

CITY OF BANNING, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 City of Banning, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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

Opinions

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, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, the schedule of changes in net pension liability and related ratio, the schedules of contributions, and the schedule of proportionate share of the net pension liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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 combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea California
April 4, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Banning (City) presents this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2015 (FY15). This discussion is intended to provide an introduction to the City's basic financial statements, as well as a financial comparison with the fiscal year ended June 30, 2014 (FY14). The City encourages readers to consider the information presented within this discussion and analysis in conjunction with the City's financial statements. For the purpose of this analysis, calculations are rounded and approximate.

FINANCIAL HIGHLIGHTS

- ❖ The City, in conformance with Government Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) and Statement No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date) implemented the new reporting guidelines for pensions. The new standards require that the Net Pension Liability be presented on the face of the financial statements instead of reporting it only in the footnotes.
- ❖ As of June 30, 2015 the City's Net Position, which is the difference between the City's assets and deferred outflows of resources versus its liabilities and deferred inflows of resources, is at \$190.13 million, down by approximately \$28.25 million versus last fiscal year.
- ❖ At the close of the fiscal year, the Unrestricted portion of the Net Position, that which may be used to meet on-going obligations to citizens and creditors, amounts to \$48.64 million, a decrease of \$4.76 million versus last fiscal year. The Net Investment in Capital Assets, another portion of the Net Position, is at \$114.82 million, a decrease of \$20.13 million versus last fiscal year. The Restricted portion of the Net Position amounted to \$26.67 million, a decrease of \$3.37 million versus last fiscal year.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$16.18 million, an increase of \$3.12 million or 23.9% versus last fiscal year.
- ❖ Approximately \$9.80 million or 99.95% of the General Fund balance is unrestricted (total of the Committed, Assigned, and Unassigned Fund Balance). This represents 71.95% of the General Fund expenditures and transfers-out.
- ❖ Governmental revenues from Taxes generated \$10.14 million, an increase of \$0.731 million, up by 7.78% from last fiscal year. Revenue from Mining Tax generated approximately \$0.440 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts –

- ❖ Management’s Discussion and Analysis (this section),
- ❖ The Basic Financial Statements,
- ❖ The Combining Statements for Non-Major Governmental Funds, Non-Major Enterprise Funds, and Internal Service Funds.

The Basic Financial Statements include two kinds of statements that present different views of the City.

- **Government-Wide Financial Statements** provide both long-term and short-term information about the City’s overall financial status in a manner similar to a private-sector business. These statements are further discussed in Section I of this discussion and analysis.
- **Fund Financial Statements** focus on individual parts of the city government and report the City’s operations in a more detailed format than the Government-Wide statements. These statements are further discussed in Section II of this discussion and analysis.

This section of the report ties in most closely to the financial information relied upon for managing the budget and the day to day operations of the City.

The Fund Financial Statements are divided into three categories:

- Governmental fund statements tell how general government services such as police, fire, public works and special revenue funds were financed in the short-term as well as what remains for future spending. The General Fund is reported as a major fund in this section, which also includes the General Fund “Budgetary Comparison Statement”. Additional analysis is provided for the General Fund in Section III of this discussion and analysis.
- Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like a business, such as: water, wastewater and electric utility services, airport, and transit.
- Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of other governmental units, private organizations, or individuals to whom the resources belong.
- The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the Government-Wide and Fund Financial Statements.

The Combining Statements provide details about Non-Major Governmental Funds, Non-Major Enterprise Funds, and Internal Service Funds. Within the section for Non-Major Governmental Funds, budgetary comparison schedules are provided for each governmental fund.

I. GOVERNMENT-WIDE FINANCIAL STATEMENTS

REPORTING THE CITY AS A WHOLE

The Government-Wide Financial Statements provide information about the City's overall financial picture from the perspective of all the City's governmental and business-type funds combined together. This form of financial reporting is intended to provide a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

- The **Statement of Net Position** presents information on all of the City's assets and liabilities, with the difference between the two reported as Net Position. This is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's Net Position may serve as an indicator of whether or not its financial health is improving or deteriorating.
- The **Statement of Activities** presents information on how the City's Net Position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; (e.g., uncollected taxes or earned but unused vacation leaves, such as compensated absences).

In the Statement of Net Position and the Statement of Activities, the City activities are separated as follows:

- **Governmental Activities** – Most of the City's basic services are reported in this category, including 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 fund these activities.
- **Business-Type Activities** – The City charges customers a fee to cover all or most of the cost associated with providing certain services. The City's Municipal Airport, Transit, Refuse, Electric, Water, and Wastewater operations are reported in this category.

The Government-Wide Financial Statements include not only the City, but also the Banning Financing Authority, Banning Housing Authority, Banning Public Facilities Corporation, and the Banning Utility Authority. These component units, while legally separate from the City, provide services entirely or almost exclusively for the benefit of the City. Therefore, these component units are blended with the City government because of their governance and their financial relationships with the City.

THE CITY AS A WHOLE – FINANCIAL HIGHLIGHTS

This section provides discussion and analysis on the Government Wide Financial Statements. This section of the report provides a summarized analysis of the financial condition of the City, which is different from the fund level budgeting and reporting methods used in the day to day operations.

In an effort to align the audited financial statements with the City's internal financial reporting system, effective in FY15, previous items recognized in the Public Works category have been reclassified to either the Transportation or Community Development category and the Parks and Recreation category has been renamed Culture and Leisure.

Table 1 summarizes the Statement of Net Position and provides a comparison with FY14. The focus of the analysis relates to the Changes in Net Position of the City as a whole.

TABLE 1 -NET POSITION (IN MILLIONS)

Table 1 - Summary of Net Position (In Millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals		% CHG
	2014	2015	2014	2015	2014	2015	
Assets:							
Current and other assets	24.58	27.17	86.87	89.27	111.45	116.44	4.5%
Capital assets	85.93	81.94	107.18	106.50	193.11	188.44	2.4%
TOTAL ASSETS	\$ 110.51	\$ 109.11	\$ 194.05	\$ 195.77	\$ 304.56	\$ 304.88	0.1%
Deferred outflows on refunding	-	-	0.35	0.29	0.35	0.29	17.1%
Deferred pension related items	-	1.91	-	0.75	-	2.66	-
TOTAL DEFERRED OUTFLOWS	\$ -	\$ 1.91	\$ 0.35	\$ 1.04	\$ 0.35	\$ 2.95	742.9%
Liabilities:							
Current and other liabilities	3.40	4.02	6.71	6.70	10.11	10.72	6.0%
Long-term liabilities*	4.17	21.49	72.21	80.15	76.38	101.64	33.1%
TOTAL LIABILITIES	\$ 7.57	\$ 25.51	\$ 78.92	\$ 86.85	\$ 86.49	\$ 112.36	29.9%
Deferred inflows on refunding	-	-	0.03	0.02	0.03	0.02	33.3%
Deferred pension related items	-	3.64	-	1.67	-	5.32	-
TOTAL DEFERRED INFLOWS	\$ -	\$ 3.64	\$ 0.03	\$ 1.69	\$ 0.03	\$ 5.34	17700.0%
Net Position:							
Net investment in capital assets	84.09	79.80	50.86	35.03	134.95	114.82	14.9%
Restricted for:							
Community Development Projects	2.81	3.16	-	-	2.81	3.16	12.5%
Public Safety	0.15	0.05	-	-	0.15	0.05	66.7%
Culture and Leisure	0.07	0.05	-	-	0.07	0.05	28.6%
Transportation	2.95	2.55	-	-	2.95	2.55	13.6%
Capital Projects	0.33	0.01	18.26	15.37	18.59	15.38	17.3%
Debt Service	-	-	5.46	5.48	5.46	5.48	0.4%
Unrestricted	12.53	(3.75)	40.87	52.40	53.40	48.64	8.9%
TOTAL NET POSITION	\$ 102.94	\$ 81.87	\$ 115.45	\$ 108.27	\$ 218.39	\$ 190.13	12.9%

Note: Details can be found in the "Statement of Net Position"

NET POSITION

Net Position represents the difference between the City's resources (total assets and deferred outflows of resources) and its obligations (total liabilities and deferred inflows of resources). Over time, Net Position may serve as an indication of a government's financial position. The City's Net Position is made-up of three components: Net Investment in Capital Assets (net of related debt), Restricted, and Unrestricted.

The Total Net Position reflected in Table 1 summarizes the information provided in the Basic Financial Statements – Statement of Net Position. It includes both Changes in Net Position and any Restatements of Net Position. The City's Government-Wide Total Net Position for FY15 is \$190.13 million, a decrease of \$28.26 million or (12.94%) compared to FY14. No significant changes are noted in the total assets while total liabilities increased by \$25.88 million mainly due to the inclusion of the net pension liability in conformance to GASB Statement No. 68 and 71. Corresponding analysis of the causes of these changes are reflected in the following paragraphs.

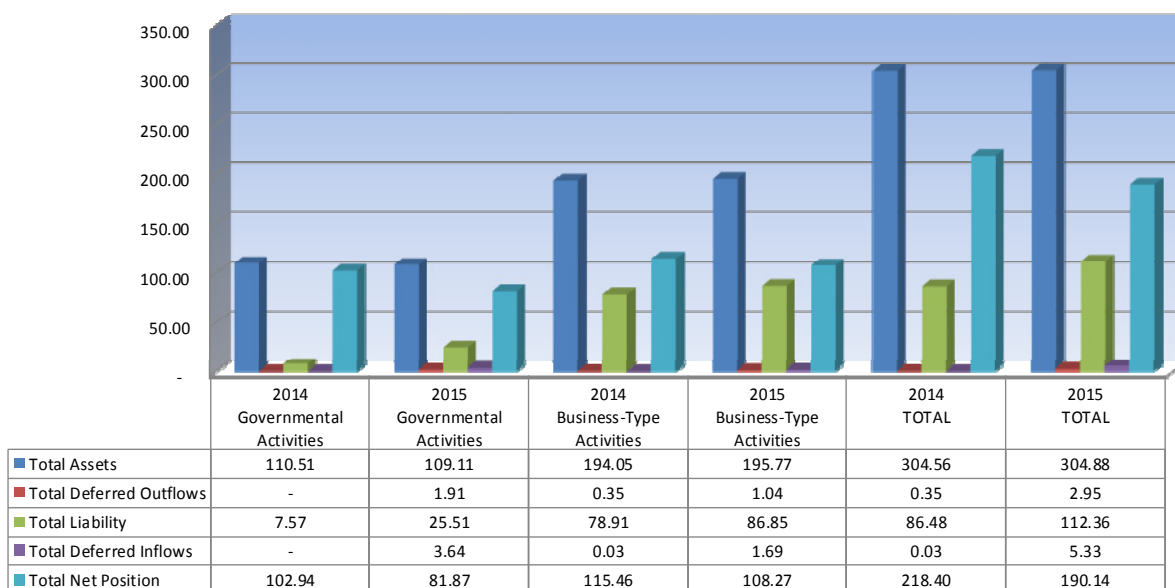
The *Net investment in Capital Assets* of \$114.82 million represents 60.39% of the City's Total Net Position. Investment in capital assets (e.g., infrastructure, land, structures and improvements, furniture and equipment) for this purpose is reduced by unspent bond proceeds used to acquire those assets that are still outstanding and the depreciation on those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported Net of Related Debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. No new long-term debt was incurred during the current fiscal year that would have significantly affected this section. Any decrease therefore, is mainly due to recurring annual depreciation of the capital assets offset by additional capitalized expenditures for FY15.

The portion of the City's Net Position subject to *external restrictions* in how they may be used is \$26.67 million (14.03% of the Total Net Position). The Restricted Net Position includes Community Development Projects, encumbrances and continuing appropriations in Public Safety, Parks and Recreation, Public Works, Capital Projects, and Debt Service.

The remaining *Unrestricted Net Position* balance of \$48.64 million (25.58% of the Total Net Position) may be used to meet the government's ongoing obligations to citizens and creditors within the program areas. The negative unrestricted net position in the Governmental Activities is mainly the result of the implementation of GASB Statement No. 68 and 71. Net Pension Liability for Governmental and Business Type Activities were \$18.66 million and \$10.17 million respectively. Additional information can be found in the Notes to Financial Statements (see note 11).

Chart 1 – provides a visual summary of the information presented in Table 1.

Chart 1 – Net Position



Note: Details can be found in the "Statement of Net Position"

CHANGES IN NET POSITION

Table 2 summarizes the information on the Statement of Activities using a different layout in order to facilitate providing a two year comparison of the Governmental and Business-Type Activities.

Table 2 - Statement of Activities (In Millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2014	2015	2014	2015	2014	2015
Revenues						
Program Revenues:						
Charges for Services	4.27	4.58	48.32	46.76	52.59	51.33
Operating Contributions and Grants	1.63	1.16	1.80	1.68	3.43	2.85
Capital Contributions and Grants	0.42	0.89	-	-	0.42	0.89
Subtotal Program Revenues	6.32	6.63	50.12	48.44	56.44	55.07
General Revenues:						
Property Taxes	4.00	4.24	-	-	4.00	4.24
Sales Taxes	3.41	3.53	-	-	3.41	3.53
Business Licenses Taxes	0.16	0.16	-	-	0.16	0.16
Franchise Taxes	0.86	0.87	-	-	0.86	0.87
Transient Occupancy Taxes	0.71	0.72	-	-	0.71	0.72
Other Taxes	0.26	0.68	-	-	0.26	0.68
Motor Vehicle In-Lieu	-	0.01	-	-	-	0.01
Use of Money and Property	0.58	0.52	0.27	0.16	0.86	0.68
Other	0.47	0.77	0.29	0.18	0.76	0.95
Gain on sale of capital asset	0.00	-	0.00	-	0.00	-
Subtotal General Revenues	10.46	11.51	0.56	0.34	11.02	11.86
TOTAL REVENUES	16.78	18.14	50.68	48.78	67.46	66.93
Expenses						
General Government	2.58	2.16	-	-	2.58	2.16
Public Safety	10.13	9.62	-	-	10.13	9.62
Community Development	0.09	1.33	-	-	0.09	1.33
Culture and Leisure	1.12	1.13	-	-	1.12	1.13
Transportation	6.27	5.04	-	-	6.27	5.04
Interest on Long-term debt	0.10	0.09	-	-	0.10	0.09
Airport	-	-	0.38	0.38	0.38	0.38
Transit	-	-	1.72	1.85	1.72	1.85
Electric Utility	-	-	28.82	28.25	28.82	28.25
BUA Water	-	-	7.57	7.79	7.57	7.79
BUA Wastewater	-	-	2.92	2.88	2.92	2.88
Refuse	-	-	3.07	3.09	3.07	3.09
TOTAL EXPENSES	20.29	19.38	44.48	44.25	64.78	63.63
Increase/(Decrease) in Net Position Before Transfers and Extraordinary Items	(3.51)	(1.24)	6.20	4.53	2.69	3.29
Transfers	0.72	0.72	(0.72)	(0.72)	-	-
Extraordinary Gain on Dissolution of Redevelopment Agency	-	-	-	-	-	-
Increase/(Decrease) in Net Position	(2.79)	(0.52)	5.48	3.81	2.69	3.29
Net Position at Beginning of Year	105.73	102.94	109.97	115.45	215.70	218.39
Restatement of Net Position *	-	(20.56)	-	(10.99)	-	(31.55)
Net Position at End of Year	102.94	81.86	115.45	108.27	218.40	190.13

Note: Details can be found in the "Statement of Activities"

* Restatement of Net Position due to GASB Statements No. 68 and 71 implementation.

The decrease in the City's Government wide FY15 Net Position of \$28.27 million was due to the restatement of the beginning Net Position in the amount of (\$31.55) million and a decrease in total revenues of \$0.54 million offset by a decrease in total expenses in the amount of \$1.15 million. The restatement of \$31.55 million in both governmental and business-type activities was due to the implementation of GASB Statement No. 68 and 71.

REVENUES – CITY WIDE

The total Government-Wide revenues (Table 2) for FY15 were \$66.92 million, \$18.14 million of which is accounted for in the Governmental Activities, and \$48.78 million is from Business-Type Activities. Compared to FY14, city-wide total revenues fell by \$0.54 million or 0.8% from \$67.46 million.

EXPENSES – CITY WIDE

Total Government-Wide expenses amounted to \$63.63 million, a decrease of \$1.15 million or 1.78% from FY14 figures (see Table 2). The expenses in Governmental Activities totaled \$19.38 million or 30.46% of the total expenses while expenses from Business-Type Activities accounted for \$44.25 million, of 69.54%. Governmental expenses and Business-Type Activities have been steadily decreasing annually by an average of \$1.9 and \$0.78 million respectively for the last five years.

GOVERNMENTAL ACTIVITIES

Net Position as of June 30, 2015 for Governmental Activities amounted to \$81.86 million, a decrease of \$21.08 million or 20.48% versus FY14 mainly due to the restatement of the beginning balance amounting to \$20.56 million, in conformance with GASB Statement No. 68 and 71. Overall, Total Revenues for Governmental Activities were \$18.14 million with expenses totaling \$19.38 million.

Revenues:

Charges for Services amounted to \$4.57 million for the current year which represents approximately 25% of the total revenues in the Governmental Activities category. This revenue source accounts for fees collected by the different departments during the normal course of business. Of the \$4.57 million, roughly 70% of the revenue stream is contributed by the Electric Department's administrative transfer (10% of Operating Revenues) amounting to \$3.2 million.

Property Taxes continue to be the second largest revenue source under the General Revenues category, amounting to \$4.24 million. This revenue category showed a moderate increase of \$0.24 million from the prior year amount of \$4.0 million, or 6.0% (see Table 7). Property tax revenues amounting to \$1.65 million received by the former Redevelopment Agency are being reported in the Successor Agency Trust Fund as a result of AB 1X 26, a law enacted by the State in 2012 dissolving the Redevelopment Agencies (see note 16).

Revenues from Sales taxes amounted to \$3.53 million, a slight increase of \$0.12 million or 3.52% versus last fiscal year. Sales tax revenues from the Cabazon outlets generated \$0.83 million, an increase of \$0.14 or 20.97% from last fiscal year.

Other Taxes increased by \$0.42 million or 161.54% from last year mainly due to the Mining Tax implemented as a result of the voter-approved Measure J proposal in November of 2014. In the first year of collections, revenues from the mining tax generated \$0.44 million.

Additional information on other revenue sources can be found in *Section III- Financial Analysis of the General Fund*.

Expenses:

Government-wide expenses showed a decrease of \$1.15 million or 1.78% versus last year, focused primarily in the Public Safety category mainly due to the settlement payment made in FY14 to the former Chief of Police (\$0.15 million), a non-recurring expense. Others include higher workers' compensation reimbursement offsetting expenses (\$0.10 million), and lower overtime (\$0.052 million) versus last fiscal year.

Due to certain expenses being reclassified from the Public Works category to the Community Enhancement category this year, it would appear that there is a drop in Transportation (previously Public Works) expenses and an increase in Community Development (previously Parks & Recreation). However, if combined, overall expenses for the two categories are almost the same versus last year.

Net Revenues (Expenses):

The Net Revenues (Expenses) show the financial burden that was placed on the City's taxpayers by each of the functions.

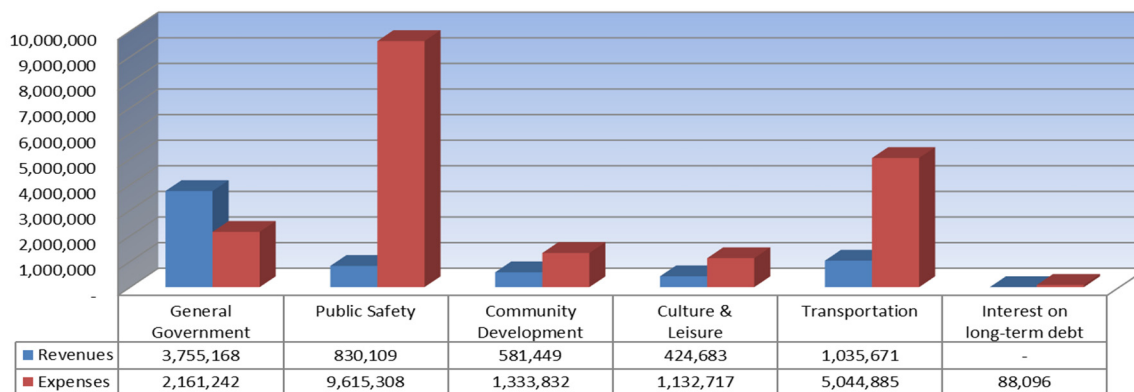
Table 3 and Chart 2 focus on the information on the Statement of Activity that relates to Governmental Activities. Chart 2 clearly depicts that with the exception of the General Government, program expenses exceed program revenues for all other governmental activities. The remaining gap in program expenses and revenues are subsidized by General Revenues (Taxes, Use of Money and Property, Other Revenue and Transfers).

Table 3 - Program Net Cost: Government Activities

	Program Revenues			Total Cost of Services			Net Revenues (Expenses)		
	2014	2015	% Chg	2014	2015	% Chg	2014	2015	% Chg
General Government	3,528,043	3,755,168	6%	2,584,494	2,161,242	16%	943,549	1,593,926	69%
Public Safety	724,678	830,109	15%	10,126,310	9,615,308	5%	(9,401,632)	(8,785,199)	7%
Community Development	-	581,449	-	89,000	1,333,832	1399%	(89,000)	(752,383)	745%
Culture & Leisure	137,573	424,683	209%	1,122,226	1,132,717	1%	(984,653)	(708,034)	28%
Transportation	1,928,764	1,035,671	46%	6,270,524	5,044,885	20%	(4,341,760)	(4,009,214)	8%
Interest on long-term debt	-	-	-	101,479	88,096	13%	(101,479)	(88,096)	13%
Government Subtotal	6,319,058	6,627,080	5%	20,294,033	19,376,080	5%	(13,974,975)	(12,749,000)	9%
General Revenues*	10,459,677	11,513,282	10%	-	-	-	10,459,677	11,513,282	10%
Transfers	724,000	720,432	0%	-	-	-	724,000	720,432	0%
SUBTOTAL	17,502,735	18,860,794	8%	20,294,033	19,376,080	5%	(2,791,298)	(515,286)	82%
Extraordinary Gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-	-	-	-	-
TOTAL	17,502,735	18,860,794	8%	20,294,033	19,376,080	5%	(2,791,298)	(515,286)	82%

Note: Details can be found in the "Statement of Activities"

Chart 2 – Governmental Activities Program Revenue & Expenses



Note: Details can be found in the "Statement of Activities"

BUSINESS-TYPE ACTIVITIES

Table 2 (see page 10) indicates that the Net Position from Business-Type Activities were \$108.27 million, a decrease of \$7.18 million. Program and General Revenues amounted to \$48.78 million, a decrease of approximately \$1.90 million or 3.75% while expenses totaled \$44.25 million, a slight decrease from last year's \$44.48 million.

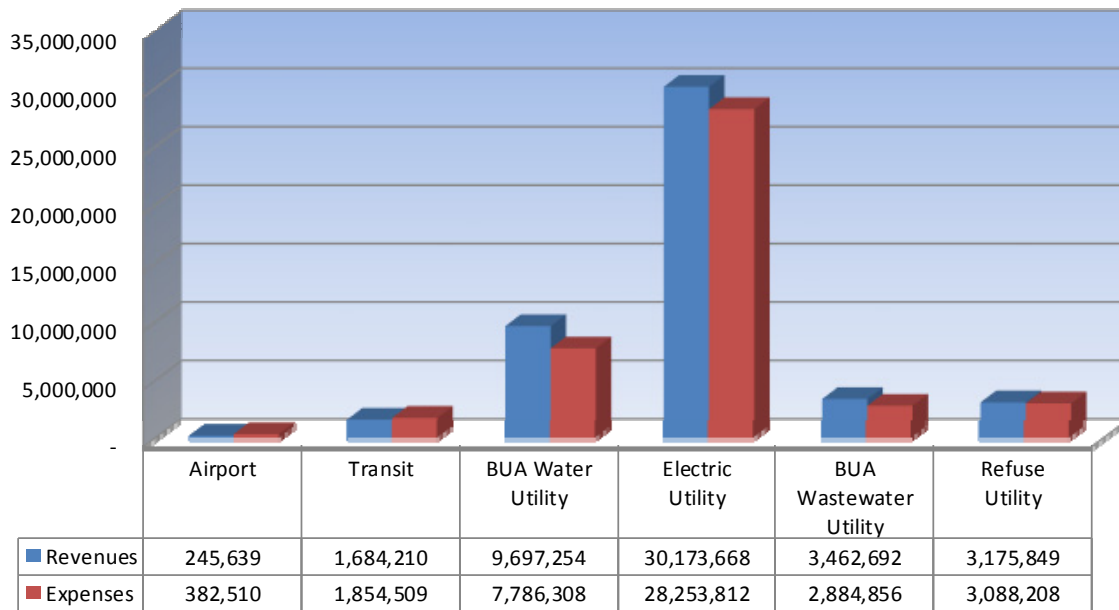
Certain services provided by the City are funded by customer fees. Table 4 and Chart 3 focus on the information on the Statement of Activity that relates to Business-type Activities and represent the cost of each of the City's six programs - Airport, Transit, BUA Water Utility, Electric Utility, BUA Wastewater Utility, and Refuse Utility - as well as each program's *net* cost (total cost less revenues generated by the activities).

Table 4 - Program Net Cost: Business-Type Activities

	Program Revenues			Total Cost of Services			Net Revenues (Expenses)		
	2014	2015	% Chg	2014	2015	% Chg	2014	2015	% Chg
Airport	643,861	245,639	62%	382,611	382,510	0%	261,250	(136,871)	152%
Transit	1,435,699	1,684,210	17%	1,722,416	1,854,509	8%	(286,717)	(170,299)	41%
BUA Water Utility	10,577,301	9,697,254	8%	7,569,525	7,786,308	3%	3,007,776	1,910,946	36%
Electric Utility	30,823,395	30,173,668	2%	28,819,584	28,253,812	2%	2,003,811	1,919,856	4%
BUA Wastewater Utility	3,425,907	3,462,692	1%	2,915,736	2,884,856	1%	510,171	577,836	13%
Refuse Utility	3,218,011	3,175,849	1%	3,074,393	3,088,208	0%	143,618	87,641	39%
Business Subtotal	50,124,174	48,439,312	3%	44,484,265	44,250,203	1%	5,639,909	4,189,109	26%
General Revenues	561,814	343,175	39%	-	-	-	561,814	343,175	39%
SUBTOTAL	50,685,988	48,782,487	4%	44,484,265	44,250,203	1%	6,201,723	4,532,284	27%
Transfers	(724,000)	(720,432)	0%	-	-	-	(724,000)	(720,432)	0%
TOTAL	49,961,988	48,062,055	4%	44,484,265	44,250,203	1%	5,477,723	3,811,852	30%

Note: Details can be found in the "Statement of Activities"

Chart 3 – Business-Type Activities Program Revenue & Expense



Note: Details can be found in the "Statement of Activities"

Key elements of this year's activity versus last fiscal year are as follows:

- The decrease in net position primarily relates to the re-statement in the beginning balance of the net position in the amount of \$10.99 million for all Business-Type Activities in the current fiscal year as result of the implementation of the new pension accounting and financial reporting standards under GASB Statements 68 & 71.
- Airport net revenues dropped by 152% due to the timing of program grant revenues received in FY14 from the Federal Aviation Authority relative to the relocation of Taxiway A and the relocation of the fuel facility. This project was completed in the previous fiscal year.
- Banning Utility Authority (BUA) net revenues dropped by \$0.90 million versus last fiscal year mainly due to the reduction in operating revenues. Water production levels were reduced in compliance with the State-mandated water conservation program requiring reduction of total potable water production by 32% versus 2013 production numbers.
- Electric Utility net revenues show a very minimal drop of \$0.83 million, or 4%. Revenues from Sales and Services dropped by \$0.75 million but were offset by a reduction in power purchases of \$0.61 million.

II. FUND FINANCIAL STATEMENTS

The “Fund Financial Statements” and the “Combining and Individual Fund Statements and Schedules” provide detailed information about the City’s funds. The focus of the fund statements relates more closely to the information used for managing the budget and day to day operations.

A fund is an accounting entity with a self-balancing set of accounts that the City uses to keep track of resources that have been segregated for specific activities or objectives. In addition, while some funds are required to be established by State law and by bond covenants, management has also established other funds to help control and manage money for particular purposes or to show that the legal responsibilities for using certain taxes, grants, and other resources are being met.

The City uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements. The Fund Financial Statements focus on individual parts of the City government, thus reporting the City’s operations in more detail than the Government-Wide statements. The types of Governmental Funds reported by the City include the General Fund, Special Revenue Funds, Capital Project Funds, and Internal Service Funds. Proprietary and Fiduciary Funds are also reported in this section. The fund statements provide information on near-term inflows, outflows and balances of spendable resources. These funds represent the reporting structure of the budget and interim council reports.

GOVERNMENTAL FUNDS

Governmental Funds are used to account for essentially the same functions reported as Governmental Activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s short-term financing requirements.

The information in the Governmental Funds statements provides more detail of Governmental Activities reported in the Government-Wide Financial Statements. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities.

The City maintains twenty-six individual governmental funds. These funds report financial transactions using the modified accrual accounting method. Information for the City’s General Fund is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. The General Fund is considered a Major Governmental Fund. Data for the Non-Major Governmental Funds is broken down further to the fund level in the “Combining and Individual Fund Statements and Schedules” that follow the Notes to Financial Statements.

The City adopts an annual appropriated budget which includes the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with the budget.

GOVERNMENTAL REVENUES

Table 5 below presents a summary of Governmental Fund Revenues for the fiscal year ended June 30, 2015, with comparative amounts from the prior year. Revenues from Governmental Funds for Fiscal Year 2015 amounted to \$18.37 million, an increase of \$1.83 million or 11.09% compared to the previous fiscal year.

Table 5 - Comparison of Governmental Revenues

	2013-14	% of Total Revenues	2014-15	% of Total Revenues	\$ Increase / (Decrease)	% Change
Taxes	9,406,564	56.87%	10,138,020	55.17%	731,456	7.78%
Licenses & Permits	219,998	1.33%	542,773	2.95%	322,775	146.72%
Intergovernmental	1,935,257	11.70%	2,388,989	13.00%	453,732	23.45%
Charges for Services	3,580,518	21.65%	3,555,706	19.35%	(24,812)	0.69%
Use of Money & Property	540,560	3.27%	519,940	2.83%	(20,620)	3.81%
Fines and Forfeitures	291,125	1.76%	303,308	1.65%	12,183	4.18%
Contributions	27,671	0.17%	139,713	0.76%	112,042	404.91%
Miscellaneous	538,711	3.26%	786,454	4.28%	247,743	45.99%
TOTAL	16,540,404	100.00%	18,374,903	100.00%	1,834,499	11.09%

Note: Details can be found in the "Statement of Revenues, Expenditures and Changes in Fund Balances"

For the last three years in a row, General Fund revenue from Taxes, which accounts for 55% of Governmental Revenues, again showed consistent growth with an increase of 7.78% or \$731,456. Property Taxes, a major component of Tax revenues, continue to show an upward trend for the last four years and are now back to FY10 levels.

Intergovernmental revenues increased by \$453,732 or 23.45% versus last year due to the timing of grant reimbursements arising from Community Development Block Grant (CDBG), Article 3-Sidewalk construction projects, and the Sunset Grade Separation project. Charges for Services decreased by \$24,812 or 0.69%, mainly due to reimbursable Environmental Impact Review and Plan Development fees for the on-going Rancho San Geronio project. The increase in Contribution Revenues was mainly due to the receipt of pass-thru Redevelopment Property Tax Trust Fund (RPTTF) which, compared to last year, increased by \$112,042 or 404.91%, due to the distribution of excess RPTTF funds to all affected taxing entities in the redevelopment area.

Please refer to the analysis on the General Fund Revenues in Section III-Financial Analysis of the General Fund for further details.

GOVERNMENTAL EXPENDITURES

Table 6 summarizes the Governmental Fund Expenditures for the fiscal year ended June 30, 2015, with comparative amounts from fiscal year 2013-2014 (FY14). Expenditures for FY15 were \$16.65 million, an increase of \$0.609 million or 3.80% from the prior year.

Table 6 - Comparison of Governmental Expenditures

	2013-14	% of Total Expenditures	2014-15	% of Total Expenditures	\$ Increase / (Decrease)	% Change
General Government	2,359,703	14.71%	2,515,876	15.11%	156,173	6.62%
Public Safety	9,322,284	58.12%	8,973,171	53.89%	(349,113)	3.74%
Community Development	-	0.00%	1,320,264	7.93%	1,320,264	-
Parks and Recreation	729,874	4.55%	727,793	4.37%	(2,081)	0.29%
Public Works	2,373,978	14.80%	1,015,760	6.10%	(1,358,218)	57.21%
Operating Expenditures	14,785,839	92.18%	14,552,864	87.41%	(232,975)	1.58%
Capital Outlay	818,606	5.10%	1,660,791	9.97%	842,185	102.88%
Debt Service	436,253	2.72%	435,982	2.62%	(271)	0.06%
TOTAL	16,040,698	100.00%	16,649,637	100.00%	608,939	3.80%

Note: Details can be found in the "Statement of Revenues, Expenditures and Changes in Fund Balances"

The increase in General Government expenditures of \$0.156 million is due to the General Fund share in the settlement agreement with the former City Manager, the cost of election services for the Nov. 4 elections, and higher inter-fund transfers for City Attorney expenditures. The decrease in Capital Outlay expenditures of \$0.84 million relates primarily to the Sunset Grade Separation Fund expenditures as the City's commitment to the project is almost complete.

PROPRIETARY FUNDS

When the City charges customers for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds and Financial Statements, like the Government-Wide Financial Statements, provide both long-term and short-term financial information.

- **Enterprise Funds** are used to report the same functions presented as Business-Type Activities in the Government-Wide Financial Statements.
- **Internal Service Funds** report activities that provide services for the City's other programs and activities such as the City's Self Insurance, Fleet Maintenance, Information Systems and Utility Billing Services.

FIDUCIARY FUNDS

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 Position. The City excludes 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 Fiduciary Funds now include all of the funds related to the Successor Agency of the Former Redevelopment Agency, which was formed upon dissolution of the Banning Community Redevelopment Agency (CRA). The Successor Agency is subject to the control of the newly established oversight board and can only pay enforceable obligations in existence at the date of dissolution. Furthermore, it will hold the remaining assets of the former Redevelopment Agency until the enforceable obligations are legally satisfied or they are distributed to local taxing entities. Additional information on the dissolution of the CRA can be found in the Footnotes to the Financial Statements (Note 16).

III. FINANCIAL ANALYSIS OF THE GENERAL FUND

The City Council committed \$3.81 million as an emergency contingency in the General Fund (see page 26, Balance Sheet - Governmental Funds). Funds classified as Non-spendable total \$.005 million for prepaid costs. Funds classified as Assigned total \$2.72 million which account for capital projects, continuing appropriations and encumbrances in public safety, public works, debt service, general government, future compensated absences, litigation contingency, gas tax commitment, police reward, SB1186 Disability Access and PEG. The remaining fund balance (\$3.27 million) is identified as Unassigned. The terminology and presentation of fund balance has changed with the implementation of GASB 54.

GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS

Table 7 below summarizes the General Fund Revenues for the fiscal year ended June 30, 2015.

Table 7 - General Fund Revenues

	2012-13	2013-14	2014-15	% of Total	\$ Increase / (Decrease) to Last Year	% Change
Property Tax	3,794,362	4,001,147	4,238,973	25.21%	237,826	5.94%
Sales Tax	2,738,500	2,917,944	2,952,014	17.55%	34,070	1.17%
Transient Occupancy Tax	626,255	712,135	722,434	4.30%	10,299	1.45%
Franchise	813,682	861,155	871,284	5.18%	10,129	1.18%
Other Taxes	258,282	282,250	703,118	4.18%	420,868	149.11%
License & Permits	171,406	219,998	542,773	3.23%	322,775	146.72%
Intergovernmental	1,265,573	278,026	203,831	1.21%	(74,195)	26.69%
Charges for Services	3,565,536	3,580,448	3,555,635	21.14%	(24,813)	0.69%
Use of Money & Property	482,732	511,083	506,294	3.01%	(4,789)	0.94%
Fines & Forfeitures	291,465	291,125	303,308	1.80%	12,183	4.18%
Transfers In	749,087	720,003	1,402,241	8.34%	682,238	94.75%
Contributions*	13,000	11,727	129,240	0.77%	117,513	1002.07%
Miscellaneous	720,708	504,223	685,109	4.07%	180,886	35.87%
TOTALS	15,490,588	14,891,264	16,816,254	100.00%	1,924,990	12.93%

*Category did not exist prior to fiscal year 2013

Note: Details can be found in the "Budgetary Comparison Schedule, General Fund"

For Fiscal Year 2014-2015 (FY15), General Fund revenues were \$16.82 million, an increase of \$1.93 million or 12.93% versus last year. Key elements of this year's activity versus last fiscal year are as follows:

- Property Tax revenues increased by \$0.24 million compared to last year, or 5.94%, signaling the consistent increase in assessed values over the last four years.
- Sales Tax revenues show a minimal increase of 1.17% as the increase in sales taxes from sale of autos were offset by reductions in sales tax revenues from fuel and service stations which were negatively impacted by lower retail fuel prices versus last year, owing to a worldwide glut in oil supply.

- The increase in Other Taxes is mainly due to the receipt of \$0.44 million in Mining Tax revenues due to the voter approved Measure J in the November 2014 ballot. This tax measure was implemented in FY15.
- Revenues from Charges for Services decreased by (\$0.02) million or .69% mainly due to the decrease in the Electric Department's mandated 10% administrative service transfer to the General Fund and fee revenues arising from the Rancho San Gorgonio project.
- Compared to the last fiscal year, revenues from Transfers In increased by \$0.68 million or 94.75%. This increase is mainly due to the settlement agreement regarding the oil spill case (City of Banning vs. Dureau and HCI) resulting in a reimbursement of costs to the General Fund in the amount of \$0.69 million which is a non-recurring revenue.
- Miscellaneous Revenue increased by \$0.18 million or 35.87% mainly due to the increase in CRA - pass-thru tax apportionments from the RPTTF (Redevelopment Property Tax Trust Fund).

Table 8 below summarizes the General Fund Expenditures for the fiscal year ended June 30, 2015.

Table 8 - General Fund Expenditures

	2012-13	2013-14	2014-15	% of Total	\$ Increase / (Decrease) to Last Year	% Change
General Government*	2,273,136	2,359,703	2,515,876	18.48%	156,173	6.62%
Public Safety	8,818,847	8,715,093	8,278,738	60.80%	(436,355)	5.01%
Community Development	-	-	1,291,523	9.49%	1,291,523	-
Culture & Leisure	595,189	599,171	727,793	5.35%	128,622	21.47%
Public Works *	1,156,102	1,299,066	-	0.00%	(1,299,066)	100.00%
Capital Outlay	138,014	153,674	196,340	1.44%	42,666	27.76%
Debt Service	435,787	436,253	435,982	3.20%	(271)	0.06%
Transfers Out	164,325	164,325	169,955	1.25%	5,630	3.43%
Refunding Debt Issued costs	-	-	-	-	-	-
TOTALS	13,581,400	13,727,285	13,616,207	100.00%	(111,078)	0.81%

** Some items reclassified from General Government & Public Works to Community Development category.*

Note: Details can be found in the "Budgetary Comparison Schedule, General Fund"

Public Safety showed a decrease in expenditures versus last fiscal year in the amount of \$0.44 million due to the severance package payment made in FY14 with the former Police Chief (\$0.15 million), the increase in workers' compensation reimbursements (\$0.10 million), and decrease in regular payroll (\$0.18 million) due to vacancies of Police personnel.

Certain expenditures previously categorized as General Government and Public Works were reclassified to the Community Development category in an effort to align the audited financial statements to the City's internal financial reporting software. Overall, expenses for the two categories are almost the same versus last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original FY15 budget for the General Fund was a structurally balanced budget incorporating the estimated upswing in the economy primarily indicated by increased property taxes and sales tax revenue projections offset by projected increases in personnel costs.

The final adjusted revenue budget differs from the Original Budget in that it contains carry-forward appropriations and revenues for various projects, supplemental revenues, carry-forward appropriations for open purchase orders from the previous year, and appropriations approved by City Council throughout the year. The budgetary comparison information can be found in the “Budgetary Comparison Statement, General Fund” (see page 91).

For the City’s General Fund, actual ending revenues of \$16.82 million were \$0.73 million higher than the final budgeted revenues of \$16.09 million (please refer to Budgetary Comparison Schedule-General Fund). This is mainly due to improved revenues from Taxes and higher than expected revenues from RPTTF (Redevelopment Property Tax Trust Fund), offset by lower than expected service fee revenues from Engineering, Police, Fire and other fees.

The General Fund actual ending expenditures of \$13.62 million were \$1.66 million less than the final budget of \$15.28 million. The majority of the difference is accounted for by salary savings due to vacancies in the City Manager, Police and Planning departments, and the unused contingency account in Central Services. \$0.59 million of this amount was carried forward as continuing appropriations to be spent in FY16.

Overall, the City’s General Fund showed a net increase in fund balance of \$3.20 million as a result of improved revenues and reduced expenditures.

IV. CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City’s investment in capital assets (Table 9, see next page) for its Governmental and Business-Type Activities as of June 30, 2015, is \$188.44 million (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure and construction in progress. The Capital Assets of the City are those assets which are used in the performance of the City’s functions including infrastructure assets. Depreciation on capital assets is recognized in the Government-Wide Financial Statements.

Details on the capital assets can be found on Note 4 of the Notes to Financial Statements section.

Table 9 - Capital Assets by Activity

	Governmental Activities			Business-Type Activities			Totals		
	2014	2015	% Chg	2014	2015	% Chg	2014	2015	% Chg
Land	3,061,900	3,061,900	0%	1,184,229	1,184,229	0%	4,246,129	4,246,129	0%
Construction in Progress	5,283,510	6,202,908	17%	6,023,844	6,255,521	4%	11,307,354	12,458,429	10%
Building and Structures*	12,855,478	11,787,514	8%	115,732	109,585	5%	12,971,210	11,897,099	8%
Land Improvements*	3,798,533	3,919,155	3%	1,776,138	2,432,001	37%	5,574,671	6,351,156	14%
Machinery and Equipment*	920,745	635,307	31%	-	-	-	920,745	635,307	31%
Vehicles*	204,497	229,001	12%	-	-	-	204,497	229,001	12%
Utility Plant	-	-	-	98,080,932	96,518,970	2%	98,080,932	96,518,970	2%
Infrastructure*	59,805,232	56,107,536	6%	-	-	-	59,805,232	56,107,536	6%
TOTAL	85,929,895	81,943,321	5%	107,180,875	106,500,306	1%	193,110,770	188,443,627	2%

Note: Details can be found in "Note 4 (Changes in Capital Assets)"

* Net of accumulated depreciation

LONG-TERM DEBT

Table 10 below is a summary of the City's long-term debt for the year ended June 30, 2015; it also incorporates amounts recorded as Net Pension Liability. At year-end, the City's Governmental Activities had long term debt in the amount of \$4.44 million, a decrease of \$0.59 million or 12% versus last year. In addition, \$18.66 million in Net Pension Liability is being reported due to the implementation of GASB Statements No. 68 and 71 requiring the reporting of net pension liability on the face of the financial statement rather than in the footnotes. No new debts were issued in the governmental activities for the current year. The Redevelopment Tax Allocation Bonds and other loans are no longer reported as a Governmental Activity. For additional information on the Redevelopment Tax Allocation bonds, refer to Note 15 of the notes to the Financial Statements.

Long-term debt in the Business-Type Activities amounted to \$72.39 million, a decrease of \$2.31 million or 3% from FY14. In addition, Net Pension Liability of \$10.17 million is being reported for the Business-Type Activities due to the implementation of GASB Statements No. 68 and 71. For additional information on long-term debt refer to the Note 8 of the Notes to the Financial Statements. For additional information on the Net Pension Liability refer to Note 11 of the Notes to the Financial Statements. Except for regular principal payments and the implementation of GASB 68 and 71, there were no new issuances of debt and other significant events affecting the City's long term debt.

Table 10 - Long Term Debt/Liability Recap

	Governmental Activities			Business-Type Activities			Totals		
	2014	2015	% Chg	2014	2015	% Chg	2014	2015	% Chg
Compensated Absences	1,143,952	1,020,723	11%	742,995	645,830	13%	1,886,947	1,666,553	12%
Refunding Lease	2,493,082	2,147,361	14%	-	-	-	2,493,082	2,147,361	14%
Revenue Bonds	-	-	-	70,590,000	68,695,000	3%	70,590,000	68,695,000	3%
Claims & Judgements	1,389,920	1,270,939	9%	-	-	-	1,389,920	1,270,939	9%
Loans	-	-	-	1,924,715	1,670,469	13%	1,924,715	1,670,469	13%
SUBTOTAL	5,026,954	4,439,023	12%	73,257,710	71,011,299	3%	78,284,664	75,450,322	4%
Less:									
Unamortized original issue premium				1,536,719	1,466,609	5%	1,536,719	1,466,609	5%
Unamortized original issue discount				(90,653)	(86,437)	5%	(90,653)	(86,437)	5%
Net Business-Type Activities				74,703,776	72,391,471	3%	79,730,730	76,830,494	4%
Net Pension Liability	-	18,664,140	-	-	10,172,416	-	-	28,836,556	-
TOTAL	5,026,954	23,103,163	360%	74,703,776	82,563,887	11%	79,730,730	105,667,050	33%

Note: Details can be found in Note 8 (Long Term Debt) and in Note 11 (City Employees Retirement Plan)

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

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 18,205,686	\$ 59,889,039	\$ 78,094,725
Receivables:			
Accounts	769,883	5,435,240	6,205,123
Loans	906,205	8,062	914,267
Interest	24,145	67,480	91,625
Grants	84,557	-	84,557
Internal balances	705,080	(705,080)	-
Prepaid costs	5,100	730,766	735,866
Deposits	-	109,512	109,512
Due from other governments	5,751,070	-	5,751,070
Inventories	61,068	2,687,742	2,748,810
Restricted assets:			
Cash and investments	-	192,887	192,887
Cash with fiscal agent	657,858	20,852,195	21,510,053
Capital assets not being depreciated	9,264,808	7,439,750	16,704,558
Capital assets, net of depreciation	72,678,511	99,060,556	171,739,067
Total Assets	109,113,971	195,768,149	304,882,120
Deferred Outflows of Resources:			
Deferred charge on refunding	-	287,594	287,594
Deferred pension related items	1,910,696	752,531	2,663,227
Total Deferred Outflows of Resources	1,910,696	1,040,125	2,950,821
Liabilities:			
Accounts payable	1,259,490	1,774,177	3,033,667
Accrued liabilities	375,794	168,104	543,898
Accrued interest	13,452	454,705	468,157
Unearned revenue	101,982	1,125,861	1,227,843
Deposits payable	661,218	758,198	1,419,416
Noncurrent liabilities:			
Due within one year	1,610,629	2,418,358	4,028,987
Due in more than one year	2,828,394	69,973,113	72,801,507
Net pension liability	18,664,140	10,172,416	28,836,556
Total Liabilities	25,515,099	86,844,932	112,360,031
Deferred Inflows of Resources:			
Deferred gain on refunding	-	16,917	16,917
Deferred pension related items	3,644,424	1,673,839	5,318,263
Total Deferred Inflows of Resources	3,644,424	1,690,756	5,335,180
Net Position:			
Net investment in capital assets	79,795,958	35,025,342	114,821,300
Restricted for:			
Community development projects	3,163,979	-	3,163,979
Public safety	45,467	-	45,467
Culture and leisure	46,495	-	46,495
Transportation	2,549,973	-	2,549,973
Capital projects	14,051	15,369,198	15,383,249
Debt service	-	5,482,997	5,482,997
Unrestricted	(3,750,779)	52,395,049	48,644,270
Total Net Position	\$ 81,865,144	\$ 108,272,586	\$ 190,137,730

CITY OF BANNING

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 2,161,242	\$ 3,673,140	\$ 82,028	\$ -
Public safety	9,615,308	167,426	520,744	141,939
Community development	1,333,832	581,449	-	-
Culture and leisure	1,132,717	78,191	2,236	344,256
Transportation	5,044,885	75,897	557,728	402,046
Interest on long-term debt	88,096	-	-	-
Total Governmental Activities	19,376,080	4,576,103	1,162,736	888,241
Business-Type Activities:				
Airport	382,510	147,965	97,674	-
Transit	1,854,509	153,211	1,530,999	-
Banning Utility Authority Water	7,786,308	9,696,891	363	-
Electric Utility	28,253,812	30,163,068	10,600	-
Banning Utility Authority Wastewater	2,884,856	3,462,692	-	-
Refuse Utility	3,088,208	3,131,670	44,179	-
Total Business-Type Activities	44,250,203	46,755,497	1,683,815	-
Total Primary Government	\$ 63,626,283	\$ 51,331,600	\$ 2,846,551	\$ 888,241

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 - unrestricted

Use of money and property

Other

Transfers**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 1,593,926	\$ -	\$ 1,593,926
(8,785,199)	-	(8,785,199)
(752,383)	-	(752,383)
(708,034)	-	(708,034)
(4,009,214)	-	(4,009,214)
(88,096)	-	(88,096)
(12,749,000)	-	(12,749,000)
-	(136,871)	(136,871)
-	(170,299)	(170,299)
-	1,910,946	1,910,946
-	1,919,856	1,919,856
-	577,836	577,836
-	87,641	87,641
-	4,189,109	4,189,109
(12,749,000)	4,189,109	(8,559,891)
4,238,973	-	4,238,973
722,434	-	722,434
3,533,478	-	3,533,478
871,284	-	871,284
155,025	-	155,025
684,734	-	684,734
12,427	-	12,427
519,940	164,885	684,825
774,987	178,290	953,277
720,432	(720,432)	-
12,233,714	(377,257)	11,856,457
(515,286)	3,811,852	3,296,566
102,938,135	115,452,128	218,390,263
(20,557,705)	(10,991,394)	(31,549,099)
\$ 81,865,144	\$ 108,272,586	\$ 190,137,730

CITY OF BANNING

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 8,254,030	\$ 5,619,603	\$ 13,873,633
Receivables:			
Accounts	744,702	2,591	747,293
Loans	-	906,205	906,205
Interest	15,008	6,242	21,250
Grants	79,303	5,254	84,557
Prepaid costs	5,100	-	5,100
Due from other governments	1,132,378	4,547,753	5,680,131
Due from other funds	2,107,300	-	2,107,300
Restricted assets:			
Cash and investments with fiscal agents	-	657,858	657,858
Total Assets	\$ 12,337,821	\$ 11,745,506	\$ 24,083,327
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 934,124	\$ 67,611	\$ 1,001,735
Accrued liabilities	296,218	26,628	322,846
Unearned revenues	-	101,982	101,982
Deposits payable	560,027	101,191	661,218
Due to other funds	-	2,107,300	2,107,300
Advances from other funds	394,118	-	394,118
Total Liabilities	2,184,487	2,404,712	4,589,199
Deferred Inflows of Resources:			
Unavailable revenues	351,738	2,962,107	3,313,845
Total Deferred Inflows of Resources	351,738	2,962,107	3,313,845
Fund Balances:			
Nonspendable:			
Prepaid costs	5,100	-	5,100
Restricted for:			
Community development projects	-	3,163,979	3,163,979
Public safety	-	45,467	45,467
Culture and leisure	-	46,495	46,495
Transportation	-	2,549,973	2,549,973
Capital Projects	-	14,051	14,051
Committed to:			
Emergency Contingency	3,806,936	-	3,806,936
Assigned to:			
Culture and leisure	11,232	-	11,232
Transportation	68,430	-	68,430
Capital Projects	1,100,000	2,620,462	3,720,462
Debt service	4,299	-	4,299
General government	165,104	-	165,104
Future compensated absences	433,850	-	433,850
Litigation Contingency	179,189	-	179,189
Gas tax commitment	164,325	-	164,325
PEG	125,840	-	125,840
SB1186 Disability Access	3,578	-	3,578
Police Reward	25,000	-	25,000
Community development projects	1,523	-	1,523
Mining Tax - Pending Litigation	439,795	-	439,795
Unassigned	3,267,395	(2,061,740)	1,205,655
Total Fund Balances	9,801,596	6,378,687	16,180,283
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,337,821	\$ 11,745,506	\$ 24,083,327

CITY OF BANNING

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances of governmental funds	\$ 16,180,283
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	81,579,135
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Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2014, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions.	1,673,794
---	-----------

Long-term debt, net pension liability and compensated absences that have not been included in the governmental fund activity:	
Bonds payable	\$ (2,147,361)
Net pension liability	(15,461,780)
Compensated Absences	(867,700)
	(18,476,841)

The difference between the proportionate share of the projected and actual earnings on the pension plan investments is reported as deferred inflows of resources and amortized over the remaining service life.	(3,117,487)
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Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(13,452)
--	----------

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	3,313,845
---	-----------

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 position.	725,867
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Net Position of governmental activities	<u>\$ 81,865,144</u>
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CITY OF BANNING

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 9,487,823	\$ 650,197	\$ 10,138,020
Licenses and permits	542,773	-	542,773
Intergovernmental	203,831	2,185,158	2,388,989
Charges for services	3,555,635	71	3,555,706
Use of money and property	506,294	13,646	519,940
Fines and forfeitures	303,308	-	303,308
Contributions	5,400	10,473	15,873
Contribution from Successor Agency	123,840	-	123,840
Miscellaneous	685,109	101,345	786,454
Total Revenues	15,414,013	2,960,890	18,374,903
Expenditures:			
Current:			
General government	2,515,876	-	2,515,876
Public safety	8,278,738	694,433	8,973,171
Community development	1,291,523	28,741	1,320,264
Culture and leisure	727,793	-	727,793
Transportation	-	1,015,760	1,015,760
Capital outlay	196,340	1,464,451	1,660,791
Debt service:			
Principal retirement	345,721	-	345,721
Interest and fiscal charges	90,261	-	90,261
Total Expenditures	13,446,252	3,203,385	16,649,637
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,967,761	(242,495)	1,725,266
Other Financing Sources (Uses):			
Transfers in	1,402,241	599,262	2,001,503
Transfers out	(169,955)	(432,875)	(602,830)
Total Other Financing Sources (Uses)	1,232,286	166,387	1,398,673
Net Change in Fund Balances	3,200,047	(76,108)	3,123,939
Fund Balances, Beginning of Year	6,601,549	6,454,795	13,056,344
Fund Balances, End of Year	\$ 9,801,596	\$ 6,378,687	\$ 16,180,283

CITY OF BANNING

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$ 3,123,939

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 1,666,340	
Depreciation	<u>(5,599,614)</u>	(3,933,274)

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

Principal repayments	345,721
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Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

2,166

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.

93,596

Pension obligation 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. These include:

192,051

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

(234,542)

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.

(104,943)

Change in net position of governmental activities

\$ (515,286)

CITY OF BANNING

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Assets:			
Current:			
Pooled cash and investments	\$ 16,571,765	\$ 23,834,417	\$ 17,393,667
Receivables:			
Accounts	1,193,427	3,396,008	427,471
Loans	1,936	2,568	-
Interest	18,834	27,238	19,581
Prepaid costs	-	730,766	-
Deposits	-	109,512	-
Due from other governments	-	-	-
Inventories	438,230	2,233,089	-
Restricted:			
Cash and investments	-	192,887	-
Cash with fiscal agent	3,675,419	13,830,349	3,346,427
Total Current Assets	21,899,611	44,356,834	21,187,146
Noncurrent:			
Advances to other funds	-	394,118	-
Capital assets - net of accumulated depreciation	47,749,713	41,053,163	14,341,488
Total Noncurrent Assets	47,749,713	41,447,281	14,341,488
Total Assets	69,649,324	85,804,115	35,528,634
Deferred Outflows of Resources:			
Deferred charge on refunding	172,705	-	114,889
Deferred pension related items	164,591	383,820	80,137
Total Deferred Outflows of Resources	337,296	383,820	195,026
Liabilities:			
Current:			
Accounts payable	157,035	1,217,449	122,678
Accrued liabilities	32,514	89,182	14,686
Accrued interest	244,919	141,442	68,344
Unearned revenues	-	-	-
Deposits payable	169,798	380,398	91,834
Compensated absences	38,696	92,189	22,265
Claims and judgments	-	-	-
Bonds, notes, and capital leases	840,000	970,000	420,857
Total Current Liabilities	1,482,962	2,890,660	740,664
Noncurrent:			
Net Pension Liability	2,224,874	5,188,333	1,083,258
Compensated absences	94,590	225,345	54,424
Claims and judgments	-	-	-
Bonds, notes, and capital leases	29,360,984	33,730,625	6,423,175
Total Noncurrent Liabilities	31,680,448	39,144,303	7,560,857
Total Liabilities	33,163,410	42,034,963	8,301,521
Deferred Inflows of Resources:			
Deferred gain on refunding	-	16,917	-
Deferred pension related items	366,096	853,724	178,247
Total Deferred Inflows of Resources	366,096	870,641	178,247
Net Position:			
Net investment in capital assets	17,721,434	6,335,621	7,612,345
Restricted for capital projects	944,585	11,158,193	3,266,420
Restricted for debt service	2,730,834	2,672,156	80,007
Unrestricted	15,060,261	23,116,361	16,285,120
Total Net Position	\$ 36,457,114	\$ 43,282,331	\$ 27,243,892

Reconciliation of Net Position to the Statement of Net Position

Net Position per Statement of Net Position - Proprietary Funds

Prior years' accumulated adjustment to reflect the consolidation of
internal service funds activities related to the enterprise fundsCurrent years' adjustments to reflect the consolidation of internal
service activities related to enterprise funds**Net Position per Statement of Net Position**

CITY OF BANNING

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Assets:			
Current:			
Pooled cash and investments	\$ 2,089,190	\$ 59,889,039	\$ 4,332,053
Receivables:			
Accounts	418,334	5,435,240	22,590
Loans	3,558	8,062	-
Interest	1,827	67,480	2,895
Prepaid costs	-	730,766	-
Deposits	-	109,512	-
Due from other governments	-	-	70,939
Inventories	16,423	2,687,742	61,068
Restricted:			
Cash and investments	-	192,887	-
Cash with fiscal agent	-	20,852,195	-
Total Current Assets	2,529,332	89,972,923	4,489,545
Noncurrent:			
Advances to other funds	-	394,118	-
Capital assets - net of accumulated depreciation	3,355,942	106,500,306	364,184
Total Noncurrent Assets	3,355,942	106,894,424	364,184
Total Assets	5,885,274	196,867,347	4,853,729
Deferred Outflows of Resources:			
Deferred charge on refunding	-	287,594	-
Deferred pension related items	123,983	752,531	236,902
Total Deferred Outflows of Resources	123,983	1,040,125	236,902
Liabilities:			
Current:			
Accounts payable	277,015	1,774,177	257,755
Accrued liabilities	31,722	168,104	52,948
Accrued interest	-	454,705	-
Unearned revenues	1,125,861	1,125,861	-
Deposits payable	116,168	758,198	-
Compensated absences	34,351	187,501	100,265
Claims and judgments	-	-	864,033
Bonds, notes, and capital leases	-	2,230,857	-
Total Current Liabilities	1,585,117	6,699,403	1,275,001
Noncurrent:			
Net Pension Liability	1,675,951	10,172,416	3,202,360
Compensated absences	83,970	458,329	52,758
Claims and judgments	-	-	406,906
Bonds, notes, and capital leases	-	69,514,784	-
Total Noncurrent Liabilities	1,759,921	80,145,529	3,662,024
Total Liabilities	3,345,038	86,844,932	4,937,025
Deferred Inflows of Resources:			
Deferred gain on refunding	-	16,917	-
Deferred pension related items	275,772	1,673,839	526,937
Total Deferred Inflows of Resources	275,772	1,690,756	526,937
Net Position:			
Net investment in capital assets	3,355,942	35,025,342	364,184
Restricted for capital projects	-	15,369,198	-
Restricted for debt service	-	5,482,997	-
Unrestricted	(967,495)	53,494,247	(737,515)
Total Net Position	\$ 2,388,447	\$ 109,371,784	\$ (373,331)
		\$ 109,371,784	
		(1,189,468)	
		90,270	
		<u>\$ 108,272,586</u>	

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Operating Revenues:			
Sales and service charges	\$ 9,696,891	\$ 30,163,068	\$ 3,462,692
Miscellaneous	21,124	124,013	23,584
Total Operating Revenues	9,718,015	30,287,081	3,486,276
Operating Expenses:			
Salaries and benefits	1,443,636	3,274,233	708,590
Supplies and services	3,649,175	5,449,860	1,270,599
Repairs and maintenance	9,803	17,001	20,019
Street lighting costs	-	108,215	-
Power purchased	-	16,393,665	-
Bad debt expense	15,772	106,838	14,652
Insurance premiums	-	-	-
Depreciation expense	1,238,118	1,262,815	561,191
Total Operating Expenses	6,356,504	26,612,627	2,575,051
Operating Income (Loss)	3,361,511	3,674,454	911,225
Nonoperating Revenues (Expenses):			
Intergovernmental	363	10,600	-
Interest revenue and change in fair value of investments	46,938	69,240	45,532
Interest expense	(1,474,266)	(1,700,535)	(317,468)
Total Nonoperating Revenues (Expenses)	(1,426,965)	(1,620,695)	(271,936)
Income (Loss) Before Transfers	1,934,546	2,053,759	639,289
Transfers in	2,099	131	1,124
Transfers out	(488,000)	-	(181,000)
Changes in Net Position	1,448,645	2,053,890	459,413
Net Position:			
Beginning of Year, as previously reported	37,412,467	46,834,485	27,954,950
Restatements	(2,403,998)	(5,606,044)	(1,170,471)
Beginning of Fiscal Year, as restated	35,008,469	41,228,441	26,784,479
End of Fiscal Year	\$ 36,457,114	\$ 43,282,331	\$ 27,243,892

Reconciliation of Changes in Net Position to the Statement of Activities:

Changes in Net Position, per the Statement of Revenues,
Expenses and Changes in Fund Net Position - Proprietary Funds

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

Changes in Net Position of Business-Type Activities per Statement of Activities

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating Revenues:			
Sales and service charges	\$ 3,432,846	\$ 46,755,497	\$ 5,702,426
Miscellaneous	9,569	178,290	916,443
Total Operating Revenues	3,442,415	46,933,787	6,618,869
Operating Expenses:			
Salaries and benefits	1,250,708	6,677,167	1,998,154
Supplies and services	3,543,772	13,913,406	2,871,874
Repairs and maintenance	20,063	66,886	220,264
Street lighting costs	-	108,215	-
Power purchased	-	16,393,665	-
Bad debt expense	9,504	146,766	1,877
Insurance premiums	-	-	845,202
Depreciation expense	479,975	3,542,099	53,300
Total Operating Expenses	5,304,022	40,848,204	5,990,671
Operating Income (Loss)	(1,861,607)	6,085,583	628,198
Nonoperating Revenues (Expenses):			
Intergovernmental	1,672,852	1,683,815	-
Interest revenue and change in fair value of investments	3,175	164,885	35,370
Interest expense	-	(3,492,269)	-
Total Nonoperating Revenues (Expenses)	1,676,027	(1,643,569)	35,370
Income (Loss) Before Transfers	(185,580)	4,442,014	663,568
Transfers in	214	3,568	-
Transfers out	(55,000)	(724,000)	(678,241)
Changes in Net Position	(240,366)	3,721,582	(14,673)
Net Position:			
Beginning of Year, as previously reported	4,439,694	116,641,596	3,101,523
Restatements	(1,810,881)	(10,991,394)	(3,460,181)
Beginning of Fiscal Year, as restated	2,628,813	105,650,202	(358,658)
End of Fiscal Year	\$ 2,388,447	\$ 109,371,784	\$ (373,331)
		\$ 3,721,582	
		90,270	
		<u>\$ 3,811,852</u>	

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 10,265,089	\$ 30,902,732	\$ 3,473,141
Cash received from/(paid to) interfund service provided	21,608	124,013	23,584
Cash paid to suppliers for goods and services	(3,790,445)	(23,450,775)	(1,250,404)
Cash paid to employees for services	(1,467,059)	(3,199,540)	(740,606)
Cash received from (payments to) others	-	-	-
Net Cash Provided (Used) by Operating Activities	5,029,193	4,376,430	1,505,715
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	2,099	131	1,124
Cash transfers out	(488,000)	-	(181,000)
Intergovernmental	363	-	-
Repayment received from other funds	-	10,600	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(485,538)	10,731	(179,876)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(144,832)	(2,593,302)	(83,658)
Principal paid on capital debt	(855,536)	(954,574)	(405,030)
Interest paid on capital debt	(1,480,303)	(1,720,763)	(322,895)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,480,671)	(5,268,639)	(811,583)
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	-	3,366	200
Issuance of notes and loans receivable	(109)	-	-
Interest received	55,464	82,798	57,654
Net Cash Provided (Used) by Investing Activities	55,355	86,164	57,854
Net Increase (Decrease) in Cash and Cash Equivalents	2,118,339	(795,314)	572,110
Cash and Cash Equivalents at Beginning of Year	18,128,845	38,652,967	20,167,984
Cash and Cash Equivalents at End of Year	\$ 20,247,184	\$ 37,857,653	\$ 20,740,094
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 3,361,511	\$ 3,674,454	\$ 911,225
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	1,238,118	1,262,815	561,191
Bad debt expense	15,772	106,838	14,652
(Increase) decrease in accounts receivable	554,211	652,842	(3,654)
(Increase) decrease in deposits receivable	-	(9,341)	-
(Increase) decrease in due from other governments	484	-	-
(Increase) decrease in prepaid expense	-	(260,086)	-
(Increase) decrease in inventories	980	(552,158)	-
Increase (decrease) in accounts payable	(154,782)	(577,365)	30,465
Increase (decrease) in accrued liabilities	(272)	14,413	(1,130)
Increase (decrease) in deposits payable	36,594	(10,675)	24,982
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in employee salary/benefit obligations	22,381	52,193	10,897
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	(45,804)	22,500	(42,913)
Total Adjustments	1,667,682	701,976	594,490
Net Cash Provided (Used) by Operating Activities	\$ 5,029,193	\$ 4,376,430	\$ 1,505,715
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	\$ 50,536	\$ 19,574	\$ (4,216)
Amortization of Gain/Loss on Defeasance	(38,379)	16,917	25,531

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities -		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 3,473,814	\$ 48,114,776	\$ 5,706,541
Cash received from/(paid to) interfund service provided	220,487	389,692	944,462
Cash paid to suppliers for goods and services	(2,780,320)	(31,271,944)	(4,045,165)
Cash paid to employees for services	(1,264,797)	(6,672,002)	(1,995,572)
Cash received from (payments to) others	17,746	17,746	-
Net Cash Provided (Used) by Operating Activities	(333,070)	10,578,268	610,266
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	214	3,568	-
Cash transfers out	(55,000)	(724,000)	(678,241)
Intergovernmental	1,575,178	1,575,541	-
Repayment received from other funds	66,674	77,274	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,587,066	932,383	(678,241)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(39,738)	(2,861,530)	-
Principal paid on capital debt	-	(2,215,140)	-
Interest paid on capital debt	-	(3,523,961)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(39,738)	(8,600,631)	-
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	-	3,566	-
Issuance of notes and loans receivable	(3,558)	(3,667)	-
Interest received	3,255	199,171	36,456
Net Cash Provided (Used) by Investing Activities	(303)	199,070	36,456
Net Increase (Decrease) in Cash and Cash Equivalents	1,213,955	3,109,090	(31,519)
Cash and Cash Equivalents at Beginning of Year	875,235	77,825,031	4,363,572
Cash and Cash Equivalents at End of Year	\$ 2,089,190	\$ 80,934,121	\$ 4,332,053
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,861,607)	\$ 6,085,583	\$ 628,198
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	479,975	3,542,099	53,301
Bad debt expense	-	137,262	-
(Increase) decrease in accounts receivable	51,489	1,254,888	4,115
(Increase) decrease in deposits receivable	-	(9,341)	-
(Increase) decrease in due from other governments	228,664	229,148	28,019
(Increase) decrease in prepaid expense	-	(260,086)	-
(Increase) decrease in inventories	(2,076)	(553,254)	28,079
Increase (decrease) in accounts payable	(34,227)	(735,909)	(16,499)
Increase (decrease) in accrued liabilities	3,366	16,377	1,452
Increase (decrease) in deposits payable	(1,017)	49,884	-
Increase (decrease) in unearned revenue	816,452	816,452	-
Increase (decrease) in employee salary/benefit obligations	16,859	102,330	32,215
Increase (decrease) in claims and judgments	-	-	(118,981)
Increase (decrease) in compensated absences	(30,948)	(97,165)	(29,633)
Total Adjustments	1,528,537	4,492,685	(17,932)
Net Cash Provided (Used) by Operating Activities	\$ (333,070)	\$ 10,578,268	\$ 610,266
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	\$ -	\$ 65,894	\$ -
Amortization of Gain/Loss on Defeasance	-	4,069	-

CITY OF BANNING

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	Agency Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Pooled cash and investments	\$ 368,381	\$ 1,588,530
Receivables:		
Accounts	-	18,176
Notes and loans	-	6,015,081
Interest	367	2,495
Due from other governments	13,891	-
Land held for resale	-	4,675,556
Restricted assets:		
Cash and investments with fiscal agents	223,069	11,596,137
Capital assets:		
Capital assets, not being depreciated	-	3,967
Capital assets, net of accumulated depreciation	-	5,799,138
Total Assets	\$ 605,708	29,699,080
Liabilities and Net Position:		
Liabilities:		
Accounts payable	\$ 32,452	41,154
Accrued interest	-	664,151
Deposits payable	77,357	1,696
Due to bondholders	495,899	-
Long-term liabilities:		
Due in one year	-	1,262,406
Due in more than one year	-	37,015,838
Total Liabilities	\$ 605,708	38,985,245
Net Position:		
Held in trust for other purposes		(9,286,165)
Total Net Position		\$ (9,286,165)

CITY OF BANNING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2015

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions:	
Taxes	\$ 1,648,964
Interest and change in fair value of investments	61,056
Miscellaneous	17,250
Total Additions	1,727,270
Deductions:	
Administrative expenses	129,159
Interest expense	1,609,315
Amortization expense	30,236
Depreciation expense	250,218
Loss of sale of capital assets	1,206,679
Contributions to the city	123,840
Forgiven loan expense	323,915
Total Deductions	3,673,362
Changes in Net Position	(1,946,092)
Net Position - Beginning of the Year	(7,343,484)
Restatement of Net Position	3,411
Net Position - Beginning of the Year, as restated	(7,340,073)
Net Position - End of the Year	\$ (9,286,165)

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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 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 former 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. It does not issue separate financial statements. Its activities are included with the City's activities in these financial statements.

The Banning Utility Authority (Authority) is a joint powers authority which was established on July 12, 2005 pursuant to a Joint Exercise of Powers Agreement between the City of Banning and the former Redevelopment Agency of the City of Banning in accordance with the Joint Powers Law (Article 1 through 4 of Chapter 5, division 7, title 1 of the California Government code) for the purpose of assisting the City in the leasing of the utility system.

The Banning Redevelopment Agency was dissolved as of January 31, 2012, through the Supreme Court decision on Assembly Bill 1X26. The City serves as the successor agency to the Redevelopment Agency of the City of Banning. The Agency's Officers are the Banning City Council. The Agency is a separate legal entity, which is financially accountable to the City of Banning. It is considered a component unit of the City and, accordingly, is included with the City's activities in these financial statements.

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

The City of Banning Housing Authority was established on January 10, 2012 to accept the assets of the former Redevelopment Agency. On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. The Bill impacted the reporting entity of the City that previously had reported a redevelopment agency within the report of the City as a blended component unit. On January 10, 2012 and in accordance with California Health and Safety Code Section 34176, the City Council as part of City resolution numbers 2012-01 and 2012-04, elected to retain the housing assets and transfer those assets over to the Housing Authority. The housing assets and functions are reported in the Banning Housing Authority, a special revenue fund of the City.

b. Government-Wide and Fund Financial Statements

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

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

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

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

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.

The City reports the following major proprietary funds:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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.
- Capital Project Funds are used to account for capital project expenditures throughout the City.
- Debt Service Funds are used to account for debt service related expenditures.
- Internal Service Funds are used to account for the financing of goods or services provided by one department or agency for other departments or agencies of the City, or to other governments, on a cost reimbursement basis.
- The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City's agency funds account for assessments levied for debt service on bond issues which are not a debt of the City.
- The Private-purpose Trust Fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

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.

d. Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

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

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance 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 unavailable revenue and recognized as revenue when the receivables become current. The noncurrent portion of loans and other receivables are offset by fund balance non-spendable accounts. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

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

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

Assets	Years
Building and Structures	20 - 50
Improvements	15 - 25
Machinery and Equipment	3 - 25
Vehicles	5 - 10
Infrastructure	40 - 50
Airport Master Plan	10 - 20
Utility Plant	20 - 60

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government currently has two items that qualify for reporting in this category. The first item is the deferred charge on refunding reported in the Statements of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item relates to the deferred outflows from changes in net pension liability arising under a full accrual basis of accounting, which are reported only in the Statements of Net Position.

In addition to liabilities, the statement of net position and governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government currently has three items that qualify for reporting in this category. The first item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources; such as, taxes, grant revenues, and long-term receivables. The second item is a deferred gain on refunding, which is reported in the Business-Type Activities and Proprietary Funds Statement of Net Position. The third item relates to changes in net pension liability arising under a full accrual basis of accounting, which is reported only in the Statements of Net Position.

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

Compensated Absences

Compensated absences are the amounts due to employees for future absences that are attributable to services already rendered. The City has determined that no current liability exists for compensated absences; therefore, the liability for governmental activities is shown only in the government-wide statements. For proprietary funds the liability for compensated absences, if any, is segregated between short-term and long-term as indicated above and both portions are reflected in the fund involved. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Sick leave is payable when an employee is unable to work because of illness or upon termination. Compensatory time, personal leave, executive leave 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/ Personal Leave/Executive Leave may be accrued in the following manner: Compensatory time for Police employees up to 240 hours, Utility and General employees up to 160 hours, and Non-exempt Managers up to 240 hours.

Exempt Managers receive 98 hours of personal leave per year that may be accrued up to 192 hours. Effective the first full pay period in July 2013, all personal leave balances above 150 hours were moved to a unique leave account.

Police Management receives 98 hours of personal leave per year that may be accrued up to 98 hours. Effective the first full pay period in July 2013, all personal leave balances were moved to a unique leave account.

The City Manager and Department Directors receive 98 hours of executive leave annually that may be accrued up to 200 hours. Effective the first full pay period in July 2013, all executive leave balances above 98 hours were moved to a unique leave bank.

Utility employees may cash out 40 hours of compensatory time, or vacation, or any combination thereof, annually. Non-exempt Management employees may cash out 60 hours of compensatory time per year. Police Management and Exempt Management employees may elect to cash out 60 hours of personal leave per year. The City Manager and Department Directors may cash out 98 hours of executive leave per year.

All compensatory time/personal leave/executive leave is payable to employees upon termination at the rate of pay at termination.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

Management employees, Utility personnel and General employees will accrue sick leave up to a cap of 400 hours. Effective the first full pay period in July 2013, excess hours above 224 were moved to an "old sick" leave account. During the year ended June 30, 2014 and thereafter, any hours that exceed the regular cap of 400 hours will not be accrued.

Upon separation, service retirement, disability retirement or termination, after 10 years of service, Utility and General personnel may receive a cash payment for 30% of all unused sick leave or contribute the entire remaining balance of sick leave to the employee's 457 Deferred Compensation Account (subject to IRS maximum contributions provided by law) or City's Retiree Medical Savings Account.

Upon separation, service retirement, disability retirement or termination, Management employees shall be eligible to receive a cash payment for accrued sick leave in an amount not to exceed 96 hours. After 10 years of continuous City service, all hours accrued, less the total hours cashed out, shall be eligible for conversion to cash in an amount equivalent to 30% of such unused sick leave.

Beginning with the 11th year of service, all Management, Utility, and General employees, as well as Police employees, have the option to convert their sick leave bank, less 40 hours, to deferred compensation or the City's Retiree Health Savings Plan.

The City Manager shall accrue sick leave to a maximum of 320 hours and may receive an annual sick leave pay off of up to 96 hours. Upon separation, the City Manager shall receive payment for all sick hours accrued.

Department Directors shall accrue sick leave up to a maximum of 480 hours. Effective the first full pay period in July 2013, excess sick hours above 96 were moved to an "old sick" leave bank. Annually, Department Directors may receive a 96-hour sick leave pay off, but will not be able to cash out sick leave below 40 hours. Upon separation, service retirement, disability retirement or termination, Department Directors shall receive payment for all sick hours accrued.

Police Management employees will accrue sick leave up to a cap of 320 hours. All sick hours above 224 will be moved to a unique sick leave account. Annually, employees may receive a 96-hour sick leave pay off or convert hours to deferred compensation, but will not be able to cash out sick leave below 40 hours. Upon separation, service retirement, disability retirement, or termination, an employee may receive a cash payment for a maximum of 96 hours. Beginning the 10th year of continuous City service, all hours accrued shall be eligible for conversion to cash in an amount equivalent to 30% of such unused sick leave. Beginning with the 11th year of service, unit members may convert 50% of their sick leave bank, less 40 hours, to deferred compensation or the City's Retiree Health Savings Plan.

Vacation and Holiday Leave Police employees accrue hours according to schedules set forth in a memorandum of understanding. After one year of employment, each employee is eligible to be paid for accrued vacation. Maximum accrual for vacation is 320 hours and 336 hours for non-supervisory and supervisory personnel, respectively. Holiday leave may be accrued to a maximum of 160 hours. At termination, after 1 year of continuous full-time service, employees shall be paid for 100% of accrued vacation and holiday leave.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

General and Utility personnel accrue vacation leave in accordance with schedules set forth in a memorandum of understanding. Holidays do not accrue, but are paid per schedules set forth in a memorandum of understanding. Vacation leave accrues up to a maximum of 320 hours. Upon termination, all union personnel with at least six months service will be paid for all accrued hours.

The City Manager's maximum accrual for vacation is 320 hours. Department Directors will accrue vacation leave up to a cap of 480 hours. Effective the first full pay period in July 2013, excess hours above 160 (for Department Directors) were moved to a unique vacation bank. Upon separation, the City Manager and Department Directors shall be entitled to 100% of the unused vacation leave on the books. Effective July 2013, existing holiday hours were moved to a unique leave bank and the City Manager and Department Directors will no longer accrue holidays, but are paid for holidays per schedules referred to in individual contracts. Upon termination, the City Manager and Department Directors shall be entitled to be paid for the entire amount of holiday time accrued.

Police Management will accrue vacation leave up to a cap of 320 hours. Effective the first full pay period in July 2013, excess hours above 160 were moved to a unique vacation bank. Upon separation, employee shall be entitled to 100% of the unused vacation leave on the books. Police Management shall accrue holiday hours up to the cap of 96 hours. Effective the first full pay period in July 2013, all holiday hours were moved to a unique bank. Upon separation, employees shall be entitled to 100% of the unused holiday leave on the books.

Management employees accrue vacation and holiday leave in accordance with schedules set forth in a memorandum of understanding. Vacation accrues to a limit of 320 hours. Effective July 2013, existing holiday hours were moved to a unique leave bank and the Management employees are no longer accrue holidays, but are paid for holidays per schedules contained 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. The cash value of holiday hours (for Management employees) in the unique bank will remain at the employee's July 2013 pay rate.

Employees may cash out vacation/holiday time annually as follows:

<u>Hours</u>	
City Manager (vacation)	120
Department Directors (vacation)	80
Managers 80 (vacation in excess of 80)	
Police Management (vacation)	80
Police (vacation)	40
Police (holiday)	88

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

Floating Holiday General employees, Utility employees, the City Manager, Department Directors and Managers will be credited one floating holiday (10 hours) with the first payroll in each fiscal year. Floating holiday leave balances must be used during the fiscal year or cashed out.

Career part-time classification employees shall accrue leave balances on a prorata basis derived from the leave rates and caps set forth in the most recent memorandum of understanding for Management employees. Career part-time employees are not eligible for cash out of any accrued hours, except upon termination.

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 position. Bond premiums and discounts 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.

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.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the pension plans fiduciary net positions and additions to/deductions from the pension plans fiduciary net positions have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

Emergency Contingency - City Council has determined the specific purposes for which this may be used for are local disasters, recessions or other financial hardships; to subsidize unforeseen operating or capital needs; and cash flow requirements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager or Deputy City Manager are authorized to assign amounts to a specific purpose, which was established by the governing body by resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Fund Balance Deficits

The following funds contained a deficit fund balance:

Fund	Amount
Transit Fund	\$ (1,247,895)
Community Development Block Grant - Special Revenue	(11,915)
Sunset Grade Separation - Capital Projects Fund	(2,049,825)
Successor Agency	(9,286,165)
Information Services	(369,986)
Utility Billing Services	(1,731,966)

e. New Accounting Pronouncements

During the fiscal year ended June 30, 2015, the City implemented the following GASB standards:

GASB Statement No. 68 – Accounting and financial Reporting for Pensions—an Amendment of GASB Statement No. 27 will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The requirements of this statement are retroactive and effective for financial statements for periods beginning after June 15, 2014.

The City has fully implemented this standard, which resulted in restated Net Positions' as of June 30, 2014. Please refer to Note 17 regarding the restatement.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

The provisions of GASB Statement No. 71 are effective for financial statements beginning after June 15, 2014.

II. DETAILED NOTES ON ALL FUNDS

Note 2: Cash and Investments

As of June 30, 2015, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 18,863,544
Business-type activities	80,934,121
Fiduciary funds	<u>13,776,117</u>
Total Cash and Investments	<u>\$ 113,573,782</u>

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

Deposits

At June 30, 2015, the carrying amount of the City's deposits was \$8,266,572, and the bank balance was \$7,808,289. The \$458,283 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 2: Cash and Investments (Continued)

Investments

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

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

Investments Authorized by Debt Agreements

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

Investments in State Investment Pool

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

GASB Statement No. 31

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

Credit Risk

The City's investment policy does not limit investments in Federal Agency Securities by ratings issued by nationally recognized statistical rating organizations. As of June 30, 2015, the City's investments in Federal Agency Securities consisted of investments in Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit banks, and Federal National Mortgage Corporation. At June 30, 2015, all Federal Agency Securities were rated "AA+" by Standard & Poor's. All securities were investment grade and were legal under State and City law. As of June 30, 2015, the City's investments in external investment pools are unrated.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 2: Cash and Investments (Continued)

Custodial Credit Risk

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

As of June 30, 2015, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. In addition, GASB 40 requires a separate disclosure if any single issuer comprised more than 5% of the total investment value. The investments in mutual money market funds and external investment pools are excluded from this requirement. As of June 30, 2015, the City has investments with the following issuer that exceeded 5%:

Federal Home Loan Bank	\$ 5,997,460	6%
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Interest Rate Risk

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

As of June 30, 2015, the City had the following investments and maturities:

Investment Type	Remaining Investment Maturities			Fair Value
	1 year or less	1 to 3 years	3 to 5 years	
Federal Agency Securities	\$ -	\$ 7,698,123	\$ 999,810	\$ 8,697,933
Local Agency Investment Fund	45,428,852	-	-	45,428,852
Money Market	17,408,347	-	-	17,408,347
Cash with Fiscal Agents:				
Money Market	33,772,078	-	-	33,772,078
Total	\$ 96,609,277	\$ 7,698,123	\$ 999,810	\$ 105,307,210

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 3: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

Due To/From Other Funds

	Due to Other Funds
	Nonmajor Governmental Funds
Funds	
Due from Other Funds:	
General Fund	\$ 2,107,300

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

Advances To/From Other Funds

	Advances to Other Funds
	Electric Utility
Funds	
Advances from Other Funds:	
General Fund	\$ 394,118
Total	\$ 394,118

During previous fiscal years, the Electric Utility Fund had made loans to the General Fund. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The Electric Utility Fund 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, 2015, principal owed on those loans was \$394,118.

Interfund Transfers

	Transfers Out:						
Funds	General Fund	BUA Water Fund	Banning Utility Authority Wastewater	Other Enterprise Funds	Internal Service Funds	Nonmajor Governmental Funds	Totals
Transfers In:							
General Fund	\$ -	\$ 488,000	\$ 188,000	\$ 55,000	\$ 678,241	\$ -	\$ 1,409,241
Electric Utility	131	-	-	-	-	-	131
BUA Water Fund	2,099	-	-	-	-	-	2,099
BUA Wastewater Fund	1,124	-	-	-	-	-	1,124
Other Enterprise Funds	214	-	-	-	-	-	214
Nonmajor Governmental Funds	166,387	-	-	-	-	432,875	599,262
Totals	\$ 169,955	\$ 488,000	\$ 188,000	\$ 55,000	\$ 678,241	\$ 432,875	\$ 2,012,071

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 3: Interfund Receivables, Payables and Transfers (Continued)**

Transfers out of the General, Water, Nonmajor Governmental Funds, the BUA Water Fund, the BUA Wastewater Fund, and Refuse Utility Funds to the General Fund and other Nonmajor Governmental Funds are to pay certain costs incurred for special projects undertaken in the other Nonmajor Governmental Funds.

Note 4: Changes in Capital Assets

Capital asset activity for the year ended June 30, 2015, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,061,900	\$ -	\$ -	\$ -	\$ 3,061,900
Construction-in-progress	5,283,510	1,534,961	-	(615,563)	6,202,908
Total Capital Assets, Not Being Depreciated	8,345,410	1,534,961	-	(615,563)	9,264,808
Capital assets, being depreciated:					
Buildings and structures	26,047,895	-	136,177	16,150	25,927,868
Land improvements	7,074,384	-	-	423,100	7,497,484
Machinery and equipment	6,133,638	131,379	12,498	48,848	6,301,367
Vehicles	4,212,327	-	155,666	113,285	4,169,946
Infrastructure	112,780,872	-	-	14,180	112,795,052
Total Capital Assets, Being Depreciated	156,249,116	131,379	304,341	615,563	156,691,717
Less accumulated depreciation:					
Buildings and structures	13,192,417	1,084,114	136,177	-	14,140,354
Land improvements	3,275,851	302,478	-	-	3,578,329
Machinery and equipment	5,212,893	465,665	12,498	-	5,666,060
Vehicles	4,007,830	88,781	155,666	-	3,940,945
Infrastructure	52,975,640	3,711,876	-	-	56,687,516
Total Accumulated Depreciation	78,664,631	5,652,914	304,341	-	84,013,204
Total Capital Assets, Being Depreciated, Net	77,584,485	(5,521,535)	-	615,563	72,678,511
Governmental Activities Capital Assets, Net	<u>\$ 85,929,895</u>	<u>\$ (3,986,574)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,943,319</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	\$ 223,985
Public safety	895,938
Public works	4,087,718
Transportation	391,973
Internal Service Fund	53,300
Total Depreciation Expense - Governmental Activities	<u>\$ 5,652,914</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 4: Changes in Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,184,229	\$ -	\$ -	\$ -	\$ 1,184,229
Construction-in-progress	6,023,844	2,750,575	-	(2,518,898)	6,255,521
Total Capital Assets, Not Being Depreciated	7,208,073	2,750,575	-	(2,518,898)	7,439,750
Capital assets, being depreciated:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	519,247	-	-	-	519,247
Land improvements	3,561,602	-	-	851,231	4,412,833
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	164,725,256	110,955	10,722	1,667,667	166,493,156
Total Capital Assets, Being Depreciated	168,874,089	110,955	10,722	2,518,898	171,493,220
Less accumulated depreciation:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	403,515	6,147	-	-	409,662
Land improvements	1,785,464	195,368	-	-	1,980,832
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	66,644,324	3,340,584	10,722	-	69,974,186
Total Accumulated Depreciation	68,901,287	3,542,099	10,722	-	72,432,664
Total Capital Assets, Being Depreciated, Net	99,972,802	(3,431,144)	-	2,518,898	99,060,556
Business-type Activities Capital Assets, Net	\$ 107,180,875	\$ (680,569)	\$ -	\$ -	\$ 106,500,306

Depreciation expense was charged to business-type activities as follows:

Business-Type Activities:	
Banning Utility Authority Water	\$ 1,238,118
Electric Utility	1,262,815
Banning Utility Authority Wastewater	561,191
Airport	202,485
Transit	277,490
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,542,099</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Accounts Receivable

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

	Gross Receivable	Allowance For Doubtful Accounts	Net Receivable
Water	\$ 1,237,132	\$ (43,705)	\$ 1,193,427
Electric	3,522,615	(126,607)	3,396,008
Wastewater	443,453	(15,982)	427,471
Nonmajor Proprietary Funds	433,268	(14,934)	418,334
	<u>\$ 5,636,468</u>	<u>\$ (201,228)</u>	<u>\$ 5,435,240</u>

Note 6: Loans Receivable

The City has entered into various loan agreements relating to owner's participation agreements, developer loans, the first time home buyer loan program, the rehabilitation loan program, and various other loans receivable. The owners' participation agreements have repayment terms between 6 and 55 years. The following summarizes the loans outstanding at June 30, 2015:

Description	Balance at June 30, 2015
Owners participation loans	\$ 500,000
First time home buyer down payment assistance loans	380,000
Rehabilitation loans	26,205
Other loans	8,062
Total loans receivable at June 30, 2015	<u>\$ 914,267</u>

Note 7: 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. This is shown as a restricted investment. The amount of deposit with the City of Riverside as of June 30, 2015, amounted to \$192,887.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 8: Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2015:

	Balance at July 1, 2014	Incurred	Retired	Balance at June 30, 2015	Due Within One Year
Governmental Activities:					
2011 Refunding Lease	\$ 2,493,082	\$ -	\$ 345,721	\$ 2,147,361	\$ 358,807
Compensated Absences					
Governmental Funds	961,296	224,943	318,539	867,700	287,524
Internal Service Funds	182,656	9,832	39,465	153,023	100,265
Claims and Judgment	1,389,920	825,940	944,921	1,270,939	864,033
Total	<u>\$ 5,026,954</u>	<u>\$ 1,060,715</u>	<u>\$ 1,648,646</u>	<u>\$ 4,439,023</u>	<u>\$ 1,610,629</u>
Business-Type Activities:					
Loans Payable	\$ 1,924,715	\$ -	\$ 254,246	\$ 1,670,469	\$ 260,857
2005 Water Revenue Bond	29,970,000	-	805,000	29,165,000	840,000
2005 Wastewater Revenue Bond	5,415,000	-	155,000	5,260,000	160,000
2007 Electric Revenue Bond	35,205,000	-	935,000	34,270,000	970,000
Compensated Absences	742,995	118,545	215,710	645,830	187,501
Total	<u>\$ 73,257,710</u>	<u>\$ 118,545</u>	<u>\$ 2,364,956</u>	<u>71,011,299</u>	<u>\$ 2,418,358</u>
Less:					
Unamortized original issue premium				1,466,609	
Unamortized original issue discount				(86,437)	
Net Business-Type Activities				<u>\$ 72,391,471</u>	

a. Compensated Absences

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2015, was \$1,020,703 which includes \$153,023 recorded in the internal service funds. These amounts are payable from future resources and, therefore, have been recorded in the statement of net position. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used. For enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$645,830.

b. 2011 Refunding Lease Agreement

On April 27, 2011, the City entered into a lease agreement for the purpose of refunding the 1997 Refunding Certificates of Participation. The lease agreement totals \$3,455,000 and is subject to an interest rate of 3.75% per annum. The lease agreement is payable on November 1 and May 1 of each year commencing November 1, 2011 through 2020 and is in connection with real property leased by the City to the funding corporate parties. At June 30, 2015, the outstanding balance on the refunding lease agreement is \$2,147,361.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 8: Long-Term Debt (Continued)

Year Ending June 30,	Principal	Interest	Total
2016	\$ 358,807	\$ 77,193	\$ 436,000
2017	372,388	63,612	436,000
2018	386,483	49,517	436,000
2019	401,112	34,888	436,000
2020	416,295	19,705	436,000
2021	212,276	3,980	216,256
Total	<u>\$ 2,147,361</u>	<u>\$ 248,895</u>	<u>\$ 2,396,256</u>

c. 2005 Water Revenue Bonds

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

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

The bonds consist of serial bonds maturing in the years 2006 to 2020 are payable November 1 in annual installments of \$620,000 to \$1,025,000. The bonds bear interest at 3.25% to 4.5%. Bonds maturing after November 1, 2020, in the amount of \$23,585,000 are term bonds and bear interest at 5.25%. At June 30, 2015, the outstanding balance on the refunding lease agreement is \$29,165,000. The total debt service payment requirements with respect to the above bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 840,000	\$ 1,451,675	\$ 2,291,675
2017	875,000	1,416,338	2,291,338
2018	910,000	1,380,638	2,290,638
2019	945,000	1,342,947	2,287,947
2020	985,000	1,302,203	2,287,203
2021 - 2025	5,680,000	5,721,188	11,401,188
2026 - 2030	7,305,000	4,049,719	11,354,719
2031 - 2035	9,430,000	1,864,538	11,294,538
2036	2,195,000	57,619	2,252,619
Totals	<u>\$ 29,165,000</u>	<u>\$ 18,586,865</u>	<u>\$ 47,751,865</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 8: Long-Term Debt (Continued)**d. 2005 Wastewater Revenue Bonds**

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

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

The bonds consist of serial bonds maturing in the years 2006 to 2020 are payable November 1 in annual installments of \$135,000 to \$265,000. The bonds bear interest at 3.25% to 4.5%. Bonds maturing between November 1, 2021 and November 1, 2025, in the amount of \$1,100,000 are term bonds and bear interest at 4.5%. Bonds maturing between November 1, 2026 and November 1, 2035, in the amount of \$3,105,000 are term bonds and bear interest at 4.625%. The outstanding principal balance at June 30, 2015, amounted to \$5,260,000.

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 160,000	\$ 233,094	\$ 393,094
2017	165,000	226,430	391,430
2018	170,000	219,606	389,606
2019	180,000	212,494	392,494
2020	185,000	204,966	389,966
2021 - 2025	1,055,000	894,403	1,949,403
2026 - 2030	1,320,000	626,538	1,946,538
2031 - 2035	1,650,000	284,438	1,934,438
2036	375,000	8,672	383,672
Total	<u>\$ 5,260,000</u>	<u>\$ 2,910,641</u>	<u>\$ 8,170,641</u>

e. 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 a service charge of 2.6% per annum. The loan is to be repaid within 20 years through 20 equal annual installments of principal and service charges. The outstanding loan balance at June 30, 2015, was \$1,670,469. The loan is recorded in the BUA Wastewater Utility Enterprise Fund.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 8: Long-Term Debt (Continued)**

Year Ending June 30,	Principal	Service Charge	Total
2016	\$ 260,857	\$ 43,432	\$ 304,289
2017	267,639	36,650	304,289
2018	274,597	29,691	304,288
2019	281,737	22,552	304,289
2020	289,063	15,227	304,290
2021	296,576	7,711	304,287
Total	<u>\$ 1,670,469</u>	<u>\$ 155,263</u>	<u>\$ 1,825,732</u>

f. 2007 Electric Revenue Bond

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

In June 2010, the City bought back \$5,775,000 of the outstanding debt of the 2007 Electric Revenue Bonds and the liability for those bonds has been removed from long-term debt. This resulted in an economic gain of \$84,584 which will be amortized over the remaining life of the bond.

The outstanding balance at June 30, 2015, amounted to \$34,270,000. The total debt service payment requirements with respect to the above bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 970,000	\$ 1,697,300	\$ 2,667,300
2017	1,020,000	1,648,800	2,668,800
2018	1,070,000	1,597,800	2,667,800
2019	1,125,000	1,544,300	2,669,300
2020	1,180,000	1,488,050	2,668,050
2021 - 2025	6,860,000	6,492,750	13,352,750
2026 - 2030	8,610,000	4,657,775	13,267,775
2031 - 2035	8,335,000	2,459,750	10,794,750
2036 - 2038	5,100,000	518,500	5,618,500
Total	<u>\$ 34,270,000</u>	<u>\$ 22,105,025</u>	<u>\$ 56,375,025</u>

Note 9: 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

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9: Assessment District and Community Facilities District Bonds (Continued)

secured by liens against the assessed properties. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders. Neither the faith and credit, nor the taxing power, of the City of Banning or the Agency has been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds are shown in the financial statements of the City.

	Amount of Issue	Outstanding June 30, 2015
AD 2004-1	\$ 2,898,000	\$ 2,390,000

Note 10: Operating Lease

In December 2005, the Banning Utility Authority entered into an operating lease with the City for the use of the City's water and wastewater systems. The lease agreement states that an initial payment of \$17,000,000 be paid to the City, with additional annual installments equal to the total surplus revenues and other funds pledged. The lease agreement is for a term of 55 years and the amount paid to the City over that time cannot exceed the fair value of the water and wastewater systems. In 2005-2006, the Banning Utility Authority paid the City the initial payment of \$17,000,000. The Banning Utility Authority made a payment of \$651,000 during the fiscal year ending June 30, 2015.

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan)

a. Miscellaneous Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015
Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

The Plan provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous Plan	
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.00% to 2.50%	1.1% to 2.00%
Required employee contribution rates	7.975%	6.250%
Required employer contribution rates	20.255%	20.099%

* Closed to new entrants not previously in CalPERS

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefits	238
Inactive employees entitled to but not yet receiving benefits	66
Active employees	118
Total	422

Contribution

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the period ended June 30, 2015, City contributions totaling \$1,511,733 was recognized as a reduction to the net pension liability.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
	(a)	(b)	(c)=(a)-(b)
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 59,527,669	\$ 38,311,035	\$ 21,216,634
Changes Recognized for the Measurement Period:			
Service Cost	1,309,205	-	1,309,205
Interest on the Total Pension Liability	4,417,332	-	4,417,332
Contribution from the Employer	-	1,511,733	(1,511,733)
Contributions from Employees	-	608,478	(608,478)
Net Investment Income (2)	-	6,586,288	(6,586,288)
Benefit Payments including Refunds of Employee Contributions	(2,569,019)	(2,569,019)	-
Net Changes During 2013-14	3,157,518	6,137,480	(2,979,962)
Balance at: 6/30/2014 (Measurement Date) (1)	\$ 62,685,187	\$ 44,448,515	\$ 18,236,672

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

(2) Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Miscellaneous Plan's Net Pension Liability/(Assets)	\$ 26,259,015	\$ 18,236,672	\$ 11,541,818

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015
Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)
Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City of Banning incurred a pension expense of \$1,532,559 for the Plan. At June 30, 2014, the City of Banning has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,349,103	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(3,000,788)
Total	\$ 1,349,103	\$ (3,000,788)

The \$1,349,103 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (750,197)
2017	(750,197)
2018	(750,197)
2019	(750,197)
Total	\$ (3,000,788)

b. Safety Plan
Plan Descriptions

The City of Banning Safety Plan, is a cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). All qualified safety employees are eligible to participate in the City's Safety (Police and Fire) Plan. Benefit provisions under the Safety Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations.

Safety cost-sharing plans

Hire date	Prior to January 1, 2013
Benefit formula	3% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	3.000%
Required employee contribution rates	9.000%
Required employer contribution rates	41.376%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plans allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as a reduction to the net pension liability was \$952,158.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported a \$10,599,884 net pension liability for its proportionate share of the pooled net pension liability.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. City's proportion of the net pension liability was based on CalPERS' Public Agency Cost-Sharing Allocation Methodology Report, which can be obtained on the CalPERS website. The City's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

	Safety Plan
Proportion - June 30, 2013	0.27073%
Proportion - June 30, 2014	0.28259%
Change - Increase (Decrease)	0.0119%

For the year ended June 30, 2015, the City recognized a total pension expense of \$793,856 for the Safety Plan.

At June 30, 2015, the City reported deferred outflows and deferred inflows of resources related to pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,034,818	\$ -
Unamortized difference between employer contribution and the plans proportionate share of aggregate employer contributions	156,337	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(2,317,475)
Adjustment due to Difference in Proportions	122,969	-
Total	\$ 1,314,124	\$ (2,317,475)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

The \$1,034,818 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (389,994)
2017	(389,994)
2018	(389,994)
2019	(404,694)
2020	(463,493)
Total	<u>(2,038,169)</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method Actuarial Assumptions	Entry Age Normal Cost Method
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Safety Plans Net Pension Liability/(Asset)	Discount Rate - 1% 6.50%	Current Discount 7.50%	Discount Rate +1% 8.50%
Plan's Net Pension Liability/(Asset)	\$ 16,524,617	\$ 10,599,884	\$ 5,718,159

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

c. PARS

Plan Description

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

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

Funding Plan

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

Annual Contributions

The amount of employee contributions was \$13,476 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was \$179,684.

Note 12: 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 13: Insurance Programs

The City maintains self-insurance programs for workers' compensation, general liability and wrongful employment practices. For general liability claims, the City is at risk for up to \$50,000 per occurrence; amounts in excess of \$50,000 up to \$50,000,000 are covered through the Public Entity Risk Management Authority (PERMA) and excess insurance. 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 and excess insurance. For wrongful employment practices claims, the City is at risk for up to \$25,000 per occurrence; amounts in excess of \$25,000 up to \$1,000,000 are covered through the Employment Risk Management Authority. 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 13: Insurance Programs

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, 2015, the amount of these liabilities was \$1,270,939. The amount represents an estimate of \$871,316 for reported claims through June 30, 2015, and \$464,811 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, 2015, resulted from the following:

<u>Year</u>	<u>Liability at Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End of Fiscal Year</u>
2014	\$ 919,981	\$ 953,090	\$ 483,151	\$ 1,389,920
2015	1,389,920	825,940	944,921	1,270,939

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) which was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management and claims administration. The City continues to carry commercial insurance for all other risks of loss.

Note 14: Commitments and Contingencies**a. Grant Compliance Audits**

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

b. Pending Litigation

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.

c. Proposition 218

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.

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2015**Note 14: Commitments and Contingencies (Continued)**

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.

d. Construction Contracts

The following material construction commitments existed at June 30, 2015:

Project Name	Contract Amount	Expenditures to date as of June 30, 2015	Remaining Commitments
Wastewater Treatment Plant Expansion-Parsons	\$ 2,397,929	\$ 2,169,811	\$ 228,118
Irrigation Water Pipeline - Albert Webb	196,090	189,312	6,778
Street lights - Wesco Dist	985,248	917,240	68,008
Hydroelectric rehab - Charles King Co	702,350	688,500	13,850
Sunset Grade Separation- Perry C Thomas	199,806	141,180	58,626
Mgmt- downtown underground conv - Leidos Eng	178,144	30,946	147,198
Downtown underground- phase 3 - West Coast El	1,324,230	1,203,845	120,385
Const Mgmt- Corp Yard - Bernards Bros	356,159	138,608	217,551
Corp yard warehouse -Phase 1 - Molej Builders	1,200,650	581,429	619,221
Corp yard warehouse- Phase 2 - Kinsman Const	944,900	129,334	815,566
Design for 4 substations - Leidos Engineering	125,000	74,483	50,517
	<u>\$ 8,610,506</u>	<u>\$ 6,264,688</u>	<u>\$ 2,345,818</u>

Note 15: Southern California Public Power Authority

The City, through its Electric Utility Fund, has entered into a "take or pay" contract and "take and pay" contract through its participation in the Southern California Public Power Authority (SCPPA) in order to meet the electric needs of its customers. These contracts are not considered a joint venture since the City has no interest in the assets, liabilities, or equity associated with any of the projects to which these contracts refer. Under the "take or pay" contract, the City is obligated to pay its share of the indebtedness regardless of the ability of the contracting agency to provide electricity or the City's need for the electricity. The City is only obligated to pay its share of the indebtedness upon delivery of energy under the "take and pay" contracts. A long-term obligation has not been recorded in the accompanying basic financial statements as these commitments do not represent an obligation of the Electric Utility until the year the power is available to be delivered to the Electric Utility.

During the fiscal year ended June 30, 2015, the Electric Utility Fund made payments totaling \$1,222,066 for these contracts. SCPPA membership consists of 10 Southern California cities and one public irrigation district of the State of California, which serves the electric power needs of its Southern California electricity customers. SCPPA, a public entity organized under the laws of the State of California, was formed by a joint powers agreement dated November 1, 1980, pursuant to the Joint Exercise of Powers Act of the State of California. SCPPA was created for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The joint power agreement has a term of 50 years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 15: Southern California Public Power Authority (Continued)

For the year ended June 30, 2015, the City of Banning had power purchase agreements in the following SCPPA operating projects:

a. Palo Verde Project

Pursuant to an assignment agreement dated August 14, 1981 with the Salt River Project, SCPPA purchased a 5.910% interest in the Palo Verde Nuclear Generating Station, a 3,810 MW nuclear-fueled generating station near Phoenix, Arizona and a 6.550% share of the right to use certain portions of the Arizona nuclear power project valley transmission system (collectively, the PV). Units 1, 2 and 3 of PV began commercial operations in January 1986, September 1986 and January 1988, respectively. The City's ownership share of this project is 1.0%.

b. San Juan Project

Effective July 1, 1993, the SCPPA purchased a 41.80% interest in Unit 3 and related common facilities of the San Juan Generation Station from Century Power Corporation. The City's ownership share of this project is 9.8%.

c. Mead-Phoenix Project

SCPPA entered into an agreement dated December 17, 1991 to acquire an interest in the MP, a transmission line extending between the West Wing substation in Arizona and the Marketplace substation in Nevada. The agreement provides SCPPA with an 18.308% interest in the West Wing-Mead project, a 17.756% interest in the Mead substation project component and a 22.408% interest in the Mead-Marketplace component. The project is a 256 mile, 500 kV AC transmission line with a rating of 1,300 MW. The City's ownership share of MP is 1.0%.

d. Mead-Adelanto Project

SCPPA also entered into an agreement dated December 17, 1991 to acquire a 67.917% interest in the MA, a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer from the Multiple Projects Fund, and commercial operations commenced in April 1996. LADWP serves as the operations manager of MA. The project is a 202 mile, 500 kV AC transmission line with a rating of 1,200 MW. The City's ownership share of MA is 1.3%.

e. Hoover Upgrading Project

On March 1, 1986, SCPPA and the City, and eight participants including the Cities of Anaheim, Azusa, Banning, Colton, Glendale, Pasadena, Riverside and Vernon entered into an agreement pursuant to which each participant assigned its entitlement to capacity and associated firm energy to SCPPA in return for SCPPA's agreement to make advance payments to the USBR on behalf of such participants. SCPPA has an 18.680% interest in the contingent capacity of the HU. All 17 "uprated" generators of the HU have commenced commercial operations. The City has a 2.1% (15 MW) ownership interest in this project.

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2015**Note 15: Southern California Public Power Authority (Continued)**

A summary of the City's contracts and related projects and its commitments at June 30, 2015 are shown below:

	City of Banning portion	City of Banning share of bonds	City of Banning obligation relating to total debt service
Palo Verde	1.00%	\$ 244,400	\$ 375,030
San Juan	9.80%	2,091,810	4,258,492
Mead-Phoenix	1.00%	297,300	372,290
Mead-Adelanto	1.30%	1,294,410	1,613,144
Hoover Upgrading	2.10%	87,801	138,285
		<u>\$ 4,015,721</u>	<u>\$ 6,757,241</u>

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Banning that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

a. Cash and Investments

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

Cash and investments pooled with the City	\$ 1,588,530
Cash and investments with fiscal agent	<u>11,596,137</u>
	<u><u>\$ 13,184,667</u></u>

b. Loans Receivable

The former redevelopment agency had entered into various loan agreements relating to owners' participation agreements and various other loans receivable. The owners' participation agreements have repayment terms between 6 and 55 years. The following summarizes the loans outstanding at June 30, 2015:

Description	Balance at June 30, 2015
Owners participation loans	\$ 4,995,081
Disposition and development agreements	<u>1,020,000</u>
Total loans receivable at June 30, 2015	<u><u>\$ 6,015,081</u></u>

During the Fiscal Year ending June 30, 2015, \$323,915 worth of rehabilitation and owner participation agreement loans were forgiven. These forgiven loans are reported as forgiven loan expense on the Statement of Changes in Fiduciary Net Position.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency

c. Capital Assets

An analysis of capital assets as of June 30, 2015, follows:

	Balance July 1, 2014	Transfers	Additions	Deletions	Balance June 30, 2015
Nondepreciable Assets:					
Land	\$ 3,845	\$ -	\$ -	\$ -	\$ 3,845
Construction-in-progress	-	-	122	-	122
Total nondepreciable assets	3,845	-	122	-	3,967
Depreciable Assets:					
Land Improvements	2,201,160	-	-	-	2,201,160
Building and Structures	1,830,092	-	-	-	1,830,092
Machinery and Equipment	28,378	-	-	-	28,378
Infrastructure	3,307,989	-	-	-	3,307,989
Total depreciable assets	7,367,619	-	-	-	7,367,619
Less Accumulated Depreciation					
Land Improvements	616,177	-	97,883	-	714,060
Building and Structures	210,093	-	52,390	-	262,483
Machinery and Equipment	28,378	-	-	-	28,378
Infrastructure	463,615	-	99,945	-	563,560
Total Accumulated Depreciation	1,318,263	-	250,218	-	1,568,481
Total depreciable assets, net	6,049,356	-	(250,218)	-	5,799,138
Capital Assets	\$ 6,053,201	\$ -	\$ (250,096)	\$ -	\$ 5,803,105

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2015, follows:

	Balance July 1, 2014	Additions	Repayments	Balance June 30, 2015	Due Within One Year
Fiduciary Funds:					
2003 Tax Allocation Bonds	\$ 10,100,000	\$ -	\$ 480,000	\$ 9,620,000	\$ 500,000
2007 Tax Allocation Bonds	27,585,000	-	710,000	26,875,000	750,000
Loans Payable	136,655	-	11,648	125,007	12,406
SERAF loan	2,298,433	-	-	2,298,433	-
Total Fiduciary Funds	\$ 40,120,088	\$ -	\$ 1,201,648	38,918,440	\$ 1,262,406
			Unamortized Premiums/Discounts	(640,196)	
			Total Long-term Debt	<u>\$ 38,278,244</u>	

e. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015
Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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

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

A reserve fund was established in the amount of \$971,763 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, 2015, totaled \$9,620,000.

Year Ending June 30,	Principal	Interest	Total
2016	\$ 500,000	\$ 458,370	\$ 958,370
2017	520,000	436,370	956,370
2018	545,000	412,733	957,733
2019	570,000	387,360	957,360
2020	595,000	359,375	954,375
2021 - 2025	3,455,000	1,307,625	4,762,625
2026 - 2029	3,435,000	354,375	3,789,375
Total	<u>\$ 9,620,000</u>	<u>\$ 3,716,208</u>	<u>\$ 13,336,208</u>

f. 2007 Tax Allocation Bonds

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

The bonds consist of serial bonds maturing in the years 2009 to 2030 payable August 1 in annual installments of \$245,000 to \$1,805,000. The bonds bear interest at 4.0% to 4.25%. Bonds maturing after August 1, 2030, in the amount of \$9,500,000 are term bonds and bear interest at 4.375%. Serial bonds maturing on or after August 1, 2014, are subject to redemption prior to maturity, in whole or in part at the option of the Agency from any available source of funds. Term bonds maturing on August 1, 2037, are subject to mandatory redemption in part or by lot from sinking fund payments made by the Agency. The amount of bonds outstanding at June 30, 2015, totaled \$26,875,000.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

Year Ending June 30,	Principal	Interest	Total
2016	\$ 750,000	\$ 1,111,466	\$ 1,861,466
2017	780,000	1,083,829	1,863,829
2018	805,000	1,054,799	1,859,799
2019	835,000	1,023,728	1,858,728
2020	865,000	990,250	1,855,250
2021 - 2025	4,885,000	4,389,088	9,274,088
2026 - 2030	6,650,000	3,245,388	9,895,388
2031 - 2035	7,235,000	1,654,044	8,889,044
2036 - 2039	4,070,000	255,063	4,325,063
Total	<u>\$ 26,875,000</u>	<u>\$ 14,807,655</u>	<u>\$ 41,682,655</u>

g. Loan Payable – Glick

On August 27, 2008, the Agency entered into a promissory note. The note amount was \$200,000 and is subject to an interest rate of 6.5% per annum. The note is payable in fifteen annual installments of \$20,531. The principal amount of this note represents the agreed-upon amount for the purchase of real property. At June 30, 2015, the outstanding balance on the note payable is \$125,007.

Year Ending June 30,	Principal	Interest	Total
2016	\$ 12,406	\$ 8,125	\$ 20,531
2017	13,212	7,319	20,531
2018	14,070	6,460	20,530
2019	14,985	5,546	20,531
2020	15,959	4,572	20,531
2021 - 2023	54,375	7,217	61,592
Total	<u>\$ 125,007</u>	<u>\$ 39,239</u>	<u>\$ 164,246</u>

h. Supplement Education Augmentation Fund (SERAF) Loan

The advance for \$2,298,433 from the Low and Moderate Income Housing Fund to the Redevelopment Agency Debt Service Fund was made to fund the mandated payment for the "Supplemental" Educational Revenue Augmentation Fund.

i. Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$57,481,542 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$1,648,964 and the debt service obligation on the bonds was \$2,810,963.

j. Insurance

The Successor Agency is covered under the City of Banning's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 13.

k. Commitments and Contingencies

At June 30, 2015, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

Note 17: Fund Balance/Net Position Restatement

Pursuant to GASB Statement No. 68 – *“Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,”* the City's governmental activities and business-type activities net positions on the government-wide statements, and proprietary fund net positions were restated as of June 30, 2014, to reflect the City's proportionate share of the net pension liability.

Restatements to net position made on the government-wide statements relating to the implementation of GASB 68 are as follows:

	Governmental Activities	Business-Type Activities
Beginning Net Position, as Previously Reported	\$ 102,938,135	\$ 115,452,128
Restatements:		
Miscellaneous Pension Plans	(8,713,508)	(10,991,394)
Safety Pension Plans	(11,844,197)	-
Beginning Net Position, as Restated	<u>\$ 82,380,430</u>	<u>\$ 104,460,734</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 18: Subsequent Events

a. Refunding Revenue Bonds (Electric System Project) Series 2015

In August 2015, the City of Banning Financing Authority issued \$31,755,000 Banning Financing Authority Refunding Revenue Bonds (Electric System Project) Series 2015, at a premium to make substantial deposits for the Acquisition and Construction Fund, the Escrow Fund, and to pay the cost of issuance.

b. Refunding Water Revenue Bonds Series 2015

On September 7, 2015, the City of Banning Utility Authority issued \$25,365,000 revenue bonds with a \$2,503,093 premium to defease its outstanding 2005 Water Revenue Bonds.

c. Pending litigations

City of Banning v. Hunter Consulting, Inc (HCI).

On October 4, 2013, the City filed its Complaint against HCI for Negligent Misrepresentation, Fraud, False Claims Act, Professional Malpractice, Breach of Contract, Breach of Implied Covenant of Good Faith and Fair Dealing, and Breach of Warranty. This is an action to recover excessive fees and costs billed to the City for the cleanup performed by HCI in response to a waste material spill on July 25, 2011. Per the City's retained experts in the Dureau lawsuit, HCI overcharged the City approximately \$1.3 million in fees. This Complaint was served on December 3, 2013. The City attended a mediation session and was informed that HCI's insurance carrier was defending under a reservation of rights, offered \$10,000 in settlement of the case. The parties have since engaged in mediation, which has concluded with no settlement.

Robertson's Ready Mix, LTD. v. City of Banning

Robertson ready mix has two suits outstanding against the City:

- 1) Robertson Ready Mix brought under the Public Records Act, alleges that the City did not provide all records requested by Plaintiff at the time of request. After suit was brought, City provided additional records. Under the Act, Plaintiff is entitled to reasonable attorneys' fees and have requested \$90,000 in fees. The City admitted that it did not produce all unprivileged documents responsive to Robertson's Public Records Act requests and offered to have judgment entered against it prior to adjudication by the court in order to cut off Robertson's right to recover attorneys' fees incurred after such offer was tendered. Thus, judgment was entered in favor of Robertson's, and Robertson's filed a motion for approximately \$90,000 in attorneys' fees. Hearing on such motion is set for a hearing on April 22, 2016.
- 2) Robertson Ready Mix seeks a refund of taxes paid pursuant to Measure J and recovery for an alleged inverse condemnation of their mine. Robertson Ready Mix contends that the City has "taken" the mine by imposing an unduly high mining tax that will force it out of business, and such mining taxes paid by Robertson should be refunded because Measure J is invalid. The City moved to dismiss this suit, and hearing on such motion was originally set for March 17, 2016, but was continued to May 20, 2016 because the court ordered the parties to mediation on May 3, 2016 at 2:30 pm. The court is requiring Robertson's to have a settlement demand (not necessarily confined to money), and the City to bring some authority to settle the case.

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CITY OF BANNING

MISCELLANEOUS PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD	2015
TOTAL PENSION LIABILITY	
Service Cost	\$ 1,309,205
Interest	4,417,332
Benefit Payments, Including Refunds of employee Contributions	(2,569,019)
Net Change in Total Pension Liability	\$ 3,157,518
Total Pension Liability - Beginning	59,527,669
Total Pension Liability - Ending (a)	\$ 62,685,187
PLAN FIDUCIARY NET POSITION	
Contribution - Employer	\$ 1,511,733
Contribution - Employee	608,478
Net Investment Income	6,586,288
Benefit Payments, Including Refunds of Employee Contributions	(2,569,019)
Net Change in Fiduciary Net Position	\$ 6,137,480
Plan Fiduciary Net Position - Beginning	38,311,035
Plan Fiduciary Net Position - Ending (b)	\$ 44,448,515
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 18,236,672
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%
Covered-Employee Payroll	\$ 7,427,270
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	245.54%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

(2) Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

CITY OF BANNING

**MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015
Actuarially Determined Contribution	\$ 1,349,103
Contribution in Relation to the Actuarially Determined Contribution	(1,349,103)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 6,378,436
Contributions as a Percentage of Covered-Employee Payroll	21.15%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Assets valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF BANNING

SAFETY PLAN

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015
Proportion of the Net Pension Liability	0.17035%
Proportionate Share of the Net Pension Liability	\$ 10,599,884
Covered-Employee Payroll	\$ 2,408,602
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	440.08%
Plan Fiduciary Net Position	\$ 33,631,871
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.88%

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF BANNING

**SAFETY PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015
Actuarially Determined Contribution	\$ 1,034,818
Contribution in Relation to the Actuarially Determined Contribution	(1,034,818)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 2,408,602
Contributions as a Percentage of Covered-Employee Payroll	42.96%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Average remaining period	19 years as of the valuation date
Assets valuation method	15 Year smoothed market
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 6,601,549	\$ 6,601,549	\$ 6,601,549	\$ -
Resources (Inflows):				
Taxes:				
Sales and use	2,997,666	2,997,666	2,952,014	(45,652)
Property	4,085,755	4,131,815	4,238,973	107,158
Franchise	861,000	861,000	871,284	10,284
Transient occupancy	620,000	620,000	722,434	102,434
Other	250,000	525,000	703,118	178,118
Subtotal	8,814,421	9,135,481	9,487,823	352,342
Licenses and permits:				
Building permits	98,000	98,000	72,978	(25,022)
Other permits	(98,000)	(98,000)	469,795	567,795
Subtotal	-	-	542,773	542,773
Intergovernmental:				
State motor vehicle in-lieu fees	-	-	12,427	12,427
Other intergovernmental revenues	99,414	219,131	191,404	(27,727)
Subtotal	99,414	219,131	203,831	(15,300)
Charges for services:				
Engineering, police, fire and other fees	150,087	202,364	200,549	(1,815)
Recreation fees	60,500	60,500	72,112	11,612
Interfund charges	3,081,618	3,103,008	3,282,974	179,966
Subtotal	3,292,205	3,365,872	3,555,635	189,763
Use of money and property:				
Interest and rents	483,700	483,700	506,294	22,594
Subtotal	483,700	483,700	506,294	22,594
Fines and forfeitures				
Parking fines	12,150	15,000	7,785	(7,215)
Court fines and other fines	245,800	242,950	295,523	52,573
Subtotal	257,950	257,950	303,308	45,358
Contributions	5,400	5,400	5,400	-
Contribution from Successor Agency	-	-	123,840	123,840
Miscellaneous	318,963	319,963	685,109	365,146
Transfers in	724,000	1,455,439	1,402,241	(53,198)
Subtotal	1,048,363	1,780,802	2,216,590	435,788
Total Resources (inflows)	13,996,053	15,242,936	16,816,254	1,573,318
Amounts Available for Appropriations	20,597,602	21,844,485	23,417,803	1,573,318

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Charges to Appropriations (Outflow):				
General government				
City council	181,756	176,797	174,072	2,725
City manager	415,474	474,631	412,891	61,740
Personnel	143,021	174,793	155,789	19,004
City clerk	93,262	94,834	90,648	4,186
Elections	40,150	37,700	37,532	168
City attorney	422,534	494,810	494,810	-
Finance	250,001	264,172	220,812	43,360
Economic Development	3,050	27,320	13,195	14,125
Community enhancement	42,687	48,911	29,967	18,944
Central services	1,014,741	1,016,363	860,098	156,265
Building maintenance	128,172	78,583	26,062	52,521
Subtotal	<u>2,734,848</u>	<u>2,888,914</u>	<u>2,515,876</u>	<u>373,038</u>
Public safety				
Police	5,491,595	5,349,277	4,815,320	533,957
Animal control	147,350	167,350	92,646	74,704
Fire	2,588,892	2,605,487	2,581,045	24,442
Dispatch	830,973	805,391	789,727	15,664
Subtotal	<u>9,058,810</u>	<u>8,927,505</u>	<u>8,278,738</u>	<u>648,767</u>
Community development				
TV government access	8,968	14,373	17,406	(3,033)
Building safety	361,944	361,886	271,494	90,392
Code enforcement	156,477	159,837	123,517	36,320
Planning	388,187	924,417	653,574	270,843
Developer pardee	-	52,277	-	52,277
Engineering	175,417	247,805	218,174	29,631
Community enhancement	-	32,400	7,358	25,042
Subtotal	<u>1,090,993</u>	<u>1,792,995</u>	<u>1,291,523</u>	<u>501,472</u>
Culture and leisure				
Parks	419,667	406,224	330,770	75,454
Recreation	228,204	226,099	225,352	747
Aquatics	107,750	121,090	117,493	3,597
Senior Center	56,194	57,322	54,178	3,144
Subtotal	<u>811,815</u>	<u>810,735</u>	<u>727,793</u>	<u>82,942</u>
Capital outlay	61,132	259,036	196,340	62,696
Debt service:				
Principal retirement	346,510	346,510	345,721	789
Interest and fiscal charges	90,490	90,490	90,261	229
Transfers out	164,325	164,325	169,955	(5,630)
Subtotal	<u>662,457</u>	<u>860,361</u>	<u>802,277</u>	<u>58,084</u>
Total Charges to Appropriations	<u>14,358,923</u>	<u>15,280,510</u>	<u>13,616,207</u>	<u>1,664,303</u>
Budgetary Fund Balance, June 30	<u>\$ 6,238,679</u>	<u>\$ 6,563,975</u>	<u>\$ 9,801,596</u>	<u>\$ 3,237,621</u>

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I. STEWARDSHIP**Note 1: Stewardship, Compliance and Accountability****a. Budgets and Budgetary Accounting**

The City Council has the responsibility for adoption of the City's budgets. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments.

The City Council may amend the budget by resolution during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

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

Budgetary comparison is provided in the accompanying financial statements for the General Fund, Special Revenue Funds, and Capital Projects Funds, except for the Banning Housing Authority Special Revenue Fund, Asset Forfeiture Special Revenue Fund, State Park Bond Act Special Revenue Fund, Animal Control Reserve Special Revenue Fund, Ramsey/Highland Home Signal Special Revenue Fund, Wilson Median Improvement Special Revenue Fund, the Fire Facilities Development Capital Project Fund, and the Sunset Grade Separation Capital Project Fund. 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. Excess expenditures over appropriations

General Fund	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
Community Development			
TV government access	\$ 17,406	\$ 14,373	\$ 3,033

CITY OF BANNING

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk
Assets:				
Pooled cash and investments	\$ 390,468	\$ 1,319,393	\$ 71,475	\$ 13,096
Receivables:				
Accounts	2,591	-	-	-
Loans	-	-	-	-
Interest	371	1,449	98	15
Grants	-	-	-	-
Due from other governments	250	144,379	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 393,680	\$ 1,465,221	\$ 71,573	\$ 13,111
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 7,136	\$ -	\$ -	\$ -
Accrued liabilities	9,964	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	95,961	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	113,061	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	280,619	1,465,221	71,573	-
Capital Projects	-	-	-	13,111
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	280,619	1,465,221	71,573	13,111
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 393,680	\$ 1,465,221	\$ 71,573	\$ 13,111

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Assets:				
Pooled cash and investments	\$ 84	\$ 271,968	\$ 266,580	\$ 2,515
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	-	328	297	2
Grants	5,254	-	-	-
Due from other governments	25,901	2,448	9,873	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 31,239	\$ 274,744	\$ 276,750	\$ 2,517
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 2,269	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	37,900	-	-	-
Total Liabilities	37,900	2,269	-	-
Deferred Inflows of Resources:				
Unavailable revenues	5,254	846	-	-
Total Deferred Inflows of Resources	5,254	846	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	276,750	-
Public safety	-	-	-	2,517
Culture and leisure	-	-	-	-
Transportation	-	271,629	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	(11,915)	-	-	-
Total Fund Balances	(11,915)	271,629	276,750	2,517
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 31,239	\$ 274,744	\$ 276,750	\$ 2,517

CITY OF BANNING

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue Funds			
	Supplemental Law Enforcement	State Park Bond Act	Special Donations	Senior Center Activities
Assets:				
Pooled cash and investments	\$ 121,798	\$ 939	\$ 26,313	\$ 46,760
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	169	1	-	53
Grants	-	-	-	-
Due from other governments	16,667	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 138,634	\$ 940	\$ 26,313	\$ 46,813
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 36,652	\$ -	\$ -	\$ 318
Accrued liabilities	-	-	-	-
Unearned revenues	101,982	-	-	-
Deposits payable	-	-	5,230	-
Due to other funds	-	-	-	-
Total Liabilities	138,634	-	5,230	318
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	21,083	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	46,495
Transportation	-	-	-	-
Capital Projects	-	940	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	940	21,083	46,495
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 138,634	\$ 940	\$ 26,313	\$ 46,813

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Animal Control Reserve	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement
Assets:				
Pooled cash and investments	\$ 4,928	\$ 1,190	\$ 81,068	\$ 379,341
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	6	1	92	430
Grants	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 4,934	\$ 1,191	\$ 81,160	\$ 379,771
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 11	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	11	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	1,180	-	-
Public safety	4,934	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	81,160	379,771
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	4,934	1,180	81,160	379,771
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,934	\$ 1,191	\$ 81,160	\$ 379,771

CITY OF BANNING

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue Funds		Capital Projects Funds		
	Riverside County MOU	Banning Housing Authority	Police Facilities Development	Fire Facilities Development	Traffic Control Facilities
Assets:					
Pooled cash and investments	\$ 54,680	\$ 565,895	\$ 11,725	\$ 948,428	\$ 440,360
Receivables:					
Accounts	-	-	-	-	-
Loans	-	906,205	-	-	-
Interest	-	638	38	1,076	499
Grants	-	-	-	-	-
Due from other governments	-	2,298,433	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Total Assets	\$ 54,680	\$ 3,771,171	\$ 11,763	\$ 949,504	\$ 440,859
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	16,664	-	-	-	-
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	16,664	-	-	-	-
Deferred Inflows of Resources:					
Unavailable revenues	-	906,205	-	-	-
Total Deferred Inflows of Resources	-	906,205	-	-	-
Fund Balances:					
Restricted for:					
Community development projects	-	2,864,966	-	-	-
Public safety	38,016	-	-	-	-
Culture and leisure	-	-	-	-	-
Transportation	-	-	-	-	-
Capital Projects	-	-	-	-	-
Assigned to:					
Capital Projects	-	-	11,763	949,504	440,859
Unassigned	-	-	-	-	-
Total Fund Balances	38,016	2,864,966	11,763	949,504	440,859
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 54,680	\$ 3,771,171	\$ 11,763	\$ 949,504	\$ 440,859

CITY OF BANNING

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Capital Projects Funds				Total Governmental Funds
	General Facilities	Park Development	Capital Improvement	Sunset Grade Separation	
Assets:					
Pooled cash and investments	\$ 435,975	\$ 164,334	\$ 215	\$ 75	\$ 5,619,603
Receivables:					
Accounts	-	-	-	-	2,591
Loans	-	-	-	-	906,205
Interest	494	185	-	-	6,242
Grants	-	-	-	-	5,254
Due from other governments	-	-	-	2,049,802	4,547,753
Restricted assets:					
Cash and investments with fiscal agents	-	-	657,858	-	657,858
Total Assets	\$ 436,469	\$ 164,519	\$ 658,073	\$ 2,049,877	\$ 11,745,506
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ -	\$ 21,225	\$ -	\$ -	\$ 67,611
Accrued liabilities	-	-	-	-	26,628
Unearned revenues	-	-	-	-	101,982
Deposits payable	-	-	-	-	101,191
Due to other funds	-	-	19,500	2,049,900	2,107,300
Total Liabilities	-	21,225	19,500	2,049,900	2,404,712
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	2,049,802	2,962,107
Total Deferred Inflows of Resources	-	-	-	2,049,802	2,962,107
Fund Balances:					
Restricted for:					
Community development projects	-	-	-	-	3,163,979
Public safety	-	-	-	-	45,467
Culture and leisure	-	-	-	-	46,495
Transportation	-	-	-	-	2,549,973
Capital Projects	-	-	-	-	14,051
Assigned to:					
Capital Projects	436,469	143,294	638,573	-	2,620,462
Unassigned	-	-	-	(2,049,825)	(2,061,740)
Total Fund Balances	436,469	143,294	638,573	(2,049,825)	6,378,687
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 436,469	\$ 164,519	\$ 658,073	\$ 2,049,877	\$ 11,745,506

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk
Revenues:				
Taxes	\$ -	\$ 513,556	\$ -	\$ -
Intergovernmental	767,103	-	-	155,046
Charges for services	-	-	-	-
Use of money and property	871	2,572	222	31
Contributions	-	-	-	-
Miscellaneous	1,072	-	-	-
Total Revenues	769,046	516,128	222	155,077
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	889,979	21,912	-	-
Capital outlay	18,000	1,042,892	-	-
Total Expenditures	907,979	1,064,804	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,933)	(548,676)	222	155,077
Other Financing Sources (Uses):				
Transfers in	166,387	432,706	-	169
Transfers out	(418,036)	(169)	(14,670)	-
Total Other Financing Sources (Uses)	(251,649)	432,537	(14,670)	169
Net Change in Fund Balances	(390,582)	(116,139)	(14,448)	155,246
Fund Balances, Beginning of Year	671,201	1,581,360	86,021	(142,135)
Fund Balances, End of Year	\$ 280,619	\$ 1,465,221	\$ 71,573	\$ 13,111

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Revenues:				
Taxes	\$ -	\$ 136,641	\$ -	\$ -
Intergovernmental	344,256	-	37,625	-
Charges for services	-	-	-	-
Use of money and property	-	700	702	5
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	344,256	137,341	38,327	5
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	3,000	-
Transportation	-	103,869	-	-
Capital outlay	309,669	-	-	-
Total Expenditures	309,669	103,869	3,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,587	33,472	35,327	5
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	34,587	33,472	35,327	5
Fund Balances, Beginning of Year	(46,502)	238,157	241,423	2,512
Fund Balances, End of Year	\$ (11,915)	\$ 271,629	\$ 276,750	\$ 2,517

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Supplemental Law Enforcement	State Park Bond Act	Special Donations	Senior Center Activities
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	141,939	-	-	-
Charges for services	-	-	-	71
Use of money and property	355	2	-	112
Contributions	-	-	8,237	2,236
Miscellaneous	-	-	-	2,803
Total Revenues	142,294	2	8,237	5,222
Expenditures:				
Current:				
Public safety	99,109	-	-	-
Community development	-	-	10,102	10,586
Transportation	-	-	-	-
Capital outlay	43,185	-	-	-
Total Expenditures	142,294	-	10,102	10,586
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2	(1,865)	(5,364)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	2	(1,865)	(5,364)
Fund Balances, Beginning of Year	-	938	22,948	51,859
Fund Balances, End of Year	\$ -	\$ 940	\$ 21,083	\$ 46,495

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Animal Control Reserve	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	13	2	209	976
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	13	2	209	976
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	149	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	149	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	13	(147)	209	976
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	13	(147)	209	976
Fund Balances, Beginning of Year	4,921	1,327	80,951	378,795
Fund Balances, End of Year	\$ 4,934	\$ 1,180	\$ 81,160	\$ 379,771

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		Capital Projects Funds		
	Riverside County MOU	Banning Housing Authority	Police Facilities Development	Fire Facilities Development	Traffic Control Facilities
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	492,189	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	-	1,452	97	2,456	1,155
Contributions	-	-	-	-	-
Miscellaneous	-	60,250	6,167	9,031	13,583
Total Revenues	492,189	61,702	6,264	11,487	14,738
Expenditures:					
Current:					
Public safety	595,324	-	-	-	-
Community development	-	4,904	-	-	-
Transportation	-	-	-	-	-
Capital outlay	-	-	29,420	-	-
Total Expenditures	595,324	4,904	29,420	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,135)	56,798	(23,156)	11,487	14,738
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(103,135)	56,798	(23,156)	11,487	14,738
Fund Balances, Beginning of Year	141,151	2,808,168	34,919	938,017	426,121
Fund Balances, End of Year	\$ 38,016	\$ 2,864,966	\$ 11,763	\$ 949,504	\$ 440,859

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Capital Projects Funds				Total Governmental Funds
	General Facilities	Park Development	Capital Improvement	Sunset Grade Separation	
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 650,197
Intergovernmental	-	-	-	247,000	2,185,158
Charges for services	-	-	-	-	71
Use of money and property	1,125	424	165	-	13,646
Contributions	-	-	-	-	10,473
Miscellaneous	2,766	5,673	-	-	101,345
Total Revenues	3,891	6,097	165	247,000	2,960,890
Expenditures:					
Current:					
Public safety	-	-	-	-	694,433
Community development	-	-	-	-	28,741
Transportation	-	-	-	-	1,015,760
Capital outlay	-	21,285	-	-	1,464,451
Total Expenditures	-	21,285	-	-	3,203,385
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,891	(15,188)	165	247,000	(242,495)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	599,262
Transfers out	-	-	-	-	(432,875)
Total Other Financing Sources (Uses)	-	-	-	-	166,387
Net Change in Fund Balances	3,891	(15,188)	165	247,000	(76,108)
Fund Balances, Beginning of Year	432,578	158,482	638,408	(2,296,825)	6,454,795
Fund Balances, End of Year	\$ 436,469	\$ 143,294	\$ 638,573	\$ (2,049,825)	\$ 6,378,687

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GAS TAX STREET
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 671,201	\$ 671,201	\$ 671,201	\$ -
Resources (Inflows):				
Intergovernmental	756,916	1,445,862	767,103	(678,759)
Use of money and property	900	900	871	(29)
Miscellaneous	1,500	3,000	1,072	(1,928)
Transfers in	164,325	493,714	166,387	(327,327)
Amounts Available for Appropriations	1,594,842	2,614,677	1,606,634	(1,008,043)
Charges to Appropriations (Outflow):				
Transportation	965,493	1,354,543	889,979	464,564
Capital outlay	-	18,027	18,000	27
Transfers out	-	417,376	418,036	(660)
Total Charges to Appropriations	965,493	1,789,946	1,326,015	463,931
Budgetary Fund Balance, June 30	\$ 629,349	\$ 824,731	\$ 280,619	\$ (544,112)

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
MEASURE A
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,581,360	\$ 1,581,360	\$ 1,581,360	\$ -
Resources (Inflows):				
Taxes	530,000	530,000	513,556	(16,444)
Use of money and property	2,200	2,200	2,572	372
Transfers in	-	432,144	432,706	562
Amounts Available for Appropriations	2,113,560	2,545,704	2,530,194	(15,510)
Charges to Appropriations (Outflow):				
Transportation	50,000	64,541	21,912	42,629
Capital outlay	530,000	1,444,728	1,042,892	401,836
Transfers out	-	49,737	169	49,568
Total Charges to Appropriations	580,000	1,559,006	1,064,973	494,033
Budgetary Fund Balance, June 30	\$ 1,533,560	\$ 986,698	\$ 1,465,221	\$ 478,523

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SB 300 STREET
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 86,021	\$ 86,021	\$ 86,021	\$ -
Resources (Inflows):				
Use of money and property	200	200	222	22
Amounts Available for Appropriations	86,221	86,221	86,243	22
Charges to Appropriations (Outflow):				
Transfers out	-	14,768	14,670	98
Total Charges to Appropriations	-	14,768	14,670	98
Budgetary Fund Balance, June 30	\$ 86,221	\$ 71,453	\$ 71,573	\$ 120

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 ARTICLE 3 SIDEWALK
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (142,135)	\$ (142,135)	\$ (142,135)	\$ -
Resources (Inflows):				
Intergovernmental	-	180,000	155,046	(24,954)
Use of money and property	25	25	31	6
Transfers in	-	49,737	169	(49,568)
Amounts Available for Appropriations	(142,110)	87,627	13,111	(74,516)
Charges to Appropriations (Outflow):				
Capital outlay	-	69,441	-	69,441
Total Charges to Appropriations	-	69,441	-	69,441
Budgetary Fund Balance, June 30	\$ (142,110)	\$ 18,186	\$ 13,111	\$ (5,075)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (46,502)	\$ (46,502)	\$ (46,502)	\$ -
Resources (Inflows):				
Intergovernmental	245,000	606,633	344,256	(262,377)
Amounts Available for Appropriations	198,498	560,131	297,754	(262,377)
Charges to Appropriations (Outflow):				
Capital outlay	245,000	560,130	309,669	250,461
Total Charges to Appropriations	245,000	560,130	309,669	250,461
Budgetary Fund Balance, June 30	\$ (46,502)	\$ 1	\$ (11,915)	\$ (11,916)

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 LANDSCAPE MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 238,157	\$ 238,157	\$ 238,157	\$ -
Resources (Inflows):				
Taxes	137,518	139,067	136,641	(2,426)
Use of money and property	350	350	700	350
Miscellaneous	121	121	-	(121)
Amounts Available for Appropriations	376,146	377,695	375,498	(2,197)
Charges to Appropriations (Outflow):				
Transportation	128,582	128,582	103,869	24,713
Total Charges to Appropriations	128,582	128,582	103,869	24,713
Budgetary Fund Balance, June 30	\$ 247,564	\$ 249,113	\$ 271,629	\$ 22,516

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 AQMD AIR POLLUTION PROGRAM
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 241,423	\$ 241,423	\$ 241,423	\$ -
Resources (Inflows):				
Intergovernmental	30,000	60,000	37,625	(22,375)
Use of money and property	350,300	700,300	702	(699,598)
Amounts Available for Appropriations	621,723	1,001,723	279,750	(721,973)
Charges to Appropriations (Outflow):				
Community development	418,000	418,000	3,000	415,000
Total Charges to Appropriations	418,000	418,000	3,000	415,000
Budgetary Fund Balance, June 30	\$ 203,723	\$ 583,723	\$ 276,750	\$ (306,973)

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1,	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	100,000	141,939	41,939
Use of money and property	100	100	355	255
Amounts Available for Appropriations	100	100,100	142,294	42,194
Charges to Appropriations (Outflow):				
Public safety	-	179,408	99,109	80,299
Capital outlay	-	58,282	43,185	15,097
Total Charges to Appropriations	-	237,690	142,294	95,396
Budgetary Fund Balance, June 30	\$ 100	\$ (137,590)	\$ -	\$ 137,590

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DONATIONS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 22,948	\$ 22,948	\$ 22,948	\$ -
Resources (Inflows):				
Contributions	5,000	5,000	8,237	3,237
Amounts Available for Appropriations	27,948	27,948	31,185	3,237
Charges to Appropriations (Outflow):				
Community development	5,000	5,000	10,102	(5,102)
Total Charges to Appropriations	5,000	5,000	10,102	(5,102)
Budgetary Fund Balance, June 30	\$ 22,948	\$ 22,948	\$ 21,083	\$ (1,865)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SENIOR CENTER ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 51,859	\$ 51,859	\$ 51,859	\$ -
Resources (Inflows):				
Charges for services	200	200	71	(129)
Use of money and property	100	100	112	12
Contributions	2,800	2,800	2,236	(564)
Miscellaneous	3,200	3,200	2,803	(397)
Amounts Available for Appropriations	58,159	58,159	57,081	(1,078)
Charges to Appropriations (Outflow):				
Community development	11,450	11,450	10,586	864
Total Charges to Appropriations	11,450	11,450	10,586	864
Budgetary Fund Balance, June 30	\$ 46,709	\$ 46,709	\$ 46,495	\$ (214)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 POLICE VOLUNTEER
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,327	\$ 1,327	\$ 1,327	\$ -
Resources (Inflows):				
Use of money and property	-	-	2	2
Amounts Available for Appropriations	1,327	1,327	1,329	2
Charges to Appropriations (Outflow):				
Community development	220	1,317	149	1,168
Total Charges to Appropriations	220	1,317	149	1,168
Budgetary Fund Balance, June 30	\$ 1,107	\$ 10	\$ 1,180	\$ 1,170

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 RIVERSIDE COUNTY MOU
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 141,151	\$ 141,151	\$ 141,151	\$ -
Resources (Inflows):				
Intergovernmental	494,614	494,614	492,189	(2,425)
Use of money and property	175	175	-	(175)
Amounts Available for Appropriations	635,940	635,940	633,340	(2,600)
Charges to Appropriations (Outflow):				
Public safety	607,581	609,278	595,324	13,954
Total Charges to Appropriations	607,581	609,278	595,324	13,954
Budgetary Fund Balance, June 30	\$ 28,359	\$ 26,662	\$ 38,016	\$ 11,354

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 POLICE FACILITIES DEVELOPMENT
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 34,919	\$ 34,919	\$ 34,919	\$ -
Resources (Inflows):				
Use of money and property	50	50	97	47
Miscellaneous	-	-	6,167	6,167
Amounts Available for Appropriations	34,969	34,969	41,183	6,214
Charges to Appropriations (Outflow):				
Capital outlay	-	29,421	29,420	1
Total Charges to Appropriations	-	29,421	29,420	1
Budgetary Fund Balance, June 30	\$ 34,969	\$ 5,548	\$ 11,763	\$ 6,215

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 TRAFFIC CONTROL FACILITIES
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 426,121	\$ 426,121	\$ 426,121	\$ -
Resources (Inflows):				
Use of money and property	750	750	1,155	405
Miscellaneous	250	13,583	13,583	-
Amounts Available for Appropriations	427,121	440,454	440,859	405
Charges to Appropriations (Outflow):				
Transportation	-	25,000	-	25,000
Capital outlay	-	20,000	-	20,000
Transfers out	-	80,730	-	80,730
Total Charges to Appropriations	-	125,730	-	125,730
Budgetary Fund Balance, June 30	\$ 427,121	\$ 314,724	\$ 440,859	\$ 126,135

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FACILITIES
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 432,578	\$ 432,578	\$ 432,578	\$ -
Resources (Inflows):				
Use of money and property	800	800	1,125	325
Miscellaneous	-	-	2,766	2,766
Amounts Available for Appropriations	433,378	433,378	436,469	3,091
Charges to Appropriations (Outflow):				
Capital outlay	60,000	60,000	-	60,000
Total Charges to Appropriations	60,000	60,000	-	60,000
Budgetary Fund Balance, June 30	\$ 373,378	\$ 373,378	\$ 436,469	\$ 63,091

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 158,482	\$ 158,482	\$ 158,482	\$ -
Resources (Inflows):				
Use of money and property	250	250	424	174
Miscellaneous	1,955	3,718	5,673	1,955
Amounts Available for Appropriations	160,687	162,450	164,579	2,129
Charges to Appropriations (Outflow):				
Capital outlay	-	132,046	21,285	110,761
Total Charges to Appropriations	-	132,046	21,285	110,761
Budgetary Fund Balance, June 30	\$ 160,687	\$ 30,404	\$ 143,294	\$ 112,890

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENT
 YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 638,408	\$ 638,408	\$ 638,408	\$ -
Resources (Inflows):				
Use of money and property	300	300	165	(135)
Amounts Available for Appropriations	638,708	638,708	638,573	(135)
Charges to Appropriations (Outflow):				
Capital outlay	120,000	120,000	-	120,000
Total Charges to Appropriations	120,000	120,000	-	120,000
Budgetary Fund Balance, June 30	\$ 518,708	\$ 518,708	\$ 638,573	\$ 119,865

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Assets:				
Current:				
Cash and investments	\$ 96,944	\$ 1,255,524	\$ 736,722	\$ 2,089,190
Receivables:				
Accounts	19,336	-	398,998	418,334
Notes and loans	-	3,558	-	3,558
Interest	87	909	831	1,827
Inventories	16,423	-	-	16,423
Total Current Assets	132,790	1,259,991	1,136,551	2,529,332
Noncurrent:				
Capital assets - net of accumulated depreciation	3,064,915	291,027	-	3,355,942
Total Noncurrent Assets	3,064,915	291,027	-	3,355,942
Total Assets	3,197,705	1,551,018	1,136,551	5,885,274
Deferred Outflows of Resources:				
Pension related items	5,801	104,151	14,031	123,983
Total Deferred Outflows of Resources	5,801	104,151	14,031	123,983
Liabilities:				
Current:				
Accounts payable	18,498	3,832	254,685	277,015
Accrued liabilities	315	29,770	1,637	31,722
Unearned revenues	-	1,125,861	-	1,125,861
Deposits payable	22,848	-	93,320	116,168
Compensated absences	202	30,214	3,935	34,351
Total Current Liabilities	41,863	1,189,677	353,577	1,585,117
Noncurrent:				
Compensated absences	495	73,855	9,620	83,970
Net Pension Liability	78,419	1,407,871	189,661	1,675,951
Total Noncurrent Liabilities	78,914	1,481,726	199,281	1,759,921
Total Liabilities	120,777	2,671,403	552,858	3,345,038
Deferred Inflows of Resources:				
Pension related items	12,903	231,661	31,208	275,772
Total Deferred Inflows of Resources	12,903	231,661	31,208	275,772
Net Position:				
Investment in capital assets	3,064,915	291,027	-	3,355,942
Unrestricted	4,911	(1,538,922)	566,516	(967,495)
Total Net Position	\$ 3,069,826	\$ (1,247,895)	\$ 566,516	\$ 2,388,447

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Operating Revenues:				
Sales and service charges	\$ 147,965	\$ 153,211	\$ 3,131,670	\$ 3,432,846
Miscellaneous	11	-	9,558	9,569
Total Operating Revenues	147,976	153,211	3,141,228	3,442,415
Operating Expenses:				
Salaries and benefits	58,186	1,047,538	144,984	1,250,708
Supplies and services	106,068	504,490	2,933,214	3,543,772
Repairs and maintenance	14,080	5,983	-	20,063
Bad debt expense	-	-	9,504	9,504
Depreciation expense	202,485	277,490	-	479,975
Total Operating Expenses	380,819	1,835,501	3,087,702	5,304,022
Operating Income (Loss)	(232,843)	(1,682,290)	53,526	(1,861,607)
Nonoperating Revenues (Expenses):				
Intergovernmental	97,674	1,530,999	44,179	1,672,852
Interest revenue and change in fair value of investments	240	982	1,953	3,175
Total Nonoperating Revenues (Expenses)	97,914	1,531,981	46,132	1,676,027
Income (Loss) Before Transfers	(134,929)	(150,309)	99,658	(185,580)
Transfers in	17	-	197	214
Transfers out	-	-	(55,000)	(55,000)
Changes in Net Position	(134,912)	(150,309)	44,855	(240,366)
Net Position:				
Beginning of Year, as originally reported	3,289,470	423,632	726,592	4,439,694
Restatements	(84,732)	(1,521,218)	(204,931)	(1,810,881)
Beginning of Fiscal Year, as restated	3,204,738	(1,097,586)	521,661	2,628,813
End of Fiscal Year	\$ 3,069,826	\$ (1,247,895)	\$ 566,516	\$ 2,388,447

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 128,109	\$ 153,287	\$ 3,192,418	\$ 3,473,814
Cash received from/(paid to) interfund service provided	140,967	79,520	-	220,487
Cash paid to suppliers for goods and services	(153,776)	305,999	(2,932,543)	(2,780,320)
Cash paid to employees for services	(62,425)	(1,030,623)	(171,749)	(1,264,797)
Cash received from (payments to) others	-	-	17,746	17,746
Net Cash Provided (Used) by Operating Activities	52,875	(491,817)	105,872	(333,070)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	17	-	197	214
Cash transfers out	-	-	(55,000)	(55,000)
Intergovernmental	-	1,530,999	44,179	1,575,178
Repayment received from other funds	66,674	-	-	66,674
Net Cash Provided (Used) by Non-Capital Financing Activities	66,691	1,530,999	(10,624)	1,587,066
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(27,736)	(12,002)	-	(39,738)
Net Cash Provided (Used) by Capital and Related Financing Activities	(27,736)	(12,002)	-	(39,738)
Cash Flows from Investing Activities:				
Issuance of notes and loans receivable	-	(3,558)	-	(3,558)
Interest received and change in fair value of investments	199	699	2,357	3,255
Net Cash Provided (Used) by Investing Activities	199	(2,859)	2,357	(303)
Net Increase (Decrease) in Cash and Cash Equivalents	92,029	1,024,321	97,605	1,213,955
Cash and Cash Equivalents at Beginning of Year	4,915	231,203	639,117	875,235
Cash and Cash Equivalents at End of Year	\$ 96,944	\$ 1,255,524	\$ 736,722	\$ 2,089,190
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (232,843)	\$ (1,682,290)	\$ 53,526	\$ (1,861,607)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	202,485	277,490	-	479,975
(Increase) decrease in accounts receivable	(18,651)	76	70,064	51,489
(Increase) decrease in due from other governments	140,956	79,520	8,188	228,664
(Increase) decrease in inventories	(2,076)	-	-	(2,076)
Increase (decrease) in accounts payable	(30,643)	(6,473)	2,889	(34,227)
Increase (decrease) in accrued liabilities	(909)	6,493	(2,218)	3,366
Increase (decrease) in deposits payable	(1,205)	-	188	(1,017)
Increase (decrease) in unearned revenue	-	816,452	-	816,452
Increase (decrease) in employee salary/benefit obligations	789	14,163	1,907	16,859
Increase (decrease) in compensated absences	(5,028)	2,752	(28,672)	(30,948)
Total Adjustments	285,718	1,190,473	52,346	1,528,537
Net Cash Provided (Used) by Operating Activities	\$ 52,875	\$ (491,817)	\$ 105,872	\$ (333,070)

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Assets:					
Current:					
Pooled cash and investments	\$ 3,156,259	\$ 722,372	\$ 132,607	\$ 320,815	\$ 4,332,053
Receivables:					
Accounts	-	7,833	293	14,464	22,590
Interest	1,505	837	156	397	2,895
Due from other governments	70,853	86	-	-	70,939
Inventories	-	61,068	-	-	61,068
Total Current Assets	3,228,617	792,196	133,056	335,676	4,489,545
Noncurrent:					
Capital assets - net of accumulated depreciation	-	292,721	54,772	16,691	364,184
Total Noncurrent Assets	-	292,721	54,772	16,691	364,184
Total Assets	3,228,617	1,084,917	187,828	352,367	4,853,729
Deferred Outflows of Resources:					
Pension related outflows	29,410	38,719	34,672	134,101	236,902
Total Deferred Outflows of Resources	29,410	38,719	34,672	134,101	236,902
Liabilities:					
Current:					
Accounts payable	171,809	69,533	5,593	10,820	257,755
Accrued liabilities	4,247	9,262	7,482	31,957	52,948
Compensated absences	1,998	1,351	32,262	64,654	100,265
Claims and judgments	864,033	-	-	-	864,033
Total Current Liabilities	1,042,087	80,146	45,337	107,431	1,275,001
Noncurrent:					
Net pension liability	397,560	523,393	468,682	1,812,725	3,202,360
Compensated absences	15,006	36,405	1,347	-	52,758
Claims and judgments	406,906	-	-	-	406,906
Total Noncurrent Liabilities	819,472	559,798	470,029	1,812,725	3,662,024
Total Liabilities	1,861,559	639,944	515,366	1,920,156	4,937,025
Deferred Inflows of Resources:					
Pension related items	65,417	86,122	77,120	298,278	526,937
Total Deferred Inflows of Resources	65,417	86,122	77,120	298,278	526,937
Net Position:					
Investment in capital assets	-	292,721	54,772	16,691	364,184
Unrestricted	1,331,051	104,849	(424,758)	(1,748,657)	(737,515)
Total Net Position	\$ 1,331,051	\$ 397,570	\$ (369,986)	\$ (1,731,966)	\$ (373,331)

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Operating Revenues:					
Sales and service charges	\$ 2,422,282	\$ 1,085,578	\$ 424,361	\$ 1,770,205	\$ 5,702,426
Miscellaneous	877,569	38,850	24	-	916,443
Total Operating Revenues	3,299,851	1,124,428	424,385	1,770,205	6,618,869
Operating Expenses:					
Salaries and benefits	199,194	344,671	280,316	1,173,973	1,998,154
Supplies and services	1,612,837	684,625	74,425	499,987	2,871,874
Repairs and maintenance	1,802	86,150	93,468	38,844	220,264
Cost of sales and services	-	-	-	1,877	1,877
Insurance premiums	845,202	-	-	-	845,202
Depreciation expense	-	12,100	34,941	6,259	53,300
Total Operating Expenses	2,659,035	1,127,546	483,150	1,720,940	5,990,671
Operating Income (Loss)	640,816	(3,118)	(58,765)	49,265	628,198
Nonoperating Revenues (Expenses):					
Interest revenue and change in fair value	32,173	1,920	311	966	35,370
Total Nonoperating Revenues (Expenses)	32,173	1,920	311	966	35,370
Income (Loss) Before Transfers	672,989	(1,198)	(58,454)	50,231	663,568
Transfers out	(678,241)	-	-	-	(678,241)
Changes in Net Position	(5,252)	(1,198)	(58,454)	50,231	(14,673)
Net Position:					
Beginning of Year, as originally reported	1,765,870	964,299	194,883	176,471	3,101,523
Restatements	(429,567)	(565,531)	(506,415)	(1,958,668)	(3,460,181)
Beginning of Fiscal Year, as restated	1,336,303	398,768	(311,532)	(1,782,197)	(358,658)
End of Fiscal Year	\$ 1,331,051	\$ 397,570	\$ (369,986)	\$ (1,731,966)	\$ (373,331)

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 2,422,282	\$ 1,087,484	\$ 424,232	\$ 1,772,543	\$ 5,706,541
Cash received from/(paid to) interfund service provided	905,394	39,044	24	-	944,462
Cash paid to suppliers for goods and services	(2,590,990)	(755,522)	(166,974)	(531,679)	(4,045,165)
Cash paid to employees for services	(208,013)	(356,708)	(275,346)	(1,155,505)	(1,995,572)
Net Cash Provided (Used) by Operating Activities	528,673	14,298	(18,064)	85,359	610,266
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	(678,241)	-	-	-	(678,241)
Net Cash Provided (Used) by Non-Capital Financing Activities	(678,241)	-	-	-	(678,241)
Cash Flows from Investing Activities:					
Interest received	32,725	2,314	417	1,000	36,456
Net Cash Provided (Used) by Investing Activities	32,725	2,314	417	1,000	36,456
Net Increase (Decrease) in Cash and Cash Equivalents	(116,843)	16,612	(17,647)	86,359	(31,519)
Cash and Cash Equivalents at Beginning of Year	3,273,102	705,760	150,254	234,456	4,363,572
Cash and Cash Equivalents at End of Year	\$ 3,156,259	\$ 722,372	\$ 132,607	\$ 320,815	\$ 4,332,053
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 640,816	\$ (3,118)	\$ (58,765)	\$ 49,265	\$ 628,198
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	-	12,100	34,941	6,260	53,301
(Increase) decrease in accounts receivable	-	1,906	(129)	2,338	4,115
(Increase) decrease in due from other governments	27,825	194	-	-	28,019
(Increase) decrease in inventories	-	28,079	-	-	28,079
Increase (decrease) in accounts payable	(9,200)	(13,912)	1,636	4,977	(16,499)
Increase (decrease) in accrued liabilities	(2,968)	1,086	(717)	4,051	1,452
Increase (decrease) in employee salary/benefit obligations	4,000	5,265	4,715	18,235	32,215
Increase (decrease) in claims and judgments	(118,981)	-	-	-	(118,981)
Increase (decrease) in compensated absences	(12,819)	(17,302)	255	233	(29,633)
Total Adjustments	(112,143)	17,416	40,701	36,094	(17,932)
Net Cash Provided (Used) by Operating Activities	\$ 528,673	\$ 14,298	\$ (18,064)	\$ 85,359	\$ 610,266

CITY OF BANNING

COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2015

	Sun Lake CFD 86-1	Special AD 91-1	Area Police Computer	Fair Oaks AD 2004-1	Cameo Homes	Totals
Assets:						
Pooled cash and investments	\$ 35,185	\$ 50,445	\$ 46,378	\$ 190,377	\$ 45,996	\$ 368,381
Receivables:						
Interest	40	57	64	154	52	367
Due from other governments	-	7,100	-	6,791	-	13,891
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	223,069	-	223,069
Total Assets	\$ 35,225	\$ 57,602	\$ 46,442	\$ 420,391	\$ 46,048	\$ 605,708
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 30,452	\$ 2,000	\$ -	\$ 32,452
Deposits payable	-	4,701	-	32,656	40,000	77,357
Due to bondholders	35,225	52,901	15,990	385,735	6,048	495,899
Total Liabilities	\$ 35,225	\$ 57,602	\$ 46,442	\$ 420,391	\$ 46,048	\$ 605,708

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2015

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
<u>Sun Lake CFD 86-1</u>				
Assets:				
Pooled cash and investments	\$ 35,067	\$ 118	\$ -	\$ 35,185
Receivables:				
Interest	66	40	66	40
Total Assets	\$ 35,133	\$ 158	\$ 66	\$ 35,225
Liabilities:				
Due to bondholders	\$ 35,133	\$ 169	\$ 77	\$ 35,225
Total Liabilities	\$ 35,133	\$ 169	\$ 77	\$ 35,225
<u>Special AD 91-1</u>				
Assets:				
Pooled cash and investments	\$ 50,277	\$ 200	\$ 32	\$ 50,445
Receivables:				
Interest	95	57	95	57
Due from other governments	-	7,100	-	7,100
Total Assets	\$ 50,372	\$ 7,357	\$ 127	\$ 57,602
Liabilities:				
Deposits payable	\$ 4,701	\$ -	\$ -	\$ 4,701
Due to bondholders	45,671	7,230	-	52,901
Total Liabilities	\$ 50,372	\$ 7,230	\$ -	\$ 57,602
<u>Area Police Computer</u>				
Assets:				
Pooled cash and investments	\$ 19,034	\$ 66,455	\$ 39,111	\$ 46,378
Receivables:				
Interest	72	64	72	64
Total Assets	\$ 19,106	\$ 66,519	\$ 39,183	\$ 46,442
Liabilities:				
Accounts payable	\$ 1,877	\$ 40,581	\$ 12,006	\$ 30,452
Due to bondholders	17,229	5,375	6,614	15,990
Total Liabilities	\$ 19,106	\$ 45,956	\$ 18,620	\$ 46,442

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
<u>Fair Oaks AD 2004-1</u>				
Assets:				
Pooled cash and investments	\$ 171,822	\$ 221,418	\$ 202,863	\$ 190,377
Receivables:				
Interest	240	155	241	154
Due from other governments	6,844	6,791	6,844	6,791
Restricted assets:				
Cash and investments with fiscal agents	220,575	35,057	32,563	223,069
Total Assets	\$ 399,481	\$ 263,421	\$ 242,511	\$ 420,391
Liabilities:				
Accounts payable	\$ 81	\$ 9,111	\$ 7,192	\$ 2,000
Deposits payable	16,886	15,770	-	32,656
Due to bondholders	382,514	7,756	4,535	385,735
Total Liabilities	\$ 399,481	\$ 32,637	\$ 11,727	\$ 420,391
<u>Cameo Homes</u>				
Assets:				
Pooled cash and investments	\$ 45,842	\$ 183	\$ 29	\$ 45,996
Receivables:				
Interest	87	52	87	52
Total Assets	\$ 45,929	\$ 235	\$ 116	\$ 46,048
Liabilities:				
Deposits payable	\$ 40,000	\$ -	\$ -	\$ 40,000
Due to bondholders	5,929	119	-	6,048
Total Liabilities	\$ 45,929	\$ 119	\$ -	\$ 46,048
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 322,042	\$ 288,374	\$ 242,035	\$ 368,381
Receivables:				
Interest	560	368	561	367
Due from other governments	6,844	13,891	6,844	13,891
Restricted assets:				
Cash and investments with fiscal agents	220,575	35,057	32,563	223,069
Total Assets	\$ 550,021	\$ 337,690	\$ 282,003	\$ 605,708
Liabilities:				
Accounts payable	\$ 1,958	\$ 49,692	\$ 19,198	\$ 32,452
Deposits payable	61,587	15,770	-	77,357
Due to bondholders	486,476	20,649	11,226	495,899
Total Liabilities	\$ 550,021	\$ 86,111	\$ 30,424	\$ 605,708

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