,461,440	1,060,910
<u>2,980,113</u>	<u>86,709,180</u>	<u>1,650,024</u>
<u>\$ 3,961,769</u>	<u>\$ 101,190,438</u>	<u>\$ 3,127,402</u>
	\$ 86,709,180	
	(33,012)	
	<u>20,334</u>	
	<u>\$ 86,696,502</u>	

**CITY OF BANNING**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	<u>Water Utility</u>	<u>Electric Utility</u>	<u>Wastewater Utility</u>
<b>Operating Revenues:</b>			
Sales and service charges	\$ 6,014,318	\$ 20,331,610	\$ 2,529,235
Connection fees	1,162,040	36,255	-
<b>Total Operating Revenues</b>	<b><u>7,176,358</u></b>	<b><u>20,367,865</u></b>	<b><u>2,529,235</u></b>
<b>Operating Expenses:</b>			
Salaries and benefits	874,646	1,055,037	102,373
Supplies and services	2,489,174	2,790,396	1,417,840
Repairs and maintenance	3,894	18,125	27,683
Street lighting costs	-	241,361	-
Power purchased for resale	-	13,951,124	-
Amortization	17,589	-	5,473
Insurance premiums	-	-	-
Claims and judgments	-	-	-
Depreciation	743,902	746,727	827,079
<b>Total Operating Expenses</b>	<b><u>4,129,205</u></b>	<b><u>18,802,770</u></b>	<b><u>2,380,448</u></b>
Operating Income (Loss)	<u>3,047,153</u>	<u>1,565,095</u>	<u>148,787</u>
<b>Nonoperating Revenues (Expenses):</b>			
Taxes	-	-	-
Intergovernmental	-	-	-
Interest revenue	63,454	271,809	94,838
Interest expense	(354,644)	-	(278,794)
Miscellaneous	557,359	667,233	950,201
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>266,169</u></b>	<b><u>939,042</u></b>	<b><u>766,245</u></b>
Income (Loss) Before Transfers	3,313,322	2,504,137	915,032
Transfers out	<u>(23,000)</u>	<u>(5,000)</u>	<u>(101,600)</u>
Changes in Net Assets	3,290,322	2,499,137	813,432
<b>Net Assets:</b>			
Beginning of Fiscal Year	<u>23,011,471</u>	<u>37,931,329</u>	<u>16,183,376</u>
<b>End of Fiscal Year</b>	<b><u>\$ 26,301,793</u></b>	<b><u>\$ 40,430,466</u></b>	<b><u>\$ 16,996,808</u></b>

Changes in Net Assets, Enterprise Funds

Adjustment to reflect the consolidation of internal service activities related to enterprise funds

**Changes in Net Assets of Business-Type Activities**

See Notes to Financial Statements

Exhibit I

Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
\$ 2,539,994	\$ 31,415,157	\$ 3,748,959
-	1,198,295	-
<u>2,539,994</u>	<u>32,613,452</u>	<u>3,748,959</u>
523,485	2,555,541	1,395,334
2,583,897	9,281,307	1,097,954
27,307	77,009	80,735
-	241,361	-
-	13,951,124	-
-	23,062	-
-	-	496,778
-	-	616,604
242,691	2,560,399	100,581
<u>3,377,380</u>	<u>28,689,803</u>	<u>3,787,986</u>
(837,386)	3,923,649	(39,027)
1,315,981	1,315,981	-
261,599	261,599	-
11,366	441,467	23,200
(4,175)	(637,613)	-
2,333	2,177,126	102,445
<u>1,587,104</u>	<u>3,558,560</u>	<u>125,645</u>
749,718	7,482,209	-
(55,000)	(184,600)	-
694,718	7,297,609	86,618
<u>2,285,395</u>	<u>79,411,571</u>	<u>1,563,406</u>
<u>\$ 2,980,113</u>	<u>\$ 86,709,180</u>	<u>\$ 1,650,024</u>
	\$ 7,297,609	
	20,334	
	<u>\$ 7,317,943</u>	

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Water Utility	Electric Utility	Wastewater Utility	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>Cash Flows from Operating Activities:</b>						
Cash received from customers and users	\$ 7,011,519	\$ 20,312,030	\$ 2,466,657	\$ 2,518,372	\$ 32,308,578	\$ -
Cash received from interfund service provided	-	-	-	-	-	3,697,722
Cash received from miscellaneous revenues	557,359	667,233	950,201	1,395,581	3,570,374	102,445
Cash paid to suppliers for goods and services	(2,815,398)	(15,449,576)	(1,566,096)	(2,352,234)	(22,183,304)	(1,659,539)
Cash paid to employees for services	(844,850)	(1,063,237)	(97,455)	(512,946)	(2,518,488)	(1,363,873)
Cash paid for claims	-	-	-	-	-	(633,928)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,908,630</b>	<b>4,466,450</b>	<b>1,753,307</b>	<b>1,048,773</b>	<b>11,177,160</b>	<b>142,827</b>
<b>Cash Flows from Noncapital Financing Activities:</b>						
Cash transfer to other funds	(23,000)	(5,000)	(101,600)	(55,000)	\$ (184,600)	-
Due from other funds	-	-	(85,810)	-	(85,810)	-
Repayment of advances	-	51,021	30,000	(30,000)	51,021	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(23,000)</b>	<b>46,021</b>	<b>(157,410)</b>	<b>(85,000)</b>	<b>(219,389)</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Purchases, acquisition and construction of capital assets	(1,004,408)	(3,379,837)	(66,701)	(812,712)	(5,263,658)	(17,904)
Principal paid on capital debt	(195,000)	-	(361,705)	-	(556,705)	-
Interest paid on capital debt	(358,576)	-	(291,734)	(4,175)	(654,485)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,557,984)</b>	<b>(3,379,837)</b>	<b>(720,140)</b>	<b>(816,887)</b>	<b>(6,474,848)</b>	<b>(17,904)</b>
<b>Cash Flows from Investing Activities:</b>						
Interest received	62,840	281,409	96,307	10,280	450,836	24,486
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>62,840</b>	<b>281,409</b>	<b>96,307</b>	<b>10,280</b>	<b>450,836</b>	<b>24,486</b>
Net Increase (Decrease) in Cash and Cash Equivalents	2,390,486	1,414,043	972,064	157,166	4,933,759	149,409
Cash and Cash Equivalents at Beginning of Year	5,744,269	20,691,095	8,657,663	530,842	35,623,869	2,254,170
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 8,134,755</b>	<b>\$ 22,105,138</b>	<b>\$ 9,629,727</b>	<b>\$ 688,008</b>	<b>\$ 40,557,628</b>	<b>\$ 2,403,579</b>

## CITY OF BANNING

Exhibit J

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Water Utility</u>	<u>Electric Utility</u>	<u>Wastewater Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$3,047,153	\$ 1,565,095	\$ 148,787	\$ (837,386)	\$ 3,923,649	\$ (39,027)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	761,491	746,727	832,552	242,691	2,583,461	100,581
Miscellaneous revenues	557,359	667,233	950,201	1,579,913	3,754,706	102,445
(Increase) decrease in accounts receivable	(164,839)	(55,835)	(62,578)	(25,592)	(308,844)	(51,075)
(Increase) decrease in loans receivable	(3,064)	(433)	-	404,128	400,631	8
(Increase) decrease in due from other funds	-	-	-	(5,872)	(5,872)	-
(Increase) decrease in inventories	35,319	45,164	-	-	80,483	4,294
(Increase) decrease in due from other governments	-	-	-	264,842	264,842	(162)
(Increase) decrease in prepaid expense	-	151,246	-	5,586	156,832	-
(Increase) decrease in deposits with other agencies	-	1,183,829	-	3,970	1,187,799	-
Increase (decrease) in accounts payable	(357,572)	215,711	(59,572)	(588,460)	(789,893)	11,509
Increase (decrease) in accrued liabilities	9,568	8,918	835	4,953	24,274	12,406
Increase (decrease) in deposits payable	2,987	(44,087)	(61,001)	-	(102,101)	118
Increase (decrease) in compensated absences	20,228	(17,118)	4,083	-	7,193	19,054
Increase (decrease) in claims payable	-	-	-	-	-	(17,324)
<b>Total Adjustments</b>	<b>861,477</b>	<b>2,901,355</b>	<b>1,604,520</b>	<b>1,886,159</b>	<b>7,253,511</b>	<b>181,854</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$3,908,630</b>	<b>\$ 4,466,450</b>	<b>\$1,753,307</b>	<b>\$1,048,773</b>	<b>\$11,177,160</b>	<b>\$ 142,827</b>

**Schedule of Noncash Transactions:**

There were no noncash transactions during the year.

## CITY OF BANNING

Exhibit K

**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2004**

	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and investments	\$ 794,177
Receivables:	
Accounts	4,346
Interest	2,171
Due from other governments	21,361
Restricted assets:	
Cash with fiscal agent	716,360
<b>Total Assets</b>	<b>\$ 1,538,415</b>
<b>Liabilities:</b>	
Accounts payable	\$ 3,876
Deposits	39,740
Due to bondholders	1,494,799
<b>Total Liabilities</b>	<b>\$ 1,538,415</b>

**CITY OF BANNING**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**I. SIGNIFICANT ACCOUNTING POLICIES**

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

**a. Description of the Reporting Entity**

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

**Blended Component Units**

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

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

The City of Banning Financing Authority (the Authority) was formed by a joint exercise of powers agreement between the City of Banning and the Banning Redevelopment Agency. It was established November 12, 2003 under Article 1 (commencing with Section 6500) of the Joint Powers Law of the State of California for the purpose of providing an entity to assist in providing financing for the City and the Agency.

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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



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

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

The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency for other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

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

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

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

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

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

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

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

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

**Receivables and Payables**

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

The noncurrent portion of receivables related to revenue is set up as deferred revenue and recognized as revenue when the receivables become current. The noncurrent portion of loans and other receivables are offset by fund balance reserve accounts.

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

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

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

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

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

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

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

Tax Levy Apportionments are due to the nature of the 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.

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

**Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

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

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

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

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

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

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

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

**Compensated Absences**

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 liability for governmental activities is shown only in the government-wide statements. For Proprietary Funds the liability for compensated absences, if any, is segregated between short-term and long-term as indicated above and both portions are reflected in the fund involved.

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

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

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

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

Sick Leave accrues to employees in the following manner: Police employees accrue sick leave without limit, each employee may be eligible to convert up to 40 hours of unused sick leave to vacation each year, and after 10 years of service to the City, each employee, upon voluntary separation or involuntary disability, shall be eligible to be paid 40% of accrued sick leave. General union personnel shall accrue sick leave without limit. 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

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

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

retirement or termination, each employee is eligible to receive payment for up to 96 hours of accrued sick leave and after 10 years of service, up to 30% of accrued sick leave over 96 hours. Utility personnel can accrue sick leave without limit. Annually, utility employees may receive an 80 hour sick leave pay off. Upon voluntary separation or involuntary disability, each employee may receive a cash payment for up to 80 hours of accrued sick leave, in addition, after 10 years of service, 30% of any hours accrued over 80 hours shall be paid. General employees may elect to receive a buyout of 40 hours of sick or compensatory time, or any combination thereof, annually.

Vacation and Holiday Leave for police employees accrue according to a schedule set forth in a memorandum of understanding. After six months of employment, each employee is eligible to be paid for accrued vacation and holiday leave. Maximum 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.

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:

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

**Claims and Judgments**

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

**Long-Term Obligations**

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

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

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

**Fund Equity**

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

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

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$340,752) difference are as follows:

Capital outlay	\$ 3,421,152
Less: depreciation expense	<u>3,080,400</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (340,752)</u>

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

**a. Budgets and Budgetary Accounting**

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

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

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

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

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

**b. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, are employed as an extension of formal budgetary integration in the governmental fund types. Encumbrances outstanding at the end of the year are cleared out and re-appropriated in the following year's budget. The City had no outstanding encumbrances at the end of the year.

**c. Excesses of Expenditures Over Appropriations in Individual Funds are as follows:**

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
Special Donations	\$ 31,923	\$ 26,332	\$ 5,591
COPS More Grant	131,572	131,293	279

**Note 3: Cash and Investments**

As of June 30, 2004, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 28,538,664
Business-type activities	40,557,628
Fiduciary funds	<u>1,510,537</u>
Total Cash and Investments	<u>\$ 70,606,829</u>

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

The City implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, for the year ended June 30, 2004. This Statement establishes and modifies disclosure requirements related to investment and deposit risks; accordingly, the note disclosure on cash and investments has been revised to conform to the provisions of GASB Statement No. 40.

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

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

**Deposits**

At June 30, 2004, the carrying amount of the City's deposits was \$511,506, and the bank balance was \$586,009. The \$74,503 difference represents outstanding checks and other reconciling items.

**Credit Risk**

The City's investment policy requires that invested funds be maintained with the California Local Agency Investment Fund (LAIF) or in money market mutual funds. Investments in LAIF and money market mutual funds are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2004, the City's investments in external investment pools and money market mutual funds are unrated.

**Custodial Credit Risk**

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

As of June 30, 2004, none of the City's deposits or investments were exposed to custodial credit risk.

**Concentration of Credit Risk**

The City's investment policy requires that invested funds be maintained with the California Local Agency Investment Fund (LAIF) or in money market mutual funds. As of June 30, 2004, the City has invested 95% of its total investments with LAIF. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

**Interest Rate Risk**

The City's investment policy requires that invested funds be maintained with the California Local Agency Investment Fund (LAIF) or in money market mutual funds. Investments with LAIF are considered to have no interest rate risk.

As of June 30, 2004, the City had the following investments and original maturities:

Fund	Investment Maturities In Years	Fair Value
	Less Than 1	
Money market mutual funds - held by fiscal agent	\$ 3,256,961	\$ 3,256,961
California Local Agency Investment Fund	66,838,362	66,838,362
	<u>\$ 70,095,323</u>	<u>\$ 70,095,323</u>



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

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

The composition of interfund balances as of June 30, 2004 is as follows:

**Due To/From Other Funds**

Funds	Due To Other Funds:
	Nonmajor Governmental Funds
Due From Other Funds:	
Wastewater	\$ 291,391

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

**Advances To/From Other Funds**

Funds	Advances to Other Funds:			
	General Fund	Electric	Waste Water	Total
Advances from Other Funds:				
Debt Service Fund -				
Redevelopment Agency	\$ 45,000	\$ 614,447	\$ -	\$ 659,447
Nonmajor Enterprise	-	-	256,245	256,245
Total	\$ 45,000	\$ 614,447	\$ 256,245	\$ 915,692

During the current and previous fiscal years, the City of Banning has made loans to the Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated with the next fiscal year. As of June 30, 2004, loans to and accrued unpaid interest owed on those loans was \$659,447. The Airport Enterprise Fund has received funds from the Wastewater Utility Enterprise Fund totaling \$346,245 for the acquisition of airport hangars. The outstanding balance at June 30, 2004 was \$256,245. There is no definite repayment data.

**Interfund Transfers**

	Transfers Out							
	General Fund	Capital Projects RDA	Debt Service RDA	Water	Electric	Wastewater	Nonmajor Governmental Funds	Nonmajor Proprietary Funds
Transfers In:								
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,000	\$ -
Capital Projects RDA	-	-	192,668	-	-	-	-	-
Debt Service RDA	-	68,866	-	-	-	-	-	-
Nonmajor Governmental Funds	251,479	-	-	23,000	5,000	101,600	219,974	55,000
Totals	\$ 251,479	\$ 68,866	\$ 192,668	\$ 23,000	\$ 5,000	\$ 101,600	\$ 409,974	\$ 55,000

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

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

During the year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the year were \$190,000.

Amounts were transferred from the Capital Projects RDA Fund to the Debt Service RDA Fund for the Low and Moderate Housing portion of debt service. Amounts were transferred from the Debt Service RDA Fund to the Capital Projects RDA Fund for administrative costs. Transfers out of the General, Water, Electric, Wastewater, Nonmajor Governmental Funds and Nonmajor Proprietary Funds to other Nonmajor Governmental Funds are to pay certain costs incurred in other Nonmajor governmental funds.

**Note 5: Changes in Capital Assets**

Capital asset activity for the year ended June 30, 2004 follows:

	Beginning Balance	Adjustments	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>						
Capital assets, not being depreciated:						
Land	\$ 2,846,904	\$ -	\$ 2,846,904	\$ 996	\$ 1,500	\$ 2,846,400
Construction-in-progress	206,976	-	206,976	741,164	80,449	867,691
<b>Total Capital Assets, Not Being Depreciated</b>	<b>3,053,880</b>	<b>-</b>	<b>3,053,880</b>	<b>742,160</b>	<b>81,949</b>	<b>3,714,091</b>
Capital assets, being depreciated:						
Buildings and structures	9,610,881	-	9,610,881	400,071	-	10,010,952
Land improvements	2,146,483	-	2,146,483	5,280	-	2,151,763
Machinery and equipment	2,202,242	-	2,202,242	673,401	-	2,875,643
Vehicles	2,110,339	-	2,110,339	190,179	-	2,300,518
Infrastructure	71,611,560	-	71,611,560	1,449,397	-	73,060,957
<b>Total Capital Assets, Being Depreciated</b>	<b>87,681,505</b>	<b>-</b>	<b>87,681,505</b>	<b>2,718,328</b>	<b>-</b>	<b>90,399,833</b>
Less accumulated depreciation:						
Buildings and structures	6,175,009	-	6,175,009	834,731	-	7,009,740
Land improvements	1,041,538	-	1,041,538	4,301	-	1,045,839
Machinery and equipment	1,527,378	-	1,527,378	59,733	-	1,587,111
Vehicles	1,620,633	-	1,620,633	-	-	1,620,633
Infrastructure	16,565,541	-	16,565,541	2,282,216	-	18,847,757
<b>Total Accumulated Depreciation</b>	<b>26,930,099</b>	<b>-</b>	<b>26,930,099</b>	<b>3,180,981</b>	<b>-</b>	<b>30,111,080</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>60,751,406</b>	<b>-</b>	<b>60,751,406</b>	<b>(462,653)</b>	<b>-</b>	<b>60,288,753</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 63,805,286</b>	<b>\$ -</b>	<b>\$ 63,805,286</b>	<b>\$ 279,507</b>	<b>\$ 81,949</b>	<b>\$ 64,002,844</b>

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

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

	Beginning Balance	Adjustments	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>						
Capital assets, not being depreciated:						
Land	\$ 1,184,229	\$ -	\$ 1,184,229	\$ -	\$ -	\$ 1,184,229
Construction-in-progress	3,812,644	-	3,812,644	2,744,051	1,784,479	4,772,216
 Total Capital Assets, Not Being Depreciated	 4,996,873	 -	 4,996,873	 2,744,051	 1,784,479	 5,956,445
 Capital assets, being depreciated:						
Airport master plan	38,875	-	38,875	-	-	38,875
Buildings and structures	519,247	-	519,247	-	-	519,247
Improvements	1,328,600	-	1,328,600	-	-	1,328,600
Machinery and equipment	9,175	-	9,175	-	-	9,175
Utility plant	76,206,802	-	76,206,802	4,298,585	-	80,505,387
 Total Capital Assets, Being Depreciated	 78,102,699	 -	 78,102,699	 4,298,585	 -	 82,401,284
 Less accumulated depreciation:						
Airport master plan	38,875	-	38,875	-	-	38,875
Buildings and structures	311,143	-	311,143	12,794	-	323,937
Improvements	498,070	-	498,070	55,182	-	553,252
Machinery and equipment	9,175	(9,175)	-	-	-	-
Utility plant	32,801,324	-	32,801,324	2,496,099	-	35,297,423
 Total Accumulated Depreciation	 33,658,587	 (9,175)	 33,649,412	 2,564,075	 -	 36,213,487
 Total Capital Assets Being Depreciated, Net	 \$ 44,444,112	 \$ 9,175	 \$ 44,453,287	 \$ 1,734,510	 \$ -	 \$ 46,187,797
 Business-Type Activities Capital Assets, Net	 \$ 49,440,985	 \$ 9,175	 \$ 49,450,160	 \$ 4,478,561	 \$ 1,784,479	 \$ 52,144,242

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

<b>Governmental Activities:</b>	
General government	\$ 441,005
Public safety	273,159
Public works	2,329,834
Parks and recreation	36,402
Internal service funds	100,581
 Total Depreciation Expense - Governmental Activities	 \$ 3,180,981
 <b>Business-Type Activities:</b>	
Airport	\$ 67,976
Transit	178,390
Water utility	743,901
Electric utility	746,728
Wastewater utility	827,080
 Total Depreciation Expense - Business-Type Activities	 \$ 2,564,075

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

**Note 6: Loans Receivable**

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

\$ 62,389

**Note 7: 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	\$ 1,276	\$ -	\$ 1,276
Transit	1,682	-	1,682
Water	797,591	41,685	755,906
Electric	2,162,230	114,795	2,047,435
Wastewater	302,320	14,897	287,423
Refuse	282,775	15,219	267,556
Totals	<u>\$ 3,547,874</u>	<u>\$ 186,596</u>	<u>\$ 3,361,278</u>

**Note 8: Loan Receivable - Sunset Auto Plaza**

On October 1, 1999, the Redevelopment Agency (Seller) entered into an agreement whereby the Agency sold a parcel of land held for investment purposes to Sunset Chevrolet/Oldsmobile, Inc. (buyer). The purchase price was \$900,000 and the buyer has issued a promissory note secured by a deed of trust for that amount. Interest on the note is 5.265% and is compounded annually. Repayment of the note is through quarterly installments of \$18,261.37. 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. As of June 30, 2004, the loan receivable balance was \$345,503.

**Note 9: Deposits with Other Agencies**

On August 14, 2001, the City of Banning adopted Resolution 2001-85, approving the Utility Services Agreement between the City of Banning and the City of Riverside. Under this agreement, the City of Riverside shall provide scheduling, dispatching and other related electric utility services to the City. The implementation of this agreement required the payment of a refundable deposit by the City of Banning to the City of Riverside. The amount of deposit with the City of Riverside as of June 30, 2004 amounted to \$2,279,429.

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

**Note 10: Long-Term Debt**

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2004:

	Balance July 1, 2003, As Previously Reported	Adjustments	Outstanding July 1, 2003, As Adjusted	Incurred	Retired	Balance June 30, 2004	Due Within One Year
<b>Governmental Activities:</b>							
1992 Tax Allocation Bonds	\$ 2,545,000	\$ -	\$ 2,545,000	\$ -	\$ 2,545,000	\$ -	\$ -
1997 Refunding Certificates of Participation	5,900,000	-	5,900,000	-	210,000	5,690,000	220,000
2003 Tax Allocation Bonds	-	-	-	14,095,000	-	14,095,000	360,000
Employee Benefits Payable:							
Governmental Funds	741,656	-	741,656	199,597	105,159	836,094	118,549
Internal Service Funds	224,903	-	224,903	28,624	9,569	243,958	10,380
<b>Total</b>	<b>\$ 9,411,559</b>	<b>\$ -</b>	<b>\$ 9,411,559</b>	<b>\$ 14,323,221</b>	<b>\$ 2,869,728</b>	<b>20,865,052</b>	<b>\$ 708,929</b>
Less:							
Unamortized original issue discount						61,660	
<b>Net Governmental Activities</b>						<b>\$ 20,803,392</b>	
<b>Business-Type Activities:</b>							
Water Utility COPs	\$ 4,910,000	\$ -	\$ 4,910,000	\$ -	\$ 195,000	\$ 4,715,000	\$ 205,000
Wastewater Utility COPs	2,250,000	-	2,250,000	-	170,000	2,080,000	185,000
Wastewater Loan Payable	4,330,144	-	4,330,144	-	191,705	4,138,439	196,689
Employee Benefits Payable	276,471	-	276,471	66,362	54,216	288,617	56,598
<b>Total</b>	<b>\$ 11,766,615</b>	<b>\$ -</b>	<b>\$ 11,766,615</b>	<b>\$ 66,362</b>	<b>\$ 610,921</b>	<b>\$ 11,222,056</b>	<b>\$ 643,287</b>

**a. 1992 Tax Allocation Bonds**

On February 1, 1992, the Banning Redevelopment Agency issued \$4,130,000 of 1992 Tax Allocation 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 6.000% to 6.125%, commencing August 1, 1992. Principal on serial bonds is payable in annual installments on each August 1 through the year 2011. These bonds were repaid during the current year.

**b. Certificates of Participation**

On February 21, 1997, the Banning Redevelopment Agency issued \$6,810,000 in Refunding Certificates of Participation with an average interest rate of 4.90% to advance refund \$6,150,000 of outstanding 1990 Certificates of Participation with an average interest rate of 7.01%, the proceeds of which were used to construct the City administration building and certain capital improvements, and acquire related equipment. The net proceeds of \$6,431,045 (after payment of \$378,955 in issuance costs), plus an additional \$242,642 of the 1990 Certificates sinking fund, was used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 Certificates. As a result, the 1990 Certificates of Participation are considered to be defeased and the liability for those Certificates has been removed from 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 approximately \$857,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$261,150.

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

**Note 10: Long-Term Debt (Continued)**

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

Pursuant to an Assignment Agreement dated March 1, 1997 between the Agency and the Trustee, the Agency will assign to the Trustee, for the benefit of the owners of the Certificates, all of its rights, title and interest in and to the Site Lease and the Lease Agreement. Pursuant to the Trust Agreement, the Trustee is to distribute lease payments received from the City as principal and interest represented by the Certificates. A reserve fund 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 4.0% to 5.5% per annum. The outstanding principal balance at June 30, 2004 was \$5,690,000.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 220,000	\$ 296,583	\$ 516,583
2006	230,000	286,343	516,343
2007	240,000	275,293	515,293
2008	250,000	263,439	513,439
2009	265,000	250,720	515,720
2010-2014	1,530,000	1,028,423	2,558,423
2015-2019	1,995,000	550,687	2,545,687
2019-2024	960,000	53,625	1,013,625
Total	<u>\$ 5,690,000</u>	<u>\$ 3,005,113</u>	<u>\$ 8,695,113</u>

**c. 2003 Tax Allocation Bonds**

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

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

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

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

**Note 10: Long-Term Debt (Continued)**

A reserve fund is established in the amount of \$972,264 from the bond proceeds for the benefit of the City and as security for the Bond owners. The bonds are further secured by a financial guarantee insurance policy. The bonds are a special obligation of the Banning Redevelopment Agency payable from tax revenues. The amount of bonds outstanding at June 30, 2004 totaled \$14,095,000.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 360,000	\$ 614,364	\$ 974,364
2006	360,000	606,264	966,264
2007	370,000	596,214	966,214
2008	380,000	585,914	965,914
2009	390,000	575,801	965,801
2010-2014	2,135,000	2,669,047	4,804,047
2015-2019	2,615,000	2,173,728	4,788,728
2019-2024	3,290,000	1,476,250	4,766,250
2024-2029	4,195,000	545,125	4,740,125
Total	<u>\$ 14,095,000</u>	<u>\$ 9,842,707</u>	<u>\$ 23,937,707</u>

**d. Certificates of Participation, Water Utility Enterprise Fund**

1. 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.

The Certificates maturing 1989 to 2001 are serial certificates payable in annual installments of \$55,000 to \$115,000, while the term certificates mature between 2003 and 2016. Interest is payable semi-annually on each May 1 and November 1 commencing May 1, 1987, at rates ranging from 4.6% to 7.0% per annum. The outstanding principal balance at June 30, 2004 was \$2,755,000.

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

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

**Note 10: Long-Term Debt (Continued)**

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, 2004 was \$1,960,000.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 205,000	\$ 340,205	\$ 545,205
2006	225,000	324,430	549,430
2007	240,000	307,365	547,365
2008	260,000	288,867	548,867
2009	280,000	268,900	548,900
2010-2014	1,725,000	991,665	2,716,665
2015-2019	<u>1,780,000</u>	<u>276,800</u>	<u>2,056,800</u>
Total	<u>\$ 4,715,000</u>	<u>\$ 2,798,232</u>	<u>\$ 7,513,232</u>

**e. 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.



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

**Note 10: Long-Term Debt (Continued)**

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, 2004 was \$2,080,000.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 185,000	\$ 159,000	\$ 344,000
2006	195,000	143,800	338,800
2007	210,000	127,600	337,600
2008	225,000	110,200	335,200
2009	245,000	91,400	336,400
2010-2014	540,000	269,600	809,600
2015-2019	480,000	102,000	582,000
Total	<u>\$ 2,080,000</u>	<u>\$ 1,003,600</u>	<u>\$ 3,083,600</u>

**f. 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, 2004 was \$4,138,439. The loan is recorded in the Wastewater Utility Enterprise Fund.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 196,689	\$ 107,600	\$ 304,289
2006	201,803	102,486	304,289
2007	207,050	97,239	304,289
2008	212,433	91,856	304,289
2009	217,957	86,332	304,289
2010-2014	1,177,792	343,653	1,521,445
2015-2019	1,339,075	182,370	1,521,445
2020-2024	585,640	22,938	608,578
Total	<u>\$ 4,138,439</u>	<u>\$ 1,034,474</u>	<u>\$ 5,172,913</u>

**Note 11: Compensated Absences**

For governmental funds, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2004 was \$836,094. These amounts are payable from future resources and, therefore, have been recorded in the Statement of Net Assets. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used. For proprietary funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$532,574 (\$288,617 in Enterprise Funds and \$243,958 in Internal Service Funds). These amounts are recorded within the respective proprietary funds.

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

**Note 12: Capitalized Lease Obligation**

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

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

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

**Note 13: Assessment District and Community Facilities District Bonds**

Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Municipal Improvement Acts of 1911, 1913 and 1915, as well as the Mello-Roos Community Facilities District Act, are liabilities of the property owners and are secured by liens against the assessed properties. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

Neither the faith and credit, nor the 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, 2004</u>
CFD 86-1 1996 Refunding Bonds	\$ 3,810,000	\$ 920,000
AD 91-1 1992	3,422,134	2,035,000

**Note 14: Single Family Mortgage Revenue Bonds**

The Redevelopment Agency has issued mortgage revenue bonds as follows:

	<u>Outstanding Balance June 30, 2004</u>
Redevelopment Agency of the City of Banning Single Family Residential Mortgage Revenue Refunding Bonds	<u>\$ 940,000</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.

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

**Note 15: Prior Period Adjustments**

The beginning fund balances/net assets have been restated for the following:

**Governmental Funds:**

**Special Revenue Funds:**

State Park Bond Act	\$	(1,232)
To reclassify prior year revenue		

**Debt Service Funds:**

**City**

To combine with Redevelopment Agency Debt Service Fund	(559,763)
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**Redevelopment Agency**

To adjust sales tax forgiveness on loan receivable	\$	(48,813)
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To combine City Debt Service Fund with Redevelopment Agency Debt Service Fund	559,763	510,950
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Total Governmental Funds	\$	<u>(50,045)</u>
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**Statement of Net Assets:**

The beginning net assets have been restated as follows:

Governmental funds restatements detailed above	\$	(50,045)
--	----	----------

Capital assets and accumulated depreciation	<u>(60,518)</u>
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Total Statement of Net Assets	\$	<u><u>(110,563)</u></u>
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**Note 16: 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 8% of their annual covered salary, of which the City pays 7% on behalf of the employees and the employees pay 1%, 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, 2004 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, 2004, 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, 2002, actuarial valuation using the entry age normal actuarial cost method.

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

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

**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, 2004 was 6.56% for safety employees. Benefit provisions and all other requirements are established by State statute and City contract with employee bargaining groups.

**Annual Pension Cost - Safety**

For the year ended June 30, 2004, the City's annual pension cost (employer contribution) of \$124,251 for safety employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2002 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) 2.00% per year cost-of-living adjustments. Both a) and b) included an inflation component of 3.50%. 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>
6/30/2002	\$ -	100% %	\$ -
6/30/2003	\$ -	100% %	\$ -
6/30/2004	\$ -	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>
6/30/2001	\$ 18,731,044	\$ 23,971,161	\$ (5,240,117)	128.0 %	\$ 4,191,225	(125.026) %
6/30/2002	\$ 21,306,891	\$ 22,397,082	\$ (1,090,191)	105.1	\$ 4,927,433	(22.100) %
6/30/2003	\$ 24,576,814	\$ 22,460,070	\$ 2,116,744	91.4	\$ 5,062,216	41.800 %

\*UAAL - Unfunded actuarial accrued liability

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

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

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>
6/30/2002	\$ -	100%	%	\$ -
6/30/2003	\$ -	100%	%	\$ -
6/30/2004	\$ 124,251	100%	%	\$ -

\* Employer contribution

Schedule of Funding Progress for PERS - Safety 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>
6/30/2001	\$19,695,628	\$21,549,109	\$ (1,853,481)	109.4 %	\$ 1,473,771	(125.764) %
6/30/2002	20,360,008	19,735,140	624,948	96.9 %	1,610,234	38.800 %
6/30/2003	22,122,725	19,518,267	2,604,458	88.2 %	1,829,526	142.400 %

\* UAAL - Unfunded actuarial accrued liability

**Note 17: Deferred Compensation Plan**

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

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

The City has no liability for losses under the plan.

**Note 18: Insurance Programs**

The City maintains self-insurance programs for workers' compensation and general liability. For liability claims, the City is at risk for up to \$50,000 per occurrence; amounts in excess of \$50,000 up to \$25,000,000, 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 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.

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

**Note 20: Commitments (Continued)**

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, 2004, the amount of these liabilities was \$1,141,436. The amount represents an estimate of \$596,639 for reported claims through June 30, 2004 and \$544,797 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, 2002 resulted from the following:

<u>Year</u>	<u>Liability at Beginning</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End</u>
2003	\$ 939,466	\$ 863,524	\$ (644,230)	\$ 1,158,760
2004	1,158,760	516,999	534,323	1,141,436

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

**Note 19: Contingencies**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement 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.

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 20: Commitments**

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

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

**Note 20: Commitments (Continued)**

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

The revenue generated by SCPPA from each participant will be used to service the debt on the Power Project Revenue Bonds issued by SCPPA in the amount of \$2,173,447,000. The City's portion of the outstanding debt of SCPPA as of June 30, 2004 was \$940,000.

Summary financial information (audited) of SCPPA for the fiscal year ended June 30, 2004 follows:

	Amounts (in thousands)
Total Assets	\$ 2,495,170
Total Liabilities	<u>2,620,302</u>
Total Net Assets	<u>\$ (125,132)</u>
Beginning Net Assets	\$ (126,415)
Total Revenues (including investment)	358,445
Total Expenses (including debt and loss on refunding)	(311,817)
Net Withdrawals by Participants	<u>(45,345)</u>
Ending Net Assets	<u>\$ (125,132)</u>

Separate audited financial statements for SCPPA are available from SCPPA.

**CITY OF BANNING**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	<b>Special Revenue Funds</b>			
	<b>Gas Tax Street</b>	<b>Measure A</b>	<b>SB 300 Street</b>	<b>Article 3 Sidewalk</b>
<b>Assets:</b>				
Cash and investments	\$ 494,897	\$ 653,936	\$ 130,218	\$ 97,365
Receivables:				
Accounts	-	-	-	-
Interest	1,574	2,330	450	80
Loans	811	-	-	-
Due from other governments	52,058	126,906	-	79,875
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 549,340</b>	<b>\$ 783,172</b>	<b>\$ 130,668</b>	<b>\$ 177,320</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 38,699	\$ 239,142	\$ 301	\$ 159,751
Accrued liabilities	17,366	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	125,961	-	-	-
Due to other governments	-	-	-	10,923
<b>Total Liabilities</b>	<b>182,026</b>	<b>239,142</b>	<b>301</b>	<b>170,674</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for special donations	-	-	-	-
Unreserved:				
Designated for continuing appropriations	17,500	11,418	39,868	-
Undesignated	349,814	532,612	90,499	6,646
<b>Total Fund Balances</b>	<b>367,314</b>	<b>544,030</b>	<b>130,367</b>	<b>6,646</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 549,340</b>	<b>\$ 783,172</b>	<b>\$ 130,668</b>	<b>\$ 177,320</b>



Special Revenue Funds					
Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Local Law Enforcement Block Grant	COPS MORE Grant	Supplemental Law Enforcement
\$ -	\$ 14,334	\$ 1	\$ 31,530	\$ -	\$ 93,062
-	-	150,000	-	-	-
-	38	-	153	-	361
-	-	-	-	-	-
7,000	2,000	418,033	-	-	-
-	-	-	-	-	-
<u>\$ 7,000</u>	<u>\$ 16,372</u>	<u>\$ 568,034</u>	<u>\$ 31,683</u>	<u>\$ -</u>	<u>\$ 93,423</u>
\$ -	\$ 1,558	\$ 98,222	\$ 512	\$ -	\$ -
-	-	-	280	-	3,000
7,000	-	284,391	-	-	-
-	-	-	30,891	-	-
-	-	140,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,000</u>	<u>1,558</u>	<u>522,613</u>	<u>31,683</u>	<u>-</u>	<u>3,000</u>
-	-	-	-	-	-
-	-	45,421	-	-	-
-	14,814	-	-	-	90,423
-	14,814	45,421	-	-	90,423
<u>\$ 7,000</u>	<u>\$ 16,372</u>	<u>\$ 568,034</u>	<u>\$ 31,683</u>	<u>\$ -</u>	<u>\$ 93,423</u>

**CITY OF BANNING**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	<b>Special Revenue Funds</b>			
	<b>Public Safety Sales Tax</b>	<b>State Park Bond Act</b>	<b>Property Abatement</b>	<b>Special Donations</b>
<b>Assets:</b>				
Cash and investments	\$ 29,158	\$ 799	\$ 313,941	\$ 30,948
Receivables:				
Accounts	-	-	24,455	-
Interest	79	-	964	-
Loans	-	-	1,659	-
Due from other governments	18,069	3	43,876	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 47,306</b>	<b>\$ 802</b>	<b>\$ 384,895</b>	<b>\$ 30,948</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 2,732	\$ 1,174
Accrued liabilities	-	-	3,155	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>5,887</b>	<b>1,174</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for special donations	-	-	-	29,774
Unreserved:				
Designated for continuing appropriations	-	-	-	-
Undesignated	47,306	802	379,008	-
<b>Total Fund Balances</b>	<b>47,306</b>	<b>802</b>	<b>379,008</b>	<b>29,774</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 47,306</b>	<b>\$ 802</b>	<b>\$ 384,895</b>	<b>\$ 30,948</b>

Special Revenue Funds						
Senior Center Activities	Police Volunteer	D.A.R.E. Donation	Ramsey/ Highland Home Signal	Wilson Median Improvement	Animal Control Reserve	Peacock Valley II
\$ 61,195	\$ 5,631	\$ 4,188	\$ 66,777	\$ 312,469	\$ 11,431	\$ 17,683
-	-	-	-	-	-	1,595
214	19	14	226	1,059	39	52
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 61,409</u>	<u>\$ 5,650</u>	<u>\$ 4,202</u>	<u>\$ 67,003</u>	<u>\$ 313,528</u>	<u>\$ 11,470</u>	<u>\$ 19,330</u>
\$ 60	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>60</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
61,349	5,627	4,202	67,003	313,528	11,470	19,330
<u>61,349</u>	<u>5,627</u>	<u>4,202</u>	<u>67,003</u>	<u>313,528</u>	<u>11,470</u>	<u>19,330</u>
<u>\$ 61,409</u>	<u>\$ 5,650</u>	<u>\$ 4,202</u>	<u>\$ 67,003</u>	<u>\$ 313,528</u>	<u>\$ 11,470</u>	<u>\$ 19,330</u>

**CITY OF BANNING**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	<b>Capital Projects Funds</b>			
	<b>Police Facilities Development</b>	<b>Fire Facilities Development</b>	<b>Traffic Control Facilities</b>	<b>General Facilities</b>
<b>Assets:</b>				
Cash and investments	\$ 413,892	\$ 511,332	\$ 334,296	\$ 325,442
Receivables:				
Accounts	-	-	-	-
Interest	1,401	1,715	1,124	1,094
Loans	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 415,293</b>	<b>\$ 513,047</b>	<b>\$ 335,420</b>	<b>\$ 326,536</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,028	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Deferred revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
<b>Total Liabilities</b>	<b>15,028</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for special donations	-	-	-	-
Unreserved:				
Designated for continuing appropriations	34,906	-	-	-
Undesignated	365,359	513,047	335,420	326,536
<b>Total Fund Balances</b>	<b>400,265</b>	<b>513,047</b>	<b>335,420</b>	<b>326,536</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 415,293</b>	<b>\$ 513,047</b>	<b>\$ 335,420</b>	<b>\$ 326,536</b>

Schedule 1  
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Capital Projects Fund	Debt Service Fund	
Park Development	City Debt Service Fund	Total Governmental Funds
\$ 789,892	\$ -	\$ 4,744,417
-	-	176,050
2,649	-	15,635
-	-	2,470
-	-	747,820
-	-	-
<u>\$ 792,541</u>	<u>\$ -</u>	<u>\$ 5,686,392</u>
\$ 4,611	\$ -	\$ 561,813
-	-	23,801
-	-	291,391
-	-	30,891
-	-	140,000
227,772	-	353,733
-	-	10,923
<u>232,383</u>	<u>-</u>	<u>1,412,552</u>
-	-	29,774
185,487	-	334,600
374,671	-	3,909,466
<u>560,158</u>	<u>-</u>	<u>4,273,840</u>
<u>\$ 792,541</u>	<u>\$ -</u>	<u>\$ 5,686,392</u>

**CITY OF BANNING**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004**

	<b>Special Revenue Funds</b>			
	<b>Gas Tax Street</b>	<b>Measure A</b>	<b>SB 300 Street</b>	<b>Article 3 Sidewalk</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ 622,218	\$ -	\$ -
Intergovernmental	491,139	-	-	198,433
Charges for services	-	-	-	-
Use of money and property	3,978	7,439	1,429	171
Miscellaneous	12,382	-	-	-
<b>Total Revenues</b>	<b>507,499</b>	<b>629,657</b>	<b>1,429</b>	<b>198,604</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	819,295	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	98,762	924,123	40,743	400,739
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>918,057</b>	<b>924,123</b>	<b>40,743</b>	<b>400,739</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(410,558)	(294,466)	(39,314)	(202,135)
<b>Other Financing Sources (Uses):</b>				
Transfers in	337,100	-	-	198,433
Transfers out	(17,380)	(198,433)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>319,720</b>	<b>(198,433)</b>	<b>-</b>	<b>198,433</b>
Net Change in Fund Balances	\$ (90,838)	\$ (492,899)	\$ (39,314)	\$ (3,702)
<b>Fund Balances:</b>				
Beginning of Year, as originally reported	\$ 458,152	\$ 1,036,929	\$ 169,681	\$ 10,348
Restatements	-	-	-	-
Beginning of Year, as restated	458,152	1,036,929	169,681	10,348
Net Change in Fund Balances	(90,838)	(492,899)	(39,314)	(3,702)
<b>End of Year</b>	<b>\$ 367,314</b>	<b>\$ 544,030</b>	<b>\$ 130,367</b>	<b>\$ 6,646</b>

Special Revenue Funds				
Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Local Law Enforcement Block Grant	COPS MORE Grant
\$ -	\$ 37,243	\$ -	\$ -	\$ -
106,745	-	299,865	51,416	98,207
-	-	-	-	-
-	50	-	444	719
-	-	150,000	-	-
<b>106,745</b>	<b>37,293</b>	<b>449,865</b>	<b>51,860</b>	<b>98,926</b>
-	-	10,205	-	-
-	-	-	11,115	21,941
-	49,298	-	-	-
27,000	-	-	-	-
79,745	-	591,394	46,224	109,631
-	-	-	-	-
-	-	-	-	-
<b>106,745</b>	<b>49,298</b>	<b>601,599</b>	<b>57,339</b>	<b>131,572</b>
-	(12,005)	(151,734)	(5,479)	(32,646)
-	17,380	-	5,479	-
-	-	-	-	-
-	<b>17,380</b>	-	<b>5,479</b>	-
<b>\$ -</b>	<b>\$ 5,375</b>	<b>\$ (151,734)</b>	<b>\$ -</b>	<b>\$ (32,646)</b>
\$ -	\$ 9,439	\$ 197,155	\$ -	\$ 32,646
-	-	-	-	-
-	9,439	197,155	-	32,646
-	5,375	(151,734)	-	(32,646)
<b>\$ -</b>	<b>\$ 14,814</b>	<b>\$ 45,421</b>	<b>\$ -</b>	<b>\$ -</b>

## CITY OF BANNING

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004**

	Special Revenue Funds			
	Supplemental Law Enforcement	Public Safety Sales Tax	State Park Bond Act	Property Abatement
<b>Revenues:</b>				
Taxes	\$ -	\$ 166,843	\$ -	\$ 66,342
Intergovernmental	100,000	-	-	131,253
Charges for services	-	-	-	93,390
Use of money and property	1,801	436	1	2,137
Miscellaneous	-	-	800	-
<b>Total Revenues</b>	<b>101,801</b>	<b>167,279</b>	<b>801</b>	<b>293,122</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	114,677	-	-	-
Public works	-	-	-	226,425
Parks and recreation	-	-	-	-
Capital outlay	100,840	-	996	6,250
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>215,517</b>	<b>-</b>	<b>996</b>	<b>232,675</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(113,716)	167,279	(195)	60,447
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	71,500
Transfers out	-	(190,000)	(4,161)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(190,000)</b>	<b>(4,161)</b>	<b>71,500</b>
<b>Net Change in Fund Balances</b>	<b>\$ (113,716)</b>	<b>\$ (22,721)</b>	<b>\$ (4,356)</b>	<b>\$ 131,947</b>
<b>Fund Balances:</b>				
Beginning of Year, as originally reported	\$ 204,139	\$ 70,027	\$ 6,390	\$ 247,061
Restatements	-	-	(1,232)	-
Beginning of Year, as restated	204,139	70,027	5,158	247,061
Net Change in Fund Balances	(113,716)	(22,721)	(4,356)	131,947
<b>End of Year</b>	<b>\$ 90,423</b>	<b>\$ 47,306</b>	<b>\$ 802</b>	<b>\$ 379,008</b>



Special Revenue Funds				
Special Donations	Senior Center Activities	Police Volunteer	D.A.R.E. Donation	Ramsey/ Highland Home Signal
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	16,049	-	-	-
-	1,070	59	44	664
29,813	-	1,928	1,549	-
<b>29,813</b>	<b>17,119</b>	<b>1,987</b>	<b>1,593</b>	<b>664</b>
-	-	-	-	-
-	-	4,119	-	-
-	-	-	-	-
31,923	13,063	-	-	-
-	-	-	12,800	-
-	-	-	-	-
-	-	-	-	-
<b>31,923</b>	<b>13,063</b>	<b>4,119</b>	<b>12,800</b>	<b>-</b>
(2,110)	4,056	(2,132)	(11,207)	664
15,000	-	3,000	4,000	-
-	-	-	-	-
<b>15,000</b>	<b>-</b>	<b>3,000</b>	<b>4,000</b>	<b>-</b>
<b>\$ 12,890</b>	<b>\$ 4,056</b>	<b>\$ 868</b>	<b>\$ (7,207)</b>	<b>\$ 664</b>
\$ 16,884	\$ 57,293	\$ 4,759	\$ 11,409	\$ 66,339
-	-	-	-	-
16,884	57,293	4,759	11,409	66,339
12,890	4,056	868	(7,207)	664
<b>\$ 29,774</b>	<b>\$ 61,349</b>	<b>\$ 5,627</b>	<b>\$ 4,202</b>	<b>\$ 67,003</b>

## CITY OF BANNING

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004**

	<b>Special Revenue Funds</b>			<b>Capital Projects Funds</b>
	<b>Wilson Median Improvement</b>	<b>Animal Control Reserve</b>	<b>Peacock Valley II</b>	<b>Police Facilities Development</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	3,105	114	82	4,043
Miscellaneous	-	-	19,248	96,187
<b>Total Revenues</b>	<b>3,105</b>	<b>114</b>	<b>19,330</b>	<b>100,230</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	87,010
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,010</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,105	114	19,330	13,220
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	\$ 3,105	\$ 114	\$ 19,330	\$ 13,220
<b>Fund Balances:</b>				
Beginning of Year, as originally reported	\$ 310,423	\$ 11,356	\$ -	\$ 387,045
Restatements	-	-	-	-
Beginning of Year, as restated	310,423	11,356	-	387,045
Net Change in Fund Balances	3,105	114	19,330	13,220
<b>End of Year</b>	<b>\$ 313,528</b>	<b>\$ 11,470</b>	<b>\$ 19,330</b>	<b>\$ 400,265</b>

Capital Projects Funds				Debt Service Funds	Total Governmental Funds
Fire Facilities Development	Traffic Control Facilities	General Facilities	Park Development	City Debt Service Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 892,646
-	-	-	-	-	1,477,058
-	-	-	-	-	109,439
4,484	2,998	2,937	6,771	-	44,976
144,897	60,747	56,375	93,093	-	667,019
<b>149,381</b>	<b>63,745</b>	<b>59,312</b>	<b>99,864</b>	-	<b>3,191,138</b>
-	-	-	-	-	10,205
-	-	-	-	-	151,852
-	-	-	-	-	1,095,018
-	-	-	-	-	71,986
-	-	-	4,611	-	2,503,868
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	<b>4,611</b>	-	<b>3,832,929</b>
149,381	63,745	59,312	95,253	-	(641,791)
-	-	-	4,161	-	656,053
-	-	-	-	-	(409,974)
-	-	-	<b>4,161</b>	-	<b>246,079</b>
<b>\$ 149,381</b>	<b>\$ 63,745</b>	<b>\$ 59,312</b>	<b>\$ 99,414</b>	<b>\$ -</b>	<b>\$ (395,712)</b>
\$ 363,666	\$ 271,675	\$ 267,224	\$ 460,744	\$ 559,763	\$ 5,230,547
-	-	-	-	(559,763)	(560,995)
363,666	271,675	267,224	460,744	-	4,669,552
149,381	63,745	59,312	99,414	-	(395,712)
<b>\$ 513,047</b>	<b>\$ 335,420</b>	<b>\$ 326,536</b>	<b>\$ 560,158</b>	<b>\$ -</b>	<b>\$ 4,273,840</b>

**BUDGETARY COMPARISON SCHEDULE  
GAS TAX STREET  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 458,152	\$ 458,152	\$ 458,152	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	482,290	482,290	491,139	8,849
Use of money and property	6,000	6,000	3,978	(2,022)
Other	5,750	5,750	12,382	6,632
Transfers from other funds	319,600	337,100	337,100	-
<b>Amounts Available for Appropriation</b>	<b>1,271,792</b>	<b>1,289,292</b>	<b>1,302,751</b>	<b>13,459</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	845,006	868,006	819,295	48,711
Capital outlay	63,000	127,400	98,762	28,638
Transfers to other funds	17,380	17,380	17,380	-
<b>Total Charges to Appropriations</b>	<b>925,386</b>	<b>1,012,786</b>	<b>935,437</b>	<b>77,349</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 346,406</b>	<b>\$ 276,506</b>	<b>\$ 367,314</b>	<b>\$ 90,808</b>

## CITY OF BANNING

Schedule 3B

**BUDGETARY COMPARISON SCHEDULE  
MEASURE A  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,036,929	\$ 1,036,929	\$ 1,036,929	\$ -
<b>Resources (Inflows):</b>				
Taxes	554,000	554,000	622,218	68,218
Intergovernmental	-	138,600	-	(138,600)
Use of money and property	15,000	15,000	7,439	(7,561)
<b>Amounts Available for Appropriation</b>	<b>1,605,929</b>	<b>1,744,529</b>	<b>1,666,586</b>	<b>(77,943)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	966,440	924,123	42,317
Transfers to other funds	-	223,558	198,433	25,125
<b>Total Charges to Appropriations</b>	<b>545,000</b>	<b>1,189,998</b>	<b>1,122,556</b>	<b>67,442</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,060,929</b>	<b>\$ 554,531</b>	<b>\$ 544,030</b>	<b>\$ (10,501)</b>

**BUDGETARY COMPARISON SCHEDULE  
SB 300 STREET  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 169,681	\$ 169,681	\$ 169,681	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	3,000	3,000	1,429	(1,571)
<b>Amounts Available for Appropriation</b>	<b>172,681</b>	<b>172,681</b>	<b>171,110</b>	<b>(1,571)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	110,610	40,743	69,867
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>110,610</b>	<b>40,743</b>	<b>69,867</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 172,681</b>	<b>\$ 62,071</b>	<b>\$ 130,367</b>	<b>\$ 68,296</b>

## CITY OF BANNING

Schedule 3D

**BUDGETARY COMPARISON SCHEDULE  
ARTICLE 3 SIDEWALK  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 10,348	\$ 10,348	10,348	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	25,000	223,558	198,433	(25,125)
Use of money and property	500	500	171	(329)
Transfers from other funds	20,000	223,558	198,433	(25,125)
<b>Amounts Available for Appropriation</b>	<b>55,848</b>	<b>457,964</b>	<b>407,385</b>	<b>(50,579)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	450,987	400,739	50,248
<b>Total Charges to Appropriations</b>	<b>45,000</b>	<b>450,987</b>	<b>400,739</b>	<b>50,248</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 10,848</b>	<b>\$ 6,977</b>	<b>\$ 6,646</b>	<b>\$ (331)</b>

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	212,176	649,471	106,745	(542,726)
<b>Amounts Available for Appropriation</b>	<b>212,176</b>	<b>649,471</b>	<b>106,745</b>	<b>(542,726)</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	212,176	27,000	27,000	-
Capital outlay	-	622,471	79,745	542,726
<b>Total Charges to Appropriations</b>	<b>212,176</b>	<b>649,471</b>	<b>106,745</b>	<b>542,726</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## CITY OF BANNING

## Schedule 3F

**BUDGETARY COMPARISON SCHEDULE  
LANDSCAPE MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2004**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 9,439	\$ 9,439	\$ 9,439	\$ -
<b>Resources (Inflows):</b>				
Taxes	37,308	37,308	37,243	(65)
Use of money and property	100	100	50	(50)
Transfers from other funds	17,380	17,380	17,380	-
<b>Amounts Available for Appropriation</b>	<b>64,227</b>	<b>64,227</b>	<b>64,112</b>	<b>(115)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	53,800	57,100	49,298	7,802
<b>Total Charges to Appropriations</b>	<b>53,800</b>	<b>57,100</b>	<b>49,298</b>	<b>7,802</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 10,427</b>	<b>\$ 7,127</b>	<b>\$ 14,814</b>	<b>\$ 7,687</b>

**BUDGETARY COMPARISON SCHEDULE  
AQMD AIR POLLUTION PROGRAM  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 197,155	\$ 197,155	\$ 197,155	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	27,000	437,000	299,865	(137,135)
Use of money and property	3,000	3,000	-	(3,000)
Other	-	150,000	150,000	-
<b>Amounts Available for Appropriation</b>	<b>227,155</b>	<b>787,155</b>	<b>647,020</b>	<b>(140,135)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	9,900	10,205	(305)
Capital outlay	-	660,310	591,394	68,916
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>670,210</b>	<b>601,599</b>	<b>68,611</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 227,155</b>	<b>\$ 116,945</b>	<b>\$ 45,421</b>	<b>\$ (71,524)</b>

## CITY OF BANNING

## Schedule 3H

**BUDGETARY COMPARISON SCHEDULE  
LOCAL LAW ENFORCEMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	82,307	51,416	(30,891)
Use of money and property	-	122	444	322
Transfers from other funds	-	5,479	5,479	-
<b>Amounts Available for Appropriation</b>	<b>-</b>	<b>87,908</b>	<b>57,339</b>	<b>(30,569)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	31,746	11,115	20,631
Capital outlay	-	56,162	46,224	9,938
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>87,908</b>	<b>57,339</b>	<b>30,569</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## CITY OF BANNING

## Schedule 3I

**BUDGETARY COMPARISON SCHEDULE  
COPS MORE GRANT  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 32,646	\$ 32,646
<b>Resources (Inflows):</b>				
Intergovernmental	-	130,852	98,207	(32,645)
Use of money and property	-	441	719	278
<b>Amounts Available for Appropriation</b>	<b>-</b>	<b>131,293</b>	<b>131,572</b>	<b>279</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	21,286	21,941	(655)
Capital outlay	-	110,007	109,631	376
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>131,293</b>	<b>131,572</b>	<b>(279)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## CITY OF BANNING

Schedule 3J

**BUDGET COMPARISON SCHEDULE  
SUPPLEMENTAL LAW ENFORCEMENT  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 204,139	\$ 204,139	\$ 204,139	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	100,000	100,000	-
Use of money and property	2,400	1,400	1,801	401
<b>Amounts Available for Appropriation</b>	<b>206,539</b>	<b>305,539</b>	<b>305,940</b>	<b>401</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	122,175	-	-	-
Public safety	-	204,034	114,677	89,357
Capital outlay	-	100,841	100,840	1
<b>Total Charges to Appropriations</b>	<b>122,175</b>	<b>304,875</b>	<b>215,517</b>	<b>89,358</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 84,364</b>	<b>\$ 664</b>	<b>\$ 90,423</b>	<b>\$ 89,759</b>

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC SAFETY SALES TAX  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 70,027	\$ 70,027	\$ 70,027	\$ -
<b>Resources (Inflows):</b>				
Taxes	139,200	149,200	166,843	17,643
Use of money and property	800	800	436	(364)
<b>Amounts Available for Appropriation</b>	<b>210,027</b>	<b>220,027</b>	<b>237,306</b>	<b>17,279</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	140,000	190,000	190,000	-
<b>Total Charges to Appropriations</b>	<b>140,000</b>	<b>190,000</b>	<b>190,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 70,027</b>	<b>\$ 30,027</b>	<b>\$ 47,306</b>	<b>\$ 17,279</b>

## CITY OF BANNING

## Schedule 3L

**BUDGETARY COMPARISON SCHEDULE  
STATE PARK BOND ACT  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ 6,390	\$ 6,390
<b>Resources (Inflows):</b>				
Use of money and property	-	-	1	1
Other	-	800	800	-
<b>Amounts Available for Appropriation</b>	-	800	7,191	6,391
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	996	996	-
Debt service:				
Refunding costs	-	-	-	4,161
Transfers to other funds	-	4,161	4,161	-
<b>Total Charges to Appropriations</b>	-	5,157	5,157	4,161
Restatements	-	-	(1,232)	1,232
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ (4,357)</b>	<b>\$ 802</b>	<b>\$ 3,462</b>

**BUDGETARY COMPARISON SCHEDULE  
PROPERTY ABATEMENT  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 247,061	\$ 247,061	\$ 247,061	\$ -
<b>Resources (Inflows):</b>				
Taxes	31,800	31,800	66,342	34,542
Intergovernmental	120,741	146,027	131,253	(14,774)
Charges for services	19,500	19,500	93,390	73,890
Use of money and property	3,000	3,000	2,137	(863)
Transfers from other funds	71,500	71,500	71,500	-
<b>Amounts Available for Appropriation</b>	<b>493,602</b>	<b>518,888</b>	<b>611,683</b>	<b>92,795</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	245,223	343,881	226,425	117,456
Capital outlay	-	6,500	6,250	250
<b>Total Charges to Appropriations</b>	<b>245,223</b>	<b>350,381</b>	<b>232,675</b>	<b>117,706</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 248,379</b>	<b>\$ 168,507</b>	<b>\$ 379,008</b>	<b>\$ 210,501</b>



## CITY OF BANNING

## Schedule 3N

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL DONATIONS  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 16,884	\$ 16,884	\$ 16,884	\$ -
<b>Resources (Inflows):</b>				
Other	7,500	15,250	29,813	14,563
Transfers from other funds	15,000	15,000	15,000	-
<b>Amounts Available for Appropriation</b>	<b>39,384</b>	<b>47,134</b>	<b>61,697</b>	<b>14,563</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	22,500	26,332	31,923	(5,591)
<b>Total Charges to Appropriations</b>	<b>22,500</b>	<b>26,332</b>	<b>31,923</b>	<b>(5,591)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 16,884</b>	<b>\$ 20,802</b>	<b>\$ 29,774</b>	<b>\$ 8,972</b>

**BUDGETARY COMPARISON SCHEDULE  
SENIOR CENTER ACTIVITIES  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 57,293	\$ 57,293	\$ 57,293	\$ -
<b>Resources (Inflows):</b>				
Charges for services	2,340	1,440	16,049	14,609
Use of money and property	1,000	300	1,070	770
Other	11,150	15,035	-	(15,035)
<b>Amounts Available for Appropriation</b>	<b>71,783</b>	<b>74,068</b>	<b>74,412</b>	<b>344</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	20,150	29,750	13,063	16,687
<b>Total Charges to Appropriations</b>	<b>20,150</b>	<b>29,750</b>	<b>13,063</b>	<b>16,687</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 51,633</b>	<b>\$ 44,318</b>	<b>\$ 61,349</b>	<b>\$ 17,031</b>

## CITY OF BANNING

## Schedule 3P

**BUDGETARY COMPARISON SCHEDULE  
POLICE VOLUNTEER  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 4,759	\$ 4,759	\$ 4,759	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	100	100	59	(41)
Other	1,250	1,250	1,928	678
Transfers from other funds	3,000	3,000	3,000	-
<b>Amounts Available for Appropriation</b>	<b>9,109</b>	<b>9,109</b>	<b>9,746</b>	<b>637</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	4,350	5,350	4,119	1,231
<b>Total Charges to Appropriations</b>	<b>4,350</b>	<b>5,350</b>	<b>4,119</b>	<b>1,231</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,759</b>	<b>\$ 3,759</b>	<b>\$ 5,627</b>	<b>\$ 1,868</b>

**BUDGETARY COMPARISON SCHEDULE  
D.A.R.E. DONATION  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 11,409	\$ 11,409	\$ 11,409	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	100	100	44	(56)
Other	6,000	6,000	1,549	(4,451)
Transfers from other funds	4,000	4,000	4,000	-
<b>Amounts Available for Appropriation</b>	<b>21,509</b>	<b>21,509</b>	<b>17,002</b>	<b>(4,507)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	10,000	8,500	-	8,500
Capital outlay	-	12,800	12,800	-
<b>Total Charges to Appropriations</b>	<b>10,000</b>	<b>21,300</b>	<b>12,800</b>	<b>8,500</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 11,509</b>	<b>\$ 209</b>	<b>\$ 4,202</b>	<b>\$ 3,993</b>

## CITY OF BANNING

## Schedule 3R

**BUDGETARY COMPARISON SCHEDULE  
RAMSEY/HIGHLAND HOME SIGNAL  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 66,339	\$ 66,339	\$ 66,339	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,200	1,200	664	(536)
<b>Amounts Available for Appropriation</b>	<b>67,539</b>	<b>67,539</b>	<b>67,003</b>	<b>(536)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 67,539</b>	<b>\$ 67,539</b>	<b>\$ 67,003</b>	<b>\$ (536)</b>

## CITY OF BANNING

Schedule 3S

**BUDGETARY COMPARISON SCHEDULE  
WILSON MEDIAN IMPROVEMENT  
YEAR ENDED JUNE 30, 2004**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 310,423	\$ 310,423	\$ 310,423	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	5,500	5,500	3,105	(2,395)
<b>Amounts Available for Appropriation</b>	<b>315,923</b>	<b>315,923</b>	<b>313,528</b>	<b>(2,395)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 315,923</b>	<b>\$ 315,923</b>	<b>\$ 313,528</b>	<b>\$ (2,395)</b>

## CITY OF BANNING

## Schedule 3T

**BUDGETARY COMPARISON SCHEDULE  
ANIMAL CONTROL RESERVE  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 11,356	\$ 11,356	\$ 11,356	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	200	100	114	14
<b>Amounts Available for Appropriation</b>	<b>11,556</b>	<b>11,456</b>	<b>11,470</b>	<b>14</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 11,556</b>	<b>\$ 11,456</b>	<b>\$ 11,470</b>	<b>\$ 14</b>

**BUDGETARY COMPARISON SCHEDULE  
PEACOCK VALLEY II  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Investment Income	-	-	82	82
Other	-	30,000	19,248	(10,752)
<b>Amounts Available for Appropriation</b>	<b>-</b>	<b>30,000</b>	<b>19,330</b>	<b>(10,670)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ 30,000</b>	<b>\$ 19,330</b>	<b>\$ (10,670)</b>



## CITY OF BANNING

## Schedule 4A

**BUDGETARY COMPARISON SCHEDULE  
POLICE FACILITIES DEVELOPMENT  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 387,045	\$ 387,045	\$ 387,045	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	3,000	3,000	4,043	1,043
Other	72,822	61,899	96,187	34,288
<b>Amounts Available for Appropriation</b>	<b>462,867</b>	<b>451,944</b>	<b>487,275</b>	<b>35,331</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	121,916	87,010	34,906
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>121,916</b>	<b>87,010</b>	<b>34,906</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 462,867</b>	<b>\$ 330,028</b>	<b>\$ 400,265</b>	<b>\$ 70,237</b>

**BUDGETARY COMPARISON SCHEDULE  
FIRE FACILITIES DEVELOPMENT  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 363,666	\$ 363,666	\$ 363,666	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,000	1,000	4,484	3,484
Other	108,610	92,318	144,897	52,579
<b>Amounts Available for Appropriation</b>	<b>473,276</b>	<b>456,984</b>	<b>513,047</b>	<b>56,063</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 473,276</b>	<b>\$ 456,984</b>	<b>\$ 513,047</b>	<b>\$ 56,063</b>

## CITY OF BANNING

## Schedule 4C

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC CONTROL FACILITIES  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 271,675	\$ 271,675	\$ 271,675	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	3,000	3,000	2,998	(2)
Other	40,800	34,680	60,747	26,067
<b>Amounts Available for Appropriation</b>	<b>315,475</b>	<b>309,355</b>	<b>335,420</b>	<b>26,065</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 315,475</b>	<b>\$ 309,355</b>	<b>\$ 335,420</b>	<b>\$ 26,065</b>

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FACILITIES  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 267,224	\$ 267,224	\$ 267,224	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	3,000	3,000	2,937	(63)
Other	40,800	34,680	56,375	21,695
<b>Amounts Available for Appropriation</b>	<b>311,024</b>	<b>304,904</b>	<b>326,536</b>	<b>21,632</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 311,024</b>	<b>\$ 304,904</b>	<b>\$ 326,536</b>	<b>\$ 21,632</b>

## CITY OF BANNING

## Schedule 4E

**BUDGETARY COMPARISON SCHEDULE  
PARK DEVELOPMENT  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 460,744	\$ 460,744	\$ 460,744	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	2,000	2,000	6,771	4,771
Other	199,800	169,830	93,093	(76,737)
Transfers from other funds	-	4,161	4,161	-
<b>Amounts Available for Appropriation</b>	<b>662,544</b>	<b>636,735</b>	<b>564,769</b>	<b>(71,966)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	433,524	4,611	428,913
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>433,524</b>	<b>4,611</b>	<b>428,913</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 662,544</b>	<b>\$ 203,211</b>	<b>\$ 560,158</b>	<b>\$ 356,947</b>

**BUDGETARY COMPARISON SCHEDULE  
REDEVELOPMENT AGENCY - CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 1,299,066	\$ 1,299,066	\$ 1,299,066	\$ -
<b>Resources (Inflows):</b>				
Taxes	-	(3,595)	305,739	309,334
Use of money and property	-	14,500	73,877	59,377
Other	-	2,740	-	(2,740)
Other debts issued	-	2,071,746	10,358,728	8,286,982
Transfers from other funds	-	667,960	192,668	(475,292)
<b>Amounts Available for Appropriation</b>	<b>1,299,066</b>	<b>4,052,417</b>	<b>12,230,078</b>	<b>8,177,661</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	493,476	1,258,235	529,328	728,907
Capital outlay	-	41,560	66,384	(24,824)
Transfers to other funds	-	84,149	68,866	15,283
<b>Total Charges to Appropriations</b>	<b>493,476</b>	<b>1,383,944</b>	<b>664,578</b>	<b>719,366</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 805,590</b>	<b>\$ 2,668,473</b>	<b>\$ 11,565,500</b>	<b>\$ 8,897,027</b>

## CITY OF BANNING

## Schedule 5

**BUDGETARY COMPARISON SCHEDULE  
REDEVELOPMENT AGENCY - DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2004**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1 as restated	\$ 829,257	\$ 829,257	\$ 829,257	\$ -
<b>Resources (Inflows):</b>				
Taxes	753,535	1,160,458	1,222,952	62,494
Use of money and property	531,500	531,500	525,987	(5,513)
Other	73,046	73,046	21,853	(51,193)
Other debts issued	-	3,736,272	3,736,272	-
Transfers from other funds	69,149	84,149	68,866	(15,283)
<b>Amounts Available for Appropriation</b>	<b>2,256,487</b>	<b>6,414,682</b>	<b>6,405,187</b>	<b>(9,495)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	38,833	127,881	131,977	(4,096)
Debt service:				
Principal	606,462	2,755,000	2,755,000	-
Interest and fiscal charges	496,933	558,316	553,580	4,736
Refunding costs	-	881,584	679,767	201,817
Pass-through agreement payments	76,930	163,001	162,978	23
Transfers to other funds	352,188	377,846	192,668	185,178
<b>Total Charges to Appropriations</b>	<b>1,571,346</b>	<b>4,863,628</b>	<b>4,475,970</b>	<b>387,658</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 685,141</b>	<b>\$ 1,551,054</b>	<b>\$ 1,929,217</b>	<b>\$ (397,153)</b>

**COMBINING STATEMENT OF FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2004**

	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
<b>Assets:</b>				
Current:				
Cash and investments	\$ 201,190	\$ 243,234	\$ 243,584	\$ 688,008
Receivables:				
Accounts	1,276	1,682	267,556	270,514
Interest	677	1,820	785	3,282
Due from other governments	238,237	-	-	238,237
Inventories	15,855	-	-	15,855
<b>Total Current Assets</b>	<b>457,235</b>	<b>246,736</b>	<b>511,925</b>	<b>1,215,896</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	1,684,639	1,061,234	-	2,745,873
<b>Total Noncurrent Assets</b>	<b>1,684,639</b>	<b>1,061,234</b>	<b>-</b>	<b>2,745,873</b>
<b>Total Assets</b>	<b>\$ 2,141,874</b>	<b>\$ 1,307,970</b>	<b>\$ 511,925</b>	<b>\$ 3,961,769</b>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 242,478	\$ 7,998	\$ 174,176	\$ 424,652
Accrued payroll payable	688	15,730	343	16,761
Deposits payable	24,377	-	35,713	60,090
Unearned revenues	-	177,401	-	177,401
<b>Total Current Liabilities</b>	<b>267,543</b>	<b>201,129</b>	<b>210,232</b>	<b>678,904</b>
Noncurrent:				
Advances from other funds	256,245	-	-	256,245
Compensated absences	65	44,894	1,548	46,507
<b>Total Noncurrent Liabilities</b>	<b>256,310</b>	<b>44,894</b>	<b>1,548</b>	<b>302,752</b>
<b>Total Liabilities</b>	<b>523,853</b>	<b>246,023</b>	<b>211,780</b>	<b>981,656</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	1,684,639	1,061,234	-	2,745,873
Unrestricted	(66,618)	713	300,145	234,240
<b>Total Net Assets</b>	<b>1,618,021</b>	<b>1,061,947</b>	<b>300,145</b>	<b>2,980,113</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,141,874</b>	<b>\$ 1,307,970</b>	<b>\$ 511,925</b>	<b>\$ 3,961,769</b>



**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2004**

	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 222,680	\$ 99,237	\$ 2,218,077	\$ 2,539,994
<b>Total Operating Revenues</b>	<b>222,680</b>	<b>99,237</b>	<b>2,218,077</b>	<b>2,539,994</b>
<b>Operating Expenses:</b>				
Salaries and benefits	26,665	485,398	11,422	523,485
Supplies and services	112,560	347,712	2,123,625	2,583,897
Repairs and maintenance	26,844	463	-	27,307
Depreciation	73,476	169,215	-	242,691
<b>Total Operating Expenses</b>	<b>239,545</b>	<b>1,002,788</b>	<b>2,135,047</b>	<b>3,377,380</b>
Operating Income (Loss)	(16,865)	(903,551)	83,030	(837,386)
<b>Nonoperating Revenues (Expenses):</b>				
Taxes	-	1,283,395	32,586	1,315,981
Intergovernmental	246,737	14,862	-	261,599
Interest revenue	1,927	7,265	2,174	11,366
Interest expense	(4,175)	-	-	(4,175)
Miscellaneous	-	-	2,333	2,333
<b>Total Nonoperating Revenues (Expenses)</b>	<b>244,489</b>	<b>1,305,522</b>	<b>37,093</b>	<b>1,587,104</b>
Income (Loss) Before Transfers	227,624	401,971	120,123	749,718
Transfers out	-	-	(55,000)	(55,000)
Changes in Net Assets	227,624	401,971	65,123	694,718
<b>Net Assets:</b>				
Beginning of Fiscal Year	1,390,397	659,976	235,022	2,285,395
<b>End of Fiscal Year</b>	<b>\$ 1,618,021</b>	<b>\$ 1,061,947</b>	<b>\$ 300,145</b>	<b>\$ 2,980,113</b>

## CITY OF BANNING

Schedule 8

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**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 224,967	\$ 97,555	\$ 2,195,850	\$ 2,518,372
Cash received from miscellaneous revenue	8,500	1,352,162	34,919	1,395,581
Cash paid to suppliers for goods and services	96,059	(340,209)	(2,108,084)	(2,352,234)
Cash paid to employees for services	(26,484)	(475,792)	(10,670)	(512,946)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>303,042</u>	<u>633,716</u>	<u>112,015</u>	<u>1,048,773</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfer to other funds	-	-	(55,000)	(55,000)
Repayment of advances	(30,000)	-	-	(30,000)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>(30,000)</u>	<u>-</u>	<u>(55,000)</u>	<u>(85,000)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchases, acquisition and construction of capital assets	(242,237)	(570,475)	-	(812,712)
Interest paid on capital debt	(4,175)	-	-	(4,175)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(246,412)</u>	<u>(570,475)</u>	<u>-</u>	<u>(816,887)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received	1,825	6,381	2,074	10,280
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>1,825</u>	<u>6,381</u>	<u>2,074</u>	<u>10,280</u>
Net Increase (Decrease) in Cash and Cash Equivalents	28,455	69,622	59,089	157,166
Cash and Cash Equivalents at Beginning of Year	172,735	173,612	184,495	530,842
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 201,190</u>	<u>\$ 243,234</u>	<u>\$ 243,584</u>	<u>\$ 688,008</u>

## CITY OF BANNING

Schedule 8

Page 2 of 2

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (16,865)	\$ (903,551)	\$ 83,030	\$ (837,386)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	73,476	169,215	-	242,691
Miscellaneous revenue	246,737	1,298,257	34,919	1,579,913
(Increase) decrease in accounts receivable	(326)	(1,682)	(23,584)	(25,592)
(Increase) decrease in due from other governments	(238,237)	642,365	-	404,128
(Increase) decrease in inventories	(5,872)	-	-	(5,872)
Increase (decrease) in accounts payable	241,335	7,966	15,541	264,842
Increase (decrease) in accrued liabilities	116	5,353	117	5,586
Increase (decrease) in deposits payable	2,613	-	1,357	3,970
Increase (decrease) in deferred revenue	-	(588,460)	-	(588,460)
Increase (decrease) in compensated absences	65	4,253	635	4,953
<b>Total Adjustments</b>	<u>319,907</u>	<u>1,537,267</u>	<u>28,985</u>	<u>1,886,159</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 303,042</u>	<u>\$ 633,716</u>	<u>\$ 112,015</u>	<u>\$ 1,048,773</u>

**Schedule of Noncash Transactions:**

There were no noncash transactions during the year.

## CITY OF BANNING

Schedule 9

**COMBINING STATEMENT OF NET FUND ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2004**

	Self Insurance	Fleet Maintenance	Information Services	Public Works Administration	Utility Billing Accounting & Collection	Totals
<b>Assets:</b>						
Current:						
Cash and investments	\$ 1,950,129	\$ 148,230	\$ 72,202	\$ 113,666	\$ 119,352	\$ 2,403,579
Receivables:						
Accounts	33,844	31,805	-	-	14,037	79,686
Interest	5,991	436	329	367	376	7,499
Loans	-	391	-	-	6,197	6,588
Due from other governments	-	2,638	-	-	-	2,638
Inventories	-	38,298	-	-	-	38,298
<b>Total Current Assets</b>	<b>1,989,964</b>	<b>221,798</b>	<b>72,531</b>	<b>114,033</b>	<b>139,962</b>	<b>2,538,288</b>
Noncurrent:						
Capital assets - net of accumulated depreciation	-	391,942	61,479	91,922	43,771	589,114
<b>Total Assets</b>	<b>\$ 1,989,964</b>	<b>\$ 613,740</b>	<b>\$ 134,010</b>	<b>\$ 205,955</b>	<b>\$ 183,733</b>	<b>\$ 3,127,402</b>
<b>Liabilities and Net Assets:</b>						
<b>Liabilities:</b>						
Current:						
Accounts payable	\$ 21,370	\$ 29,371	\$ 244	\$ 5	\$ 319	\$ 51,309
Accrued liabilities	3,853	7,108	3,078	8,302	17,407	39,748
Deposits payable	928	-	-	-	-	928
<b>Total Current Liabilities</b>	<b>26,151</b>	<b>36,479</b>	<b>3,322</b>	<b>8,307</b>	<b>17,726</b>	<b>91,985</b>
Noncurrent:						
Compensated absences	48,929	29,301	8,603	109,899	47,225	243,957
Claims payable	1,141,436	-	-	-	-	1,141,436
<b>Total Noncurrent Liabilities</b>	<b>1,190,365</b>	<b>29,301</b>	<b>8,603</b>	<b>109,899</b>	<b>47,225</b>	<b>1,385,393</b>
<b>Total Liabilities</b>	<b>1,216,516</b>	<b>65,780</b>	<b>11,925</b>	<b>118,206</b>	<b>64,951</b>	<b>1,477,378</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debts	-	391,942	61,479	91,922	43,771	589,114
Unrestricted	773,448	156,018	60,606	(4,173)	75,011	1,060,910
<b>Total Net Assets</b>	<b>773,448</b>	<b>547,960</b>	<b>122,085</b>	<b>87,749</b>	<b>118,782</b>	<b>1,650,024</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,989,964</b>	<b>\$ 613,740</b>	<b>\$ 134,010</b>	<b>\$ 205,955</b>	<b>\$ 183,733</b>	<b>\$ 3,127,402</b>

**COMBINING STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2004**

	<b>Self Insurance</b>	<b>Fleet Maintenance</b>	<b>Information Services</b>	<b>Public Works Administration</b>	<b>Utility Billing Accounting &amp; Collection</b>	<b>Totals</b>
<b>Operating Revenues:</b>						
Sales and service charges	\$ 1,342,961	\$ 759,080	\$ 175,000	\$ 546,000	\$ 925,918	\$ 3,748,959
<b>Total Operating Revenues</b>	<b>1,342,961</b>	<b>759,080</b>	<b>175,000</b>	<b>546,000</b>	<b>925,918</b>	<b>3,748,959</b>
<b>Operating Expenses:</b>						
Salaries and benefits	133,880	228,712	104,366	305,653	622,723	1,395,334
Supplies and services	107,900	431,269	53,156	253,320	252,309	1,097,954
Repairs and maintenance	246	41,981	11,055	611	26,842	80,735
Insurance premiums	496,778	-	-	-	-	496,778
Claims and judgments	616,604	-	-	-	-	616,604
Depreciation	-	16,278	31,491	24,570	28,242	100,581
<b>Total Operating Expenses</b>	<b>1,355,408</b>	<b>718,240</b>	<b>200,068</b>	<b>584,154</b>	<b>930,116</b>	<b>3,787,986</b>
Operating Income (Loss)	(12,447)	40,840	(25,068)	(38,154)	(4,198)	(39,027)
<b>Non-Operating Revenues (Expenses):</b>						
Interest revenue	19,545	1,078	932	926	719	23,200
Miscellaneous	102,101	344	-	-	-	102,445
<b>Total Non-Operating Revenues</b>	<b>121,646</b>	<b>1,422</b>	<b>932</b>	<b>926</b>	<b>719</b>	<b>125,645</b>
<b>Change in Net Assets</b>	<b>\$ 109,199</b>	<b>\$ 42,262</b>	<b>\$ (24,136)</b>	<b>\$ (37,228)</b>	<b>\$ (3,479)</b>	<b>\$ 86,618</b>
<b>Net Assets:</b>						
Beginning of Fiscal Year	\$ 664,249	\$ 505,698	\$ 146,221	\$ 124,977	\$ 122,261	\$ 1,563,406
Change in Net Assets	109,199	42,262	(24,136)	(37,228)	(3,479)	86,618
<b>End of Fiscal Year</b>	<b>\$ 773,448</b>	<b>\$ 547,960</b>	<b>\$ 122,085</b>	<b>\$ 87,749</b>	<b>\$ 118,782</b>	<b>\$ 1,650,024</b>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Self Insurance	Fleet Maintenance	Information Services	Public Works Administration	Accounting & Collection	Totals
<b>Cash Flows from Operating Activities:</b>						
Cash received from interfund service provided	\$ 1,317,794	\$ 735,101	\$ 175,000	\$ 546,000	\$ 923,827	\$ 3,697,722
Cash received from miscellaneous revenues	102,101	344	-	-	-	102,445
Cash paid to suppliers for goods and services	(604,712)	(446,862)	(75,315)	(252,069)	(280,581)	(1,659,539)
Cash paid to employees for services	(125,004)	(220,673)	(110,617)	(292,675)	(614,904)	(1,363,873)
Cash paid for claims	(633,928)	-	-	-	-	(633,928)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>56,251</b>	<b>67,910</b>	<b>(10,932)</b>	<b>1,256</b>	<b>28,342</b>	<b>142,827</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Purchases, acquisition and construction of capital assets	-	(17,904)	-	-	-	(17,904)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(17,904)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,904)</b>
<b>Cash Flows from Investing Activities:</b>						
Interest received	20,507	1,136	908	1,106	829	24,486
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>20,507</b>	<b>1,136</b>	<b>908</b>	<b>1,106</b>	<b>829</b>	<b>24,486</b>
Net Increase (Decrease) in Cash and Cash Equivalents	76,758	51,142	(10,024)	2,362	29,171	149,409
Cash and Cash Equivalents at Beginning of Year	1,873,371	97,088	82,226	111,304	90,181	2,254,170
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,950,129</b>	<b>\$ 148,230</b>	<b>\$ 72,202</b>	<b>\$ 113,666</b>	<b>\$ 119,352</b>	<b>\$ 2,403,579</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ (12,447)	\$ 40,840	\$ (25,068)	\$ (38,154)	\$ (4,198)	\$ (39,027)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	-	16,278	31,491	24,570	28,242	100,581
Miscellaneous revenues	102,101	344	-	-	-	102,445
(Increase) decrease in accounts receivable	(25,167)	(23,817)	-	-	(2,091)	(51,075)
(Increase) decrease in loans receivable	-	(288)	-	1,899	(1,603)	8
(Increase) decrease in inventories	-	4,294	-	-	-	4,294
(Increase) decrease in due from other governments	-	(162)	-	-	-	(162)
Increase (decrease) in accounts payable	94	22,383	(11,104)	(37)	173	11,509
Increase (decrease) in accrued liabilities	1,224	2,225	955	2,888	5,114	12,406
Increase (decrease) in deposits payable	118	-	-	-	-	118
Increase (decrease) in compensated absences	7,652	5,813	(7,206)	10,090	2,705	19,054
Increase (decrease) in claims payable	(17,324)	-	-	-	-	(17,324)
<b>Total Adjustments</b>	<b>68,698</b>	<b>27,070</b>	<b>14,136</b>	<b>39,410</b>	<b>32,540</b>	<b>181,854</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 56,251</b>	<b>\$ 67,910</b>	<b>\$ (10,932)</b>	<b>\$ 1,256</b>	<b>\$ 28,342</b>	<b>\$ 142,827</b>

**Schedule of Noncash Transactions:**

There were no noncash transactions during the year.

## CITY OF BANNING

Schedule 12

**COMBINING BALANCE SHEET**  
**ALL AGENCY FUNDS**  
**JUNE 30, 2004**

	<u>Sun Lake CFD 86-1</u>	<u>Special AD 91-1</u>	<u>Area Police Computer</u>	<u>Century Homes Assessment District</u>	<u>Totals</u>
<b>Assets:</b>					
Cash and investments	\$ 500,053	\$ 262,909	\$ 19,318	\$ 11,897	\$ 794,177
Receivables:					
Accounts	149	4,197	-	-	4,346
Interest	1,384	614	131	42	2,171
Due from other governments	9,076	12,285	-	-	21,361
Restricted assets:					
Cash with fiscal agent	382,902	333,458	-	-	716,360
<b>Total Assets</b>	<u><b>\$ 893,564</b></u>	<u><b>\$ 613,463</b></u>	<u><b>\$ 19,449</b></u>	<u><b>\$ 11,939</b></u>	<u><b>\$ 1,538,415</b></u>
<b>Liabilities:</b>					
Accounts payable	\$ 1,796	\$ 351	\$ 283	\$ 1,446	\$ 3,876
Deposits payable	-	10,081	19,166	10,493	39,740
Due to bondholders	891,768	603,031	-	-	1,494,799
<b>Total Liabilities</b>	<u><b>\$ 893,564</b></u>	<u><b>\$ 613,463</b></u>	<u><b>\$ 19,449</b></u>	<u><b>\$ 11,939</b></u>	<u><b>\$ 1,538,415</b></u>

## CITY OF BANNING

Schedule 13

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**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
<b><u>Sun Lakes CFD #86-1</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 527,433	\$ 489,092	\$ 516,472	\$ 500,053
Receivable:				
Accounts	-	149	-	149
Interest	1,764	1,384	1,764	1,384
Due from other governments	12,075	9,076	12,075	9,076
Restricted assets				
Cash with fiscal agent	383,552	-	650	382,902
<b>Total Assets</b>	<b><u>\$ 924,824</u></b>	<b><u>\$ 499,701</u></b>	<b><u>\$ 530,961</u></b>	<b><u>\$ 893,564</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,796	\$ -	\$ 1,796
Due to bondholders	924,824	497,905	530,961	891,768
<b>Total Liabilities</b>	<b><u>\$ 924,824</u></b>	<b><u>\$ 499,701</u></b>	<b><u>\$ 530,961</u></b>	<b><u>\$ 893,564</u></b>
<b><u>Special Assessment District 91-1</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 218,822	\$ 406,604	\$ 362,517	\$ 262,909
Receivable:				
Accounts	-	4,197	-	4,197
Interest	628	614	628	614
Due from other governments	7,943	12,285	7,943	12,285
Restricted assets				
Cash with fiscal agent	337,937	-	4,479	333,458
<b>Total Assets</b>	<b><u>\$ 565,330</u></b>	<b><u>\$ 423,700</u></b>	<b><u>\$ 375,567</u></b>	<b><u>\$ 613,463</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 35	\$ 351	\$ 35	\$ 351
Deposits payable	8,731	10,081	8,731	10,081
Due to bondholders	556,564	413,268	366,801	603,031
<b>Total Liabilities</b>	<b><u>\$ 565,330</u></b>	<b><u>\$ 423,700</u></b>	<b><u>\$ 375,567</u></b>	<b><u>\$ 613,463</u></b>
<b><u>Area Police Computer</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 47,149	\$ 30,550	\$ 58,381	\$ 19,318
Receivable:				
Interest	198	131	198	131
<b>Total Assets</b>	<b><u>\$ 47,347</u></b>	<b><u>\$ 30,681</u></b>	<b><u>\$ 58,579</u></b>	<b><u>\$ 19,449</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 43	\$ 283	\$ 43	\$ 283
Deposits payable	47,304	30,398	58,536	19,166
<b>Total Liabilities</b>	<b><u>\$ 47,347</u></b>	<b><u>\$ 30,681</u></b>	<b><u>\$ 58,579</u></b>	<b><u>\$ 19,449</u></b>



## CITY OF BANNING

Schedule 13

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**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
<b><u>Century Homes Assessment District</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 11,897	\$ -	\$ 11,897
Receivable:				
Interest	-	42	-	42
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 11,939</b>	<b>\$ -</b>	<b>\$ 11,939</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,446	\$ -	\$ 1,446
Deposits payable	-	10,493	-	10,493
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 11,939</b>	<b>\$ -</b>	<b>\$ 11,939</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 793,404	\$ 938,143	\$ 937,370	\$ 794,177
Receivable:				
Accounts	-	4,346	-	4,346
Interest	2,590	2,171	2,590	2,171
Due from other governments	20,018	21,361	20,018	21,361
Restricted assets				
Cash with fiscal agent	721,489	-	5,129	716,360
<b>Total Assets</b>	<b>\$ 1,537,501</b>	<b>\$ 966,021</b>	<b>\$ 965,107</b>	<b>\$ 1,538,415</b>
<b>Liabilities:</b>				
Accounts payable	\$ 78	\$ 3,876	\$ 78	\$ 3,876
Deposits	56,035	50,972	67,267	39,740
Due to bondholders	1,481,388	911,173	897,762	1,494,799
<b>Total Liabilities</b>	<b>\$ 1,537,501</b>	<b>\$ 966,021</b>	<b>\$ 965,107</b>	<b>\$ 1,538,415</b>

