

CITY OF BANNING, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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CITY OF BANNING
 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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CPAs AND ADVISORS

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, 2017, 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.

Auditors' 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.

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, 2017, 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.



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

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 schedule 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. The 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 March 6, 2018 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.

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

Brea, California
March 6, 2018

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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, 2017 (FY2017). 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, 2016 (FY2016).

City management encourages readers to consider the information presented within this discussion and analysis in conjunction with the City's financial statements. The City's financial statement are in adherence to the pronouncements of the Governmental Accounting Standards Board (GASB). This annual report consists of five (5) sections as arranged in the Table of Contents:

- 1. Independent Auditor's Report,**
- 2. Management's Discussion and Analysis,**
- 3. Basic Financial Statements,**
- 4. Required Supplementary Information, and the**
- 5. Combining and Individual Fund Statements and Schedules for Non-Major Governmental Funds, Non-Major Enterprise Funds, and Internal Service Funds.**

Although the Combining Statements provide details about Non-Major Governmental Funds, Non-Major Enterprise Funds, and Internal Service Funds. The totals of Non-major funds, governmental and proprietary, are summarized in the Basic Financial Statements as "Other Governmental Funds" and "Other Enterprise Funds." The total of Internal Service Funds is also brought forward.

The General Fund Budgetary Comparison Schedule is in the section 4, Required Supplementary Information. Budgetary Comparison Schedules for each governmental fund are in section 5, Schedules for Non-Major Governmental Funds.

FOCUS OF MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis will focus on financial information contained in section 3. Basic Financial Statements. Other key points from other sections may be included.

The Basic Financial Statements present operation and fiscal accountability measurements, or in their presentation order, Government-wide and Funds, as required by GASB Statement 34 (GASB 34).

The two measurements differ in that Government-wide Statements report current and long-term activities on a full accrual basis of accounting, whereas, Fund Statements report current year transactions on a modified accrual basis of accounting. The focus here intends to explain the differences of the reporting requirements and to highlight areas of importance.

FRAMEWORK OF GASB STATEMENT 34 REPORTING MODEL

GASB 34 required all local and state governments in the United States to implement the new reporting model by June 15, 2003. GASB 34 requires that governments present top level, or Government-wide, financial statements using full accrual accounting, similar to business enterprises, for all City activities. GASB recognized the importance of traditional Funds statements by requiring the two presentations, traditional Funds statements and the new GASB 34 Government-wide statements.

- ❖ Government-Wide Financial Statements,
 - Operational accountability considers whether sufficient resources exist to cover the cost of providing services in the long term, i.e., the economic resource flows measurement focus, full accrual basis of accounting
 - Top level statements consolidate all City-wide activities in two column format
 - Governmental Activities
 - Business-Type Activities
 - Top level statements report City-wide activities in two statements
 - Statement of Net Position
 - Statement of Activities
- ❖ GASB 34 Reconciliation to convert Fund statements to Government-wide statements
 - Converts Governmental Funds to Governmental activities
 - Converts Proprietary Funds to Business-Type Activities
- ❖ Fund Financial Statements report fiscal accountability using the current financial resource flows measurement focus, modified accrual basis of accounting.
 - Types of funds
 - Governmental funds
 - Proprietary funds
 - Non-major Funds are reported in Combining Statements
 - Fiduciary Funds are not reported in Government-wide Financial Statements

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements, in the section Basic Financial Statements, provide additional information that is essential to the full understanding of the financial information contained therein.

In Note 1 of the Notes to Financial Statements, Organization and Summary of Significant Accounting Policies, there is further discussion as to the source of authoritative reporting requirements, the significance of those policies on the City's financial statements and provide additional supporting information as to the basis for the presentation formats of the Basic financial statements.

PROCESSING THE FINANCIAL STATEMENTS

Accounting information is internally processed in traditional City funds categorized as Governmental, Proprietary or Fiduciary, based on the activity. Fund Financial Statements (pre-GASB 34) are prepared from the accounting information collected for each individual fund. Again, subsequent year-end adjustments are calculated to provide the reconciliations to arrive at Government-Wide Financial Statements (GASB 34 model).

Funds are classified as either major or non-major funds based on criteria established by GASB. Major funds are individually reported in the Funds Financial Statements. The non-major funds are individually reported in the section "Combining Fund Statements and Schedules".

The traditional Fund Financial Statements focus on funds' accounting of the city government that reflect the City's accounting and budgetary structure. City's operations are accounted for in funds in much more detail. There are three (3) main fund categories; Governmental, Proprietary and Fiduciary. There are Fund Financial Statements for each main fund category, i.e., Governmental, Proprietary and Fiduciary. Within each of the reports, the report columns will provide each major fund and the total of non-major funds; the non-major funds are sub-totaled in columns entitled "Other Governmental Funds" and "Other Enterprise Funds".

Since full accrual is the method of accounting for Proprietary Funds in the Funds Financial Statements, the reconciliations necessary to arrive at Business-Type Activities are not as extensive as for Governmental Funds which are accounted for using modified accrual accounting. Those reconciling items are included within the Proprietary Funds' Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position.

GASB 34 reconciliations provide the necessary long-term adjustments to bridge the results of Governmental Funds and convert into Government-wide financial statements.

There are two reconciliations that convert Governmental Funds in the Funds Financial Statements to Governmental Activities in the Government-Wide Financial Statements. Those are a Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide, Governmental Activities, Statement of Net Position and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities. The two reconciliations provide the linkage from Governmental Funds' operations to Governmental Activities in the Government-Wide Financial Statements.

1. Converts Governmental Funds to Governmental activities
 - a. Balance Sheet of Governmental Funds to Statement of Net Position
 - b. Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities
2. Converts Proprietary Funds to Business-Type Activities
 - a. Interfund Eliminations
 - b. Internal service fund adjustments related to Proprietary funds

The Government-Wide Financial Statements accomplish the GASB 34 model by reporting designated "Governmental Activities" and "Business-Type Activities" in a two column format resulting in Government-wide totals (City-wide). Governmental Activities are Governmental Fund totals and the reconciliation to full accrual. Similarly, the Business-Type Activities are the Proprietary Fund totals and their applicable reconciling items. The totals of these two types of City activities are the Government-wide totals.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

REPORTING THE CITY AS A WHOLE

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.

All City funds, as well as, the Banning Financing Authority, Banning Housing Authority, Banning Public Facilities Corporation, and the Banning Utility Authority are included. 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 governing structure and the relationship with the City.

As noted earlier, in this presentation, City operations are designated as either a "Governmental Activities" or a "Business-Type Activities", and reported under the designated columns, as identified in the Fund Financial Statements. "Reporting the City as a Whole" is the total of the two activities.

Key items affecting the City's Net Position are highlighted below.

HIGHLIGHTS OF THE CITY AS A WHOLE

- ❖ As of June 30, 2017 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 \$203.71 million, an increase of \$21 thousand over June 30, 2016.
- ❖ At the close of the fiscal year, the Unrestricted portion of the Net Position, that which may be used to meet on-going obligations due to creditors, is \$50.17 million, an increase of \$0.14 million over the prior fiscal year. The Net Investment in Capital Assets, another component of Net Position, was \$121.62 a decrease of \$0.70 million over June 30, 2016. The Restricted portion of the Net Position amounted to \$31.93 million, an increase of \$0.58 million.
- ❖ GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) and Statement No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date) require that the Net Pension Liability be presented on the face of the financial statements. At June 30, 2017, the total Net Pension Liability for the City of Banning, government-wide, was \$36.87 million, an increase of \$5.04 million.

A COMPARATIVE SUMMARY OF CITY'S 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 Statement of Net Position measures the City's 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.

Net Position increased by \$21 thousand to \$203.71 million. Net Revenues over Expenses increased Net Position by \$21 thousand.

Net Position from Governmental Activities was \$87.77 million, a decrease of \$4.02 million, was mainly due to \$2.99 million increase in Public Safety Governmental activities.

Net Position from Business-Type Activities was \$115.94 million, an increase of \$4.05 million. Program and General Revenues amounted to \$54.10 million, an increase of \$5.17 million while expenses totaled \$49.32 million, an increase from last year's \$44.66 million.

ASSETS AND DEFERRED OUTFLOWS

Total Assets increased \$0.72 million to \$308.61 million. Deferred outflows increased \$2.37 million to \$12.49 million. Total Assets and Deferred outflows was \$321.10 million.

LIABILITIES AND DEFERRED INFLOWS

Total Liabilities increased \$5.59 million to \$115.96 million. Deferred inflows decreased \$2.53 million to \$1.43 million. Total Liabilities and Deferred inflows was \$117.39.

GASB 54 CLASSIFICATIONS OF NET POSITION

GASB 54 established a hierarchy of constraints applicable to the resources available in Fund Balances as well as the component of Net Position that corresponds to fund balances. The City's Net Position is made-up of three components: Net Investment in Capital Assets (net of related debt), Restricted, and Unrestricted.

Table 1 is a comparison of the Net Position in the Basic Financial Statements – Statement of Net Position with previous year. It includes both Changes in Net Position and any Restatements of Net Position. The City's Government-Wide Total Net Position for FY2017 is \$203.71 million, an increase of \$21 thousand, or 0.00% over the June 30, 2016 balance. No significant changes are noted in the total assets while total liabilities increased by \$5.59 million. Corresponding analysis of the causes of these changes are reflected in the following paragraphs.

The *Net investment in Capital Assets* of \$121.62 million represents 59.70% 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. 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. 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 FY2017.

The portion of the City's Net Position subject to *external restrictions* in how they may be used is \$31.93 million (15.67% of the Total Net Position). The Restricted Net Position includes Community Development Projects, Public Safety, Parks and Recreation, Public Works, Capital Projects, and Debt Service.

The remaining *Unrestricted Net Position* balance of \$50.17 million (24.63% 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 \$24.19 million and \$12.68 million respectively. Additional information can be found in the Notes to Financial Statements.

Table 1 summarizes the Statement of Net Position of the City as a whole and provides a comparison.

Table 1 - Summary of Net Position (In Millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals		
	2016	2017	2016	2017	2016	2017	% CHG
Assets:							
Current and other assets	38.73	39.21	81.58	84.81	120.31	124.02	3.1%
Capital assets	78.06	74.08	109.52	110.51	187.58	184.59	1.6%
TOTAL ASSETS	\$ 116.79	\$ 113.29	\$ 191.10	\$ 195.32	\$ 307.89	\$ 308.61	0.2%
Deferred outflows on refunding	-	-	3.47	3.32	3.47	3.32	4.3%
Deferred pension related items	4.71	6.71	1.95	2.47	6.66	9.17	37.7%
TOTAL DEFERRED OUTFLOWS	\$ 4.71	\$ 6.71	\$ 5.42	\$ 5.79	\$ 10.12	\$ 12.49	23.4%
Liabilities:							
Current and other liabilities	3.58	4.83	6.47	9.33	10.06	14.17	40.9%
Long-term liabilities*	23.80	26.38	76.52	75.41	100.31	101.79	1.5%
TOTAL LIABILITIES	\$ 27.38	\$ 31.21	\$ 82.99	\$ 84.74	\$ 110.37	\$ 115.96	5.1%
Deferred inflows on refunding	-	-	-	-	-	-	0.0%
Deferred pension related items	2.32	1.01	1.64	0.42	3.97	1.43	64.0%
TOTAL DEFERRED INFLOWS	\$ 2.32	\$ 1.01	\$ 1.64	\$ 0.42	\$ 3.96	\$ 1.43	63.9%
Net Position:							
Net investment in capital assets	76.16	72.52	46.16	49.10	122.32	121.62	0.6%
Restricted for:							
Community Development Projects	2.39	2.46	-	-	2.39	2.46	2.9%
Public Safety	0.07	0.05	-	-	0.07	0.05	28.6%
Culture and Leisure	0.04	0.04	-	-	0.04	0.04	0.0%
Transportation	3.01	2.77	-	-	3.01	2.77	8.0%
Capital Projects	8.75	9.37	17.00	17.15	25.76	26.52	3.0%
Debt Service	-	-	0.08	0.09	0.08	0.09	12.5%
Unrestricted	1.38	0.57	48.65	49.60	50.03	50.17	0.3%
TOTAL NET POSITION	\$ 91.79	\$ 87.77	\$ 111.89	\$ 115.94	\$ 203.68	\$ 203.71	0.0%

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

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



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

STATEMENT OF ACTIVITIES

Table 2 is a two-year comparison of the Governmental and Business-Type Activities in the Statement of Activities. Comparisons are provided for City-wide Revenues and Expenses by Function/Program, the Change in City-wide Net Position, and the Beginning and Ending Net Position.

Table 2 - Statement of Activities (In Millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2016	2017	2016	2017	2016	2017
Revenues						
Program Revenues:						
Charges for Services	4.51	4.44	46.56	51.47	51.08	55.91
Operating Contributions and Grants	1.85	0.77	1.97	2.13	3.82	2.90
Capital Contributions and Grants	0.39	0.16	-	-	0.39	0.16
Subtotal Program Revenues	6.75	5.37	48.53	53.60	55.29	58.97
General Revenues:						
Property Taxes	4.46	4.69	-	-	4.46	4.69
Sales Taxes	3.50	3.76	-	-	3.50	3.76
Business Licenses Taxes	0.16	0.17	-	-	0.16	0.17
Franchise Taxes	0.86	0.84	-	-	0.86	0.84
Transient Occupancy Taxes	0.79	0.86	-	-	0.79	0.86
Other Taxes	0.73	0.37	-	-	0.73	0.37
Motor Vehicle In-Lieu	0.01	0.01	-	-	0.01	0.01
Use of Money and Property	0.63	0.65	0.22	0.25	0.85	0.90
Other	0.40	0.53	0.18	0.25	0.58	0.79
Gain on sale of capital asset	-	-	-	-	-	-
Subtotal General Revenues	11.54	11.88	0.40	0.50	11.94	12.39
TOTAL REVENUES	18.29	17.25	48.93	54.10	67.23	71.36
Expenses						
General Government	2.23	2.59	-	-	2.23	2.59
Public Safety	8.58	11.57	-	-	8.58	11.57
Community Development	1.60	1.50	-	-	1.60	1.50
Culture and Leisure	1.00	1.31	-	-	1.00	1.31
Transportation	4.58	4.97	-	-	4.59	4.97
Interest on Long-term debt	0.09	0.08	-	-	0.09	0.08
Airport	-	-	0.21	0.35	0.21	0.35
Transit	-	-	1.86	1.73	1.86	1.73
Electric Utility	-	-	29.50	33.34	29.51	33.34
BUA Water	-	-	7.31	7.66	7.31	7.66
BUA Wastewater	-	-	2.70	2.90	2.70	2.90
Refuse	-	-	3.08	3.34	3.08	3.34
TOTAL EXPENSES	18.08	22.02	44.66	49.32	62.76	71.34
Increase/(Decrease) in Net Position						
Before Transfers and Special Items	0.21	(4.76)	4.27	4.77	4.48	0.01
Transfers	0.65	0.72	(0.65)	(0.72)	-	-
Special Item	8.80	-	-	-	8.80	-
Increase/(Decrease) in Net Position	9.66	(4.04)	3.62	4.05	13.28	0.01
Net Position at Beginning of Year	81.87	91.79	108.27	111.89	190.14	203.68
Restatement of Net Position	0.26	-	-	-	0.26	-
Net Position at End of Year	91.79	87.77	111.89	115.94	203.68	203.71

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

GOVERNMENT-WIDE REVENUES AND EXPENSES

In the following two paragraphs, refer to Table 2 for Government-wide Revenues and Expenses. Net Revenues over Expenses increased Net Position by \$21 thousand.

The total Government-Wide revenues for FY2017 were \$71.35 million, \$17.25 million from Governmental Activities, and \$54.10 million from Business-Type Activities. City-wide total revenues increased by \$4.13 million or 6.14% from \$67.23 million in FY 2016.

Total Government-Wide expenses for FY2017 to \$71.34 million, an increase of \$8.58 million or 13.67%. City-wide total expenses supporting Governmental Activities was \$22.02 million or 30.87%, and Business-Type Activities, \$49.32 million, or 69.13%.

GOVERNMENTAL ACTIVITIES

Net Position for Governmental Activities was \$87.77 million, a decrease of \$4.02 million or 4.38%.

REVENUES

Total Revenues for Governmental Activities were \$17.25 million.

Charges for Services amounted to \$4.44 million for the current year which represents approximately 25.74% of the total revenues in the Governmental Activities category.

Revenues from overall tax sources increased 1.81% in FY2017. The two largest taxes sources were Property Taxes and Sales Taxes, increasing to \$4.69 million and \$3.76 million, respectively. In comparison to the FY2016 levels, Property Taxes moderately increased 5.16% from \$4.46 million and Sales Taxes increased from \$3.50 million, 7.43%.

EXPENSES

Total Expenses for Governmental Activities were \$22.02 million.

Governmental Activities expenses increased 21.79% to \$22.02 million, \$3.93 million more than last year. The breakdown by governmental activity follows; General Government increased \$365,523, Public Safety increased \$2,983,227, Community Development decreased \$103,377 Culture and Leisure increased \$307,400. Public Works (replaced Transportation as an activity) increased \$382,715, and Interest on long-term debt decreased \$10,119.

GOVERNMENTAL ACTIVITIES-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 3 focus on the Revenues and Expenses (Cost of Services) in the Statement of Activity related to Governmental Activities. Chart 3 compares each program, the Revenues, in blue, versus Expenses, in red. Note that the General Government program revenues sufficiently cover program revenues, but for all other governmental activities, 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)		
	2016	2017	% Chg	2016	2017	% Chg	2016	2017	% Chg
General Government	3,698,398	3,603,179	3%	2,225,118	2,590,641	16%	1,473,280	1,012,538	31%
Public Safety	952,869	246,794	74%	8,583,405	11,566,632	35%	(7,630,536)	(11,319,838)	48%
Community Development	856,327	692,337	-	1,598,792	1,495,415	6%	(742,465)	(803,078)	8%
Culture & Leisure	451,638	176,148	61%	1,001,189	1,308,589	31%	(549,551)	(1,132,441)	106%
Transportation	795,914	650,048	18%	4,581,375	4,967,935	8%	(3,785,461)	(4,317,887)	14%
Interest on long-term debt	-	-	-	86,124	76,005	12%	(86,124)	(76,005)	12%
Government Subtotal	6,755,146	5,368,506	21%	18,076,003	22,005,217	22%	(11,320,857)	(16,636,711)	47%
General Revenues*	11,929,332	11,885,037	0%	-	-	-	11,929,332	11,885,037	0%
Transfers	652,157	724,000	11%	-	-	-	652,157	724,000	11%
SUBTOTAL	19,336,635	17,977,543	7%	18,076,003	22,005,217	7%	1,260,632	(4,027,674)	419%
Extraordinary Gain/(loss) on dissolution of redevelopment agency	9,060,873	-	-	-	-	-	9,060,873	-	-
TOTAL	28,397,508	17,977,543	37%	18,076,003	22,005,217	22%	10,321,505	(4,027,674)	139%

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

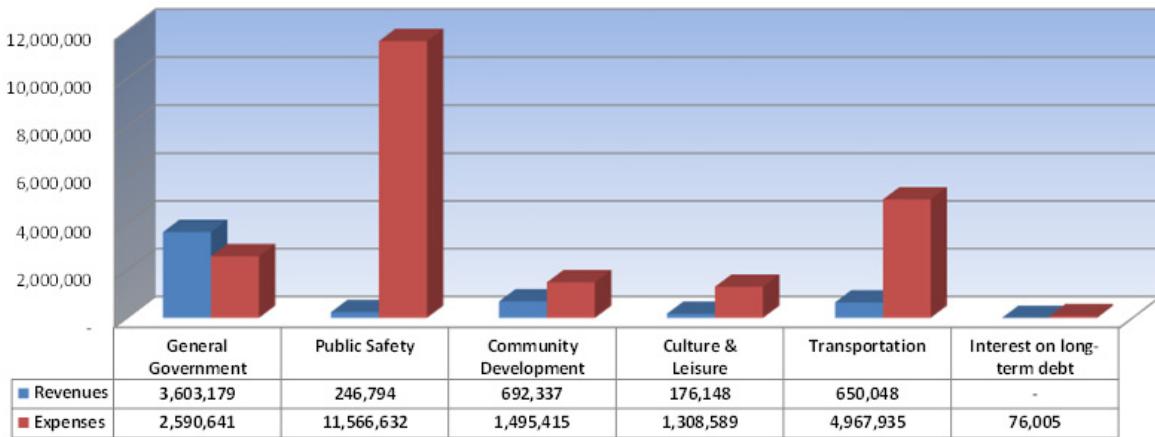


Chart 3: Details can be found in the "Statement of Activities"

BUSINESS-TYPE ACTIVITIES

Table 4 focus is on the information on the Statement of Activities that relates to Business-type Activities which are the City's six services funded by customer user fees; Airport, Transit, BUA Water Utility, Electric Utility, BUA Wastewater Utility, and Refuse Utility; revenues, the cost of each program, and its net cost.

Table 4 - Program Net Cost: Business-Type Activities

	Program Revenues			Total Cost of Services			Net Revenues (Expenses)		
	2016	2017	% Chg	2016	2017	% Chg	2016	2017	% Chg
Airport	258,138	162,731	37%	209,930	351,599	67%	48,208	(188,868)	492%
Transit	1,913,069	1,993,706	4%	1,858,161	1,726,873	7%	54,908	266,833	386%
BUA Water Utility	8,858,473	9,969,803	13%	7,308,819	7,658,337	5%	1,549,654	2,311,466	49%
Electric Utility	30,616,383	34,385,039	12%	29,505,627	33,351,692	13%	1,110,756	1,033,347	7%
BUA Wastewater Utility	3,483,786	3,568,129	2%	2,701,401	2,899,152	7%	782,385	668,977	14%
Refuse Utility	3,404,970	3,514,810	3%	3,082,003	3,341,491	8%	322,967	173,319	46%
Business Subtotal	48,534,819	53,594,218	10%	44,665,941	49,329,144	10%	3,868,878	4,265,074	10%
General Revenues	403,704	507,643	26%	-	-	-	403,704	507,643	26%
SUBTOTAL	48,938,523	54,101,861	11%	44,665,941	49,329,144	10%	4,272,582	4,772,717	12%
Transfers	-	-	-	652,157	724,000	-	(652,157)	(724,000)	-
TOTAL	48,938,523	54,101,861	11%	45,318,098	50,053,144	10%	3,620,425	4,048,717	12%

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

Important highlights of the Changes in Net Position of Business-Type Activities are:

- Net Position from Business-Type Activities was \$115.94 million (see Table 2).
- Business-type activities increased Net Position by \$4.05 million (see Table 2).
- All Business-type activities contributed to the Increase in Net Position. The FY 2017 results of Net Revenues (Expenses) was \$4,048,717, including non-operating revenue of \$507,643, as shown in Table 4.
- Net Increases by program operations are detailed in Table 4; Airport (\$188,868), Transit \$266,833, Water \$2,311,466, Electric \$1,033,347, Wastewater \$668,977, and Refuse \$173,319.

FUNDS FINANCIAL STATEMENTS

Funds are accounted for on a modified accrual basis. Their focus is on reporting financial information useful for managing the budget and day to day operations.

Funds Financial Statements 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 fund types:

- **Governmental funds 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. Property taxes, sales tax, transient occupancy tax, interest income, franchise fees, grants, contributions from other agencies, and other revenues fund these activities. The General Fund is reported as a major fund; all other Governmental funds are non-major.
- **Proprietary funds statements** offer short-term and long-term financial information of the City's utilities, the major proprietary funds, water, wastewater and electric, as well as airport, transit and refuse collection services. These funds require the use of full accrual accounting.
- **Internal Service funds statements** are reported with Governmental activities.
- **Fiduciary funds 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 Successor Agency, assessment districts and other non-City funds are accounted for in these fund types.

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. Budget and interim council reporting are generally based on these funds.

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.

Although the annual operating budget includes Proprietary and Fiduciary Funds, those budgets are not required to be comparatively reported in the annual audit report.

GOVERNMENTAL FUNDS

Governmental Funds only 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. The Fund Financial Statements include the General Fund, the major fund of the governmental funds, and Other Governmental Funds, which are the total of the non-major governmental funds.

All City Funds are presented separately, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. The General Fund is considered a Major Governmental Fund. Each of the Non-Major Governmental Funds are reported in the "Combining and Individual Fund Statements and Schedules" that follow the Notes to Financial Statements and the totals are brought forward to the "Other Governmental Funds" column of the Funds Financial Statements.

GOVERNMENTAL FUNDS HIGHLIGHTS

- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$29.54 million, an increase of \$1.96 million, 7.11% versus last fiscal year.
- ❖ GASB 54 requires governments to classify fund balances according to the spending constraints defined by GASB 54. \$4.74 of the \$13.32 million is Unassigned, that is, those funds do not have restrictions. However, the remaining \$8.58 million is in the categories of Non-spendable, Restricted, Committed or Assigned.

GOVERNMENTAL REVENUES

Table 5 below presents a summary of Governmental Fund Revenues by Revenue category for the fiscal year 2016-17, with comparative amounts from the prior year. Fiscal Year 2016-17 Revenues were \$18,902,285, an increase of \$430,253 compared to the previous fiscal year.

Table 5 - Comparison of Governmental Revenues

	2015-16	% of Total Revenues	2016-17	% of Total Revenues	\$ Increase / (Decrease)	% Change
Taxes	10,792,461	58.43%	10,739,122	56.81%	(53,339)	0.49%
Licenses & Permits	779,554	4.22%	605,809	3.20%	(173,745)	22.29%
Intergovernmental	2,040,858	11.05%	2,582,458	13.66%	541,600	26.54%
Charges for Services	3,317,149	17.96%	3,396,761	17.97%	79,612	2.40%
Use of Money & Property	553,390	3.00%	640,812	3.39%	87,422	15.80%
Fines and Forfeitures	267,410	1.45%	252,114	1.33%	(15,296)	5.72%
Contributions	13,724	0.07%	13,502	0.07%	(222)	1.62%
Successor Agency Admin	250,000	1.35%	103,932	0.55%	(146,068)	58.43%
Miscellaneous	457,486	2.48%	567,775	3.00%	110,289	24.11%
TOTAL	18,472,032	100.00%	18,902,285	100.00%	430,253	2.33%

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

GOVERNMENTAL EXPENDITURES

Table 6 summarizes the Governmental Fund Expenditures by function for the fiscal years 2015-16 and 2016-17, with related % of total expenditures for each fiscal year. Expenditures for FY2017 were \$17,657,190, an increase of \$1,129,571 from FY2016.

Table 6 - Comparison of Governmental Expenditures

	2015-16	% of Total Expenditures	2016-17	% of Total Expenditures	\$ Increase / (Decrease)	% Change
General Government	2,227,796	13.48%	2,317,140	13.12%	89,344	4.01%
Public Safety	9,529,941	57.66%	10,063,201	56.99%	533,260	5.60%
Community Development	1,547,336	9.36%	1,447,973	8.20%	(99,363)	6.42%
Parks and Recreation	764,076	4.62%	1,049,253	5.94%	285,177	37.32%
Public Works	1,059,235	6.41%	918,170	5.20%	(141,065)	13.32%
Operating Expenditures	15,128,384	91.53%	15,795,737	89.46%	667,353	4.41%
Capital Outlay	963,545	5.83%	1,203,917	6.82%	240,372	24.95%
Debt Service	435,690	2.64%	657,536	3.72%	221,846	50.92%
TOTAL	16,527,619	100.00%	17,657,190	100.00%	1,129,571	6.83%

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

BALANCE SHEETS OF GOVERNMENTAL FUNDS

The City maintains twenty-six individual governmental funds. These funds report financial transactions using the modified accrual accounting method.

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).

As a result of AB 1X 26, a law enacted by the State in 2012 dissolving the Redevelopment Agencies, Successor Agency Trust Fund receives trust revenues based on ROP's approved by CA Department of Finance. In FY 2016-17, the Successor Agency received \$3.76 million from the Riverside County Redevelopment Property Tax Trust Fund (RPTTF).

Although the Fiduciary Funds Statements are a standalone report in the Funds Financial Statements they are not part of the Government-wide Statements as the fiduciary activities are not considered part of City activities.

PROPRIETARY FUNDS

Proprietary funds account for utility services, use of airport facilities, transit services and services where user fees are developed to recover the costs of services provided. Proprietary Funds are integrated into the Government-Wide Financial Statements, provide both long-term and short-term financial information. The full accrual method of accounting is required for these funds.

- ❖ **Enterprise Funds** are used to report the individual functions for each of the enterprise activities operated by the City. The major proprietary funds are the top three below. In addition “Other Enterprise Funds” are considered non-major under the GASB criteria.
 - Banning Utility Authority-Water
 - Electric Utility
 - Banning Utility Authority-Wastewater
 - Other Enterprise funds:
 - Airport
 - Transit
 - Refuse Utility
- ❖ **Internal Service Funds** report activities that provide internal services for the City’s other programs and activities such as the:
 - City’s Self Insurance
 - Fleet Maintenance
 - Information Systems
 - Utility Billing Services

NET POSITION

The Total Net Position of Proprietary Funds \$116.76 million. The major funds, the total of City Utilities make up \$113.75 million.

An important metric in utility operations is the Operating Income (Loss).

OPERATING INCOME (LOSS)

All three major proprietary funds have positive results of operation; Water’s operating income was \$3,056,030, Electric’s was \$2,520,044 and Wastewater’s was \$1,037,095.

GENERAL FUND HIGHLIGHTS

The General Fund Balance is \$13.32 million, with \$4.74 identified as Unassigned and the balance of \$8.58 million classified within one of the other four classifications applicable under the GASB 54 constraints. (see Balance Sheet - Governmental Funds) The balance of the fund, City Council commit as an emergency contingency in the General Fund as 25% of the operating budget, \$4.09 million. Funds classified as Non-spendable total \$0.06 million for prepaid costs and employee loans. Funds classified as Assigned total \$4.42 million which account for capital replacement, future compensated absences, litigation, Gas Tax, PEG, police reward, mining tax and CalPERS liability. The terminology and presentation of fund balance changed with the implementation of GASB 54.

GENERAL FUND - REVENUES

Table 7 below provides more information of the General Fund Revenues by category for the fiscal years 2014-15, 2015-16 and 2016-17.

Table 7 - General Fund Revenues

	2014-15	2015-16	2016-17	% of Total	\$ Increase / (Decrease) to Last Year	% Change
Property Tax	4,238,973	4,459,662	4,731,744	29.02%	272,082	6.10%
Sales Tax	2,952,014	3,262,934	3,213,574	19.71%	(49,360)	1.51%
Transient Occupancy Tax	722,434	789,994	861,221	5.28%	71,227	9.02%
Franchise	871,284	860,923	839,395	5.15%	(21,528)	2.50%
Other Taxes	703,118	767,331	406,225	2.49%	(361,106)	47.06%
License & Permits	191,900	779,554	605,809	3.71%	(173,745)	22.29%
Intergovernmental	203,831	431,943	148,988	0.91%	(282,955)	65.51%
Charges for Services	3,906,508	3,317,495	3,396,761	20.83%	79,266	2.39%
Use of Money & Property	506,294	528,586	534,527	3.28%	5,941	1.12%
Fines & Forfeitures	303,308	267,410	252,114	1.55%	(15,296)	5.72%
Transfers In	1,526,081	724,000	724,000	4.44%	-	0.00%
Contributions*	5,400	251,800	106,182	0.65%	(145,618)	57.83%
Miscellaneous	685,109	431,606	487,078	2.99%	55,472	12.85%
Refunding Debt Issued	-	-	-	0.00%	-	-
Gain on disposal of capital assets	-	-	-	0.00%	-	-
TOTALS	16,816,254	16,873,238	16,307,618	100.00%	(565,620)	3.35%

*Category did not exist prior to fiscal year 2013

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

For Fiscal Year 2016-17, General Fund revenues were \$16,307,618, a decrease of \$565,620 over FY 2015-16. Key elements of this year's activity versus last fiscal year are as follows:

- Property Tax Revenues, \$4,731,744 increased by \$272,082, a 6.10% increase over FY2016.
- Licenses & Permits, \$605,809 decreased 22.29%, as a result of a slight decrease in commercial development activity, from \$779,554 in FY2016.
- Other Tax revenues, \$406,225 decreased by \$361,106, a 47.06% decrease over FY2016.
- Revenues from Charges for Services, \$3,396,761, increased 2.39% from FY2016. This includes the Electric Department's 10% administrative service transfer to the General Fund and increased fee revenues arising from the Rancho San Gorgonio project. This revenue source accounts for fees collected from the City's departments for administrative charges during the normal course of business.

GENERAL FUND – EXPENDITURES

Table 8 below summarizes the General Fund Expenditures for the fiscal year ended June 30, 2016.

Table 8 - General Fund Expenditures

	2014-15	2015-16	2016-17	% of Total	\$ Increase / (Decrease) to Last Year	% Change
General Government*	2,515,876	2,175,889	2,306,156	15.14%	130,267	5.99%
Public Safety	8,278,738	9,029,278	9,606,638	63.07%	577,360	6.39%
Community Development	1,291,523	1,521,876	1,428,239	9.38%	(93,637)	6.15%
Culture & Leisure	727,793	764,076	1,045,776	6.87%	281,700	36.87%
Public Works *	-	-	-	0.00%	-	-
Capital Outlay	196,340	256,128	24,063	0.16%	(232,065)	90.61%
Debt Service	435,982	435,690	657,536	4.32%	221,846	50.92%
Transfers Out	169,955	248,084	164,325	1.08%	(83,759)	33.76%
Refunding Debt Issued costs	-	-	-	-	-	-
TOTALS	13,616,207	14,431,021	15,232,733	100.00%	801,712	5.56%

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

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

A Community Development expenditure category, previously classified General Government and Public Works expenditures, were aligned with the audited financial statements for fiscal years ending June 30, 2016 and 2017.

Total General Fund expenditures were \$15,232,733, a 5.56% increase over the previous year. The largest changes occurred in the following areas:

- General Government expenditures of \$2,306,156, increased by \$130,267, or 5.99%.
- Public Safety expenditures of \$9,606,638, increased by \$577,360, or 6.39%.
- Culture & Leisure expenditures of \$1,045,776 increased by \$281,700, or 36.87%.
- Capital Outlay expenditures of \$24,063, decreased by \$232,065, or 90.61%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original FY2017 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 audit report section “Combining and Individual Funds Statements and Schedules” under “Budgetary Comparison Schedule, General Fund”.

For the City’s General Fund, actual ending revenues of \$16.31 million were \$0.17 million lower than the final budgeted revenues of \$16.48 million (please refer to Budgetary Comparison Schedule-General Fund). This is mainly due to less revenues from Other Taxes, lower Inter-fund charges and Contributions

The General Fund actual ending expenditures of \$15.23 million were \$2.18 million lower than the final budget of \$17.42 million. The majority of the difference is accounted for by salary savings due to vacancies in several departments, and the unused contingency account in Central Services. Overall, the City’s General Fund showed a net increase in fund balance of \$2.01 million as a result of improved revenues and reduced expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City’s investment in capital assets (Table 9) for its Governmental and Business-Type Activities as of June 30, 2017, is \$184,593,683 (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.

Table 9 Capital Assets by Activity

	Governmental Activities			Business Type Activities			Totals		
	2016	2017	% Chg	2016	2017	% Chg	2016	2017	% Chg
Land	3,204,822	3,204,822	0%	1,184,229	1,184,229	0%	4,389,051	4,389,051	0%
Construction in Progress	57,974	1,042,603	1698%	11,006,828	6,957,094	37%	11,064,802	7,999,697	28%
Building and Structures*	11,235,322	10,336,521	8%	101,150	94,034	7%	11,336,472	10,430,555	8%
Land Improvements*	3,950,853	3,623,462	8%	2,251,754	2,169,677	4%	6,202,607	5,793,139	7%
Machinery and Equipment*	975,183	776,317	20%	-	-	-	975,183	776,317	20%
Vehicles*	247,327	366,828	48%	-	-	-	247,327	366,828	48%
Utility Plant	-	-	-	94,972,671	100,103,863	5%	94,972,671	100,103,863	5%
Infrastructure*	58,397,895	54,734,233	6%	-	-	-	58,397,895	54,734,233	6%
TOTAL	78,069,376	74,084,786	5%	109,516,632	110,508,897	1%	187,586,008	184,593,683	2%

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

* Net of accumulated depreciation

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

LONG-TERM DEBT

Table 10 is a summary of the City's long-term debt for the year ended June 30, 2017, including the Net Pension Liability required by GASB No. 68 and 71 beginning with year end June 30, 2015. City-wide long-term debt was \$103,938,957 at June 30, 2016 and \$106,386,692 at June 30, 2017.

At year June 30, 2017, the City's Governmental Activities had long term debt in the amount of \$28,294,289 including Net Pension Liability of \$24,193,592. 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 16 of the notes to the Financial Statements.

Long-term debt in the Business-Type Activities amounted to \$78,092,403 including Net Pension Liability of \$12,680,739. 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.

Table 10 - Long Term Debt/Liability Recap

	Governmental Activities			Business-Type Activities			Totals		
	2016	2017	% Chg	2016	2017	% Chg	2016	2017	% Chg
Compensated Absences	1,103,895	1,064,253	4%	789,535	682,602	14%	1,893,430	1,746,855	8%
Refunding Lease	1,788,555	1,416,167	21%	-	-	-	1,788,555	1,416,167	21%
Vehicle Lease	151,569	0%				0%	-	151,569	0%
Revenue Bonds	-	-		59,915,000	58,290,000	3%	59,915,000	58,290,000	3%
Claims & Judgements	1,475,725	1,468,708	0%	-	-	-	1,475,725	1,468,708	0%
Loans	125,007	-		1,409,613	1,141,974	19%	1,534,620	1,141,974	26%
SUBTOTAL	4,493,182	4,100,697	9%	62,114,148	60,114,576	3%	66,607,330	64,215,273	4%
<i>Less:</i>									
Unamortized original issue premium				5,581,039	5,375,092	4%	5,581,039	5,375,092	4%
Unamortized original issue discount				(82,221)	(78,004)	5%	(82,221)	(78,004)	5%
Net Business-Type Activities				67,612,966	65,411,664	3%	72,106,148	69,512,361	4%
Net Pension Liability	20,642,709	24,193,592	17%	11,190,100	12,680,739	13%	31,832,809	36,874,331	16%
TOTAL	25,135,891	28,294,289	13%	78,803,066	78,092,403	1%	103,938,957	106,386,692	2%

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, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 25,790,270	\$ 53,305,782	\$ 79,096,052
Receivables:			
Accounts	680,425	8,059,174	8,739,599
Loans	893,335	5,190	898,525
Interest	59,614	137,417	197,031
Grants	30,000	-	30,000
Internal balances	346,360	(346,360)	-
Prepaid costs	32,942	71,937	104,879
Deposits	-	110,148	110,148
Due from other governments	3,026,633	212,278	3,238,911
Inventories	48,977	3,738,335	3,787,312
Restricted assets:			
Cash and investments	-	2,279,429	2,279,429
Cash with fiscal agent	8,292,435	17,237,091	25,529,526
Capital assets not being depreciated	4,247,425	8,141,323	12,388,748
Capital assets, net of depreciation	69,837,361	102,367,574	172,204,935
Total Assets	113,285,777	195,319,318	308,605,095
Deferred Outflows of Resources:			
Deferred charge on refunding	-	3,322,094	3,322,094
Deferred pension related items	6,705,788	2,468,216	9,174,004
Total Deferred Outflows of Resources	6,705,788	5,790,310	12,496,098
Liabilities:			
Accounts payable	1,845,990	3,108,782	4,954,772
Accrued liabilities	275,857	251,915	527,772
Accrued interest	8,872	349,301	358,173
Unearned revenue	252,678	2,137,312	2,389,990
Deposits payable	535,963	804,393	1,340,356
Noncurrent liabilities:			
Due within one year	1,915,824	2,758,551	4,674,375
Due in more than one year	2,184,873	62,653,113	64,837,986
Net pension liability	24,193,592	12,680,739	36,874,331
Total Liabilities	31,213,649	84,744,106	115,957,755
Deferred Inflows of Resources:			
Deferred pension related items	1,011,258	423,794	1,435,052
Total Deferred Inflows of Resources	1,011,258	423,794	1,435,052
Net Position:			
Net investment in capital assets	72,517,050	49,101,929	121,618,979
Restricted for:			
Community development projects	2,457,478	-	2,457,478
Public safety	49,621	-	49,621
Culture and leisure	40,085	-	40,085
Transportation	2,765,039	-	2,765,039
Capital projects	9,367,817	17,152,053	26,519,870
Debt service	-	85,038	85,038
Unrestricted	569,568	49,602,708	50,172,276
Total Net Position	\$ 87,766,658	\$ 115,941,728	\$ 203,708,386

CITY OF BANNING

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 2,590,641	\$ 3,498,269	\$ 104,910	\$ -
Public safety	11,566,632	60,673	63,168	122,953
Community development	1,495,415	692,337	-	-
Culture and leisure	1,308,589	136,740	2,205	37,203
Transportation	4,967,935	52,830	597,218	-
Interest on long-term debt	76,005	-	-	-
Total Governmental Activities	22,005,217	4,440,849	767,501	160,156
Business-Type Activities:				
Airport	351,599	162,731	-	-
Transit	1,726,873	130,112	1,863,594	-
Banning Utility Authority Water	7,658,337	9,756,472	213,331	-
Electric Utility	33,351,692	34,374,969	10,070	-
Banning Utility Authority Wastewater	2,899,152	3,568,129	-	-
Refuse Utility	3,341,491	3,473,035	41,775	-
Total Business-Type Activities	49,329,144	51,465,448	2,128,770	-
Total Primary Government	\$ 71,334,361	\$ 55,906,297	\$ 2,896,271	\$ 160,156

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
- Gain on sale of capital asset

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 1,012,538	\$ -	\$ 1,012,538
(11,319,838)	-	(11,319,838)
(803,078)	-	(803,078)
(1,132,441)	-	(1,132,441)
(4,317,887)	-	(4,317,887)
<u>(76,005)</u>	<u>-</u>	<u>(76,005)</u>
<u>(16,636,711)</u>	<u>-</u>	<u>(16,636,711)</u>
 - (188,868)	 266,833	 (188,868)
- 266,833	2,311,466	266,833
- 2,311,466	1,033,347	2,311,466
- 1,033,347	668,977	1,033,347
- 668,977	173,319	668,977
<u>- 173,319</u>	<u>4,265,074</u>	<u>173,319</u>
<u>- 4,265,074</u>	<u>4,265,074</u>	<u>4,265,074</u>
<u>(16,636,711)</u>	<u>4,265,074</u>	<u>(12,371,637)</u>
 4,685,723	 - 861,221	 4,685,723
861,221	-	861,221
3,762,082	-	3,762,082
839,395	-	839,395
168,831	-	168,831
373,310	-	373,310
13,813	-	13,813
646,221	252,397	898,618
534,441	252,581	787,022
- 2,665	2,665	2,665
<u>724,000</u>	<u>(724,000)</u>	<u>-</u>
<u>12,609,037</u>	<u>(216,357)</u>	<u>12,392,680</u>
 (4,027,674)	 4,048,717	 21,043
<u>91,794,332</u>	<u>111,893,011</u>	<u>203,687,343</u>
<u>\$ 87,766,658</u>	<u>\$ 115,941,728</u>	<u>\$ 203,708,386</u>

CITY OF BANNING

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 12,913,542	\$ 8,316,611	\$ 21,230,153
Receivables:			
Accounts, net	636,055	4,544	640,599
Loans	-	893,335	893,335
Interest	37,662	16,084	53,746
Grants	-	30,000	30,000
Prepaid costs	32,942	-	32,942
Due from other governments	1,351,922	1,625,851	2,977,773
Due from other funds	1,119,827	-	1,119,827
Restricted assets:			
Cash and investments with fiscal agents	-	8,292,435	8,292,435
Total Assets	\$ 16,091,950	\$ 19,178,860	\$ 35,270,810
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,631,780	\$ 110,805	\$ 1,742,585
Accrued liabilities	158,286	32,152	190,438
Unearned revenues	69,198	183,480	252,678
Deposits payable	436,457	99,506	535,963
Due to other funds	83,759	1,119,827	1,203,586
Advances from other funds	394,118	-	394,118
Total Liabilities	2,773,598	1,545,770	4,319,368
Deferred Inflows of Resources:			
Unavailable revenues	-	1,404,461	1,404,461
Total Deferred Inflows of Resources	-	1,404,461	1,404,461
Fund Balances:			
Nonspendable:			
Prepaid costs	32,942	-	32,942
Employee loans	30,283	-	30,283
Restricted for:			
Community development projects	-	2,457,478	2,457,478
Public safety	-	49,621	49,621
Culture and leisure	-	40,085	40,085
Transportation	-	2,765,039	2,765,039
Capital Projects	-	9,367,817	9,367,817
Committed to:			
Emergency Contingency	4,096,473	-	4,096,473
Assigned to:			
Capital Replacement	1,500,000	2,662,362	4,162,362
Future compensated absences	934,808	-	934,808
Litigation Contingency	179,189	-	179,189
Gas tax commitment	164,325	-	164,325
PEG	133,104	-	133,104
Police Reward	25,000	-	25,000
Mining Tax Collected	979,274	-	979,274
CalPERS Liability	500,000	-	500,000
Unassigned	4,742,954	(1,113,773)	3,629,181
Total Fund Balances	13,318,352	16,228,629	29,546,981
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,091,950	\$ 19,178,860	\$ 35,270,810

CITY OF BANNING**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Fund balances of governmental funds	\$ 29,546,981
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.	73,751,710
Deferred outflows related to pension items:	
Adjustments due to difference in proportions	\$ 845,181
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	97,462
Net differences between projected and actual earnings on plan investments	2,868,418
Current year contributions that occurred after the measurement date	<u>2,135,643</u> 5,946,704
Long-term debt, compensated absences and net pension liability that have not been included in the governmental fund activity:	
Bonds payable	(1,567,736)
Net pension liability	(20,227,691)
Compensated Absences	<u>(909,568)</u> (22,704,995)
Deferred inflows related to pension items:	
Adjustments due to difference in proportions	(145,196)
Change of assumptions	<u>(719,653)</u> (864,849)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	
	(8,872)
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.	1,404,461
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.	<u>695,518</u>
Net Position of governmental activities	\$ 87,766,658

CITY OF BANNING

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 10,052,159	\$ 686,963	\$ 10,739,122
Licenses and permits	605,809	-	605,809
Intergovernmental	148,988	2,433,470	2,582,458
Charges for services	3,396,761	-	3,396,761
Use of money and property	534,527	106,285	640,812
Fines and forfeitures	252,114	-	252,114
Contributions	2,250	11,252	13,502
Contribution from Successor Agency	103,932	-	103,932
Miscellaneous	487,078	80,697	567,775
Total Revenues	15,583,618	3,318,667	18,902,285
Expenditures:			
Current:			
General government	2,306,156	10,984	2,317,140
Public safety	9,606,638	456,563	10,063,201
Community development	1,428,239	19,734	1,447,973
Culture and leisure	1,045,776	3,477	1,049,253
Transportation	-	918,170	918,170
Capital outlay	24,063	1,179,854	1,203,917
Debt service:			
Principal retirement	579,198	-	579,198
Interest and fiscal charges	78,338	-	78,338
Total Expenditures	15,068,408	2,588,782	17,657,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	515,210	729,885	1,245,095
Other Financing Sources (Uses):			
Transfers in	724,000	164,325	888,325
Transfers out	(164,325)	-	(164,325)
Total Other Financing Sources (Uses)	559,675	164,325	724,000
Net Change in Fund Balances	1,074,885	894,210	1,969,095
Fund Balances, Beginning of Year	12,243,467	15,334,419	27,577,886
Fund Balances, End of Year	\$ 13,318,352	\$ 16,228,629	\$ 29,546,981

CITY OF BANNING**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Net change in fund balances - total governmental funds \$ 1,969,095

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	\$ 1,286,377
Capital leases	233,372
Depreciation	<u>(5,479,138)</u> (3,959,389)

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	579,198
Proceeds from capital lease	<u>(233,372)</u> 345,826

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

2,333

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.

25,240

Pension Expenses recognized in accordance with GASB 68 not recognized in the governmental fund activity.

(316,913)

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.

(1,654,151)

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.

(439,715)

Change in net position of governmental activities

\$ (4,027,674)

CITY OF BANNING

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Assets:			
Current:			
Pooled cash and investments	\$ 16,186,039	\$ 16,547,192	\$ 18,325,667
Receivables:			
Accounts, net	1,788,689	5,067,074	620,513
Loans	258	3,750	-
Interest	37,427	55,271	40,195
Prepaid costs	-	71,937	-
Deposits	-	110,148	-
Due from other governments	212,278	-	-
Due from other funds	-	-	-
Inventories	429,938	3,290,922	-
Restricted:			
Cash and investments	-	2,279,429	-
Cash with fiscal agent	2,715,912	11,163,806	3,357,373
Total Current Assets	21,370,541	38,589,529	22,343,748
Noncurrent:			
Advances to other funds	-	394,118	-
Capital assets - net of accumulated depreciation	46,924,606	46,456,677	13,724,237
Total Noncurrent Assets	46,924,606	46,850,795	13,724,237
Total Assets	68,295,147	85,440,324	36,067,985
Deferred Outflows of Resources:			
Deferred charge on refunding	905,723	2,352,544	63,827
Deferred pension related items	481,862	1,358,857	222,690
Total Deferred Outflows of Resources	1,387,585	3,711,401	286,517
Total Assets and Deferred Outflows of Resources	\$ 69,682,732	\$ 89,151,725	\$ 36,354,502
Liabilities, Deferred Inflow of Resources and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 585,751	\$ 1,780,455	\$ 241,557
Accrued liabilities	56,378	126,340	23,463
Accrued interest	177,460	114,879	56,962
Unearned revenues	-	1,343,400	-
Deposits payable	176,211	414,440	93,714
Compensated absences	117,277	263,875	65,209
Claims and judgments	-	-	-
Bonds, notes, and capital leases	730,000	1,045,000	444,597
Total Current Liabilities	1,843,077	5,088,389	925,502
Noncurrent:			
Net Pension Liability	2,682,379	6,630,926	1,284,256
Compensated absences	31,258	70,331	17,380
Claims and judgments	-	-	-
Bonds, notes, and capital leases	25,553,766	31,401,326	5,554,373
Total Noncurrent Liabilities	28,267,403	38,102,583	6,856,009
Total Liabilities	30,110,480	43,190,972	7,781,511
Deferred Inflows of Resources:			
Deferred pension related items	138,737	133,065	78,829
Total Deferred Inflows of Resources	138,737	133,065	78,829
Net Position:			
Net investment in capital assets	21,546,563	16,362,895	7,789,094
Restricted for capital projects	2,715,912	11,163,806	3,272,335
Restricted for debt service	-	-	85,038
Unrestricted	15,171,040	18,300,987	17,347,695
Total Net Position	\$ 39,433,515	\$ 45,827,688	\$ 28,494,162
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 69,682,732	\$ 89,151,725	\$ 36,354,502

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 funds

Current 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, 2017

		Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
		Other Enterprise Funds	Totals	
Assets:				
Current:				
Pooled cash and investments		\$ 2,246,884	\$ 53,305,782	\$ 4,560,117
Receivables:				
Accounts, net		582,898	8,059,174	39,826
Loans		1,182	5,190	-
Interest		4,524	137,417	5,868
Prepaid costs		-	71,937	-
Deposits		-	110,148	-
Due from other governments		-	212,278	48,860
Due from other funds		83,759	83,759	-
Inventories		17,475	3,738,335	48,977
Restricted:				
Cash and investments		-	2,279,429	-
Cash with fiscal agent		-	17,237,091	-
Total Current Assets		2,936,722	85,240,540	4,703,648
Noncurrent:				
Advances to other funds		-	394,118	-
Capital assets - net of accumulated depreciation		3,403,377	110,508,897	333,076
Total Noncurrent Assets		3,403,377	110,903,015	333,076
Total Assets		6,340,099	196,143,555	5,036,724
Deferred Outflows of Resources:				
Deferred charge on refunding		-	3,322,094	-
Deferred pension related items		404,807	2,468,216	759,084
Total Deferred Outflows of Resources		404,807	5,790,310	759,084
Total Assets and Deferred Outflows of Resources		\$ 6,744,906	\$ 201,933,865	\$ 5,795,808
Liabilities, Deferred Inflow of Resources and Net Position:				
Liabilities:				
Current:				
Accounts payable		\$ 501,019	\$ 3,108,782	\$ 103,405
Accrued liabilities		45,734	251,915	85,419
Accrued interest		-	349,301	-
Unearned revenues		793,912	2,137,312	-
Deposits payable		120,028	804,393	-
Compensated absences		92,593	538,954	142,224
Claims and judgments		-	-	545,497
Bonds, notes, and capital leases		-	2,219,597	-
Total Current Liabilities		1,553,286	9,410,254	876,545
Noncurrent:				
Net Pension Liability		2,083,178	12,680,739	3,965,901
Compensated absences		24,679	143,648	12,461
Claims and judgments		-	-	923,211
Bonds, notes, and capital leases		-	62,509,465	-
Total Noncurrent Liabilities		2,107,857	75,333,852	4,901,573
Total Liabilities		3,661,143	84,744,106	5,778,118
Deferred Inflows of Resources:				
Deferred pension related items		73,163	423,794	146,409
Total Deferred Inflows of Resources		73,163	423,794	146,409
Net Position:				
Net investment in capital assets		3,403,377	49,101,929	333,076
Restricted for capital projects		-	17,152,053	-
Restricted for debt service		-	85,038	-
Unrestricted		(392,777)	50,426,945	(461,795)
Total Net Position		\$ 3,010,600	\$ 116,765,965	\$ (128,719)
Total Liabilities, Deferred Inflows of Resources, and Net Position		\$ 6,744,906	\$ 201,933,865	\$ 5,795,808
			\$ 116,765,965	
			(869,880)	
			45,643	
			\$ 115,941,728	

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

Business-Type Activities - Enterprise Funds			
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Operating Revenues:			
Sales and service charges	\$ 9,756,472	\$ 34,374,969	\$ 3,568,129
Miscellaneous	44,999	151,380	42,791
Total Operating Revenues	9,801,471	34,526,349	3,610,920
Operating Expenses:			
Salaries and benefits	1,508,716	3,740,402	669,727
Supplies and services	3,857,901	5,741,008	1,350,245
Repairs and maintenance	16,872	16,247	25,441
Street lighting costs	-	154,318	-
Power purchased	-	20,985,376	-
Bad debt expense	145,661	97,536	14,517
Insurance premiums	-	-	-
Depreciation expense	1,216,291	1,271,418	513,895
Total Operating Expenses	6,745,441	32,006,305	2,573,825
Operating Income (Loss)	3,056,030	2,520,044	1,037,095
Nonoperating Revenues (Expenses):			
Intergovernmental	213,331	10,070	-
Interest revenue and change in fair value of investments	68,381	103,277	77,490
Interest expense	(1,015,835)	(1,391,803)	(291,882)
Gain (loss) on disposal of capital assets	1,845	-	-
Total Nonoperating Revenues (Expenses)	(732,278)	(1,278,456)	(214,392)
Income (Loss) Before Transfers	2,323,752	1,241,588	822,703
Transfers out	(488,000)	-	(181,000)
Changes in Net Position	1,835,752	1,241,588	641,703
Net Position:			
Beginning of Year	37,597,763	44,586,100	27,852,459
End of Fiscal Year	\$ 39,433,515	\$ 45,827,688	\$ 28,494,162

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, 2017

	Business-Type Activities - Enterprise Funds		
	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating Revenues:			
Sales and service charges	\$ 3,765,878	\$ 51,465,448	\$ 5,161,351
Miscellaneous	13,411	252,581	299,007
Total Operating Revenues	3,779,289	51,718,029	5,460,358
Operating Expenses:			
Salaries and benefits	1,225,043	7,143,888	2,392,644
Supplies and services	3,697,566	14,646,720	2,200,511
Repairs and maintenance	17,620	76,180	321,238
Street lighting costs	-	154,318	-
Power purchased	-	20,985,376	-
Bad debt expense	11,109	268,823	-
Insurance premiums	-	-	906,860
Depreciation expense	398,358	3,399,962	38,586
Total Operating Expenses	5,349,696	46,675,267	5,859,839
Operating Income (Loss)	(1,570,407)	5,042,762	(399,481)
Nonoperating Revenues (Expenses):			
Intergovernmental	1,905,369	2,128,770	-
Interest revenue and change in fair value of investments	3,249	252,397	5,409
Interest expense	-	(2,699,520)	-
Gain (loss) on disposal of capital assets	820	2,665	-
Total Nonoperating Revenues (Expenses)	1,909,438	(315,688)	5,409
Income (Loss) Before Transfers	339,031	4,727,074	(394,072)
Transfers out	(55,000)	(724,000)	-
Changes in Net Position	284,031	4,003,074	(394,072)
Net Position:			
Beginning of Year	2,726,569	112,762,891	265,353
End of Fiscal Year	\$ 3,010,600	\$ 116,765,965	\$ (128,719)

\$ 4,003,074

45,643
\$ 4,048,717

CITY OF BANNING

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017

	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	\$ 9,404,609	\$ 34,806,966	\$ 3,446,556
Cash received from interfund services provided	44,999	151,380	42,791
Cash paid to suppliers for goods and services	(3,756,571)	(27,145,530)	(1,251,129)
Cash paid to employees for services	(1,557,783)	(3,954,460)	(679,053)
Cash received from others	-	-	-
Net Cash Provided (Used) by Operating Activities	4,135,254	3,858,356	1,559,165
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(488,000)	-	(181,000)
Intergovernmental	213,331	10,070	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(274,669)	10,070	(181,000)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(845,673)	(2,783,098)	(319,286)
Principal paid on capital debt	(455,000)	(1,005,000)	(432,639)
Interest paid on capital debt	(1,073,873)	(1,106,552)	(267,913)
Proceeds from sales of capital assets	1,845	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,372,701)	(5,209,153)	(1,019,838)
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	2,049	2,975	-
Interest received	53,582	84,363	62,532
Net Cash Provided (Used) by Investing Activities	55,631	87,338	62,532
Net Increase (Decrease) in Cash and Cash Equivalents	1,543,515	(1,253,389)	420,859
Cash and Cash Equivalents at Beginning of Year	17,358,436	31,243,816	21,262,181
Cash and Cash Equivalents at End of Year	\$ 18,901,951	\$ 29,990,427	\$ 21,683,040
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 3,056,030	\$ 2,520,044	\$ 1,037,095
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	1,216,291	1,271,418	513,895
Bad debt expense	145,661	97,536	14,517
(Increase) decrease in accounts receivable	(294,069)	(1,029,893)	(138,004)
(Increase) decrease in deposits receivable	-	(420)	-
(Increase) decrease in due from other governments	(212,278)	-	-
(Increase) decrease in prepaid expense	-	344,632	-
(Increase) decrease in inventories	19,948	(1,207,788)	-
Increase (decrease) in accounts payable	236,588	801,473	136,889
Increase (decrease) in accrued liabilities	7,327	(89,362)	2,185
Increase (decrease) in deposits payable	8,823	21,374	1,914
Increase (decrease) in unearned revenue	-	1,343,400	-
Increase (decrease) in employee salary/benefit obligations	(44,433)	(141,524)	(19,344)
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	(4,634)	(72,534)	10,018
Total Adjustments	1,079,224	1,338,312	522,070
Net Cash Provided (Used) by Operating Activities	\$ 4,135,254	\$ 3,858,356	\$ 1,559,165
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	\$ 92,750	\$ 113,197	\$ (4,217)
Amortization of Gain/Loss on Defeasance	(36,229)	(87,132)	25,531

CITY OF BANNING

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise		Governmental Activities-Internal Service Funds
	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 3,771,383	\$ 51,429,514	\$ 5,160,831
Cash received from interfund services provided	41	239,211	279,778
Cash paid to suppliers for goods and services	(3,713,618)	(35,866,848)	(3,548,772)
Cash paid to employees for services	(1,304,464)	(7,495,760)	(2,478,724)
Cash received from others	13,370	13,370	-
Net Cash Provided (Used) by Operating Activities	(1,233,288)	8,319,487	(586,887)
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(55,000)	(724,000)	-
Intergovernmental	1,905,369	2,128,770	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,850,369	1,404,770	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(444,334)	(4,392,391)	(13,385)
Principal paid on capital debt	-	(1,892,639)	-
Interest paid on capital debt	-	(2,448,338)	-
Proceeds from sales of capital assets	820	2,665	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(443,514)	(9,045,206)	(13,385)
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	1,730	6,754	-
Interest received	1,739	202,216	3,561
Net Cash Provided (Used) by Investing Activities	3,469	208,970	3,561
Net Increase (Decrease) in Cash and Cash Equivalents	177,036	888,021	(596,711)
Cash and Cash Equivalents at Beginning of Year	2,069,848	71,934,281	5,156,828
Cash and Cash Equivalents at End of Year	\$ 2,246,884	\$ 72,822,302	\$ 4,560,117
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,570,407)	\$ 5,042,762	\$ (399,481)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	398,358	3,399,962	38,586
Bad debt expense	(11,109)	246,605	-
(Increase) decrease in accounts receivable	25,429	(1,436,537)	(520)
(Increase) decrease in deposits receivable	-	(420)	-
(Increase) decrease in due from other governments	-	(212,278)	(19,229)
(Increase) decrease in prepaid expense	-	344,632	-
(Increase) decrease in inventories	(5,649)	(1,193,489)	18,643
Increase (decrease) in accounts payable	246,922	1,421,872	(129,599)
Increase (decrease) in accrued liabilities	4,441	(75,409)	696
Increase (decrease) in deposits payable	2,294	34,405	-
Increase (decrease) in unearned revenue	(244,146)	1,099,254	-
Increase (decrease) in employee salary/benefit obligations	(39,638)	(244,939)	(74,564)
Increase (decrease) in claims and judgments	-	-	(7,017)
Increase (decrease) in compensated absences	(39,783)	(106,933)	(14,402)
Total Adjustments	337,119	3,276,725	(187,406)
Net Cash Provided (Used) by Operating Activities	\$ (1,233,288)	\$ 8,319,487	\$ (586,887)
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	\$ -	\$ 201,730	\$ -
Amortization of Gain/Loss on Defeasance	-	(97,830)	-

CITY OF BANNING

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2017

		Agency Funds	Private-Purpose Trust Fund Successor	Agency of the Former RDA
Assets:				
Pooled cash and investments	\$ 379,610		\$ 2,995,805	
Receivables:				
Accounts		-	10,000	
Notes and loans		-	2,964,164	
Interest		724	1,543	
Prepaid costs		25,774	264,772	
Due from other governments		3,735	-	
Land held for resale		-	4,675,556	
Restricted assets:				
Cash and investments with fiscal agents		225,649	13,729	
Capital assets:				
Capital assets, not being depreciated		-	317,805	
Capital assets, net of accumulated depreciation		-	4,961,962	
Total Assets	\$ 635,492			16,205,336
Deferred Outflows of Resources:				
Deferred charge on refunding				932,636
Total Deferred Outflows of Resources				932,636
Liabilities:				
Accounts payable	\$ 30,763		47,334	
Accrued interest	-		337,342	
Deposits payable	77,614		1,037	
Due to bondholders	527,115		-	
Long-term liabilities:				
Due in one year	-		1,075,000	
Due in more than one year	-		32,148,415	
Total Liabilities	\$ 635,492			33,609,128
Net Position:				
Held in trust for other purposes				(16,471,156)
Total Net Position				\$ (16,471,156)

CITY OF BANNING**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions:	
Taxes	\$ 3,759,131
Interest and change in fair value of investments	<u>39,247</u>
Total Additions	<u>3,798,378</u>
Deductions:	
Administrative expenses	384,859
Interest expense	876,524
Amortization expense	30,236
Depreciation expense	226,164
Contributions to the city	1,500
Forgiven loan expense	<u>1,363,348</u>
Total Deductions	<u>2,882,631</u>
Changes in Net Position	<u>915,747</u>
Net Position - Beginning of the Year	<u>(17,386,903)</u>
Net Position - End of the Year	<u>\$ (16,471,156)</u>

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CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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. Separate financial statements can be obtained at City Hall.

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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. No separate financial statements are prepared.

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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.
- 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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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.

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017

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 are deferred outflows relating to the net pension obligation reported in the statement of net position. These outflows are the results of contributions made after the measurement period, adjustments due to differences in proportions, adjustments due to difference in proportions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions, and differences between expected and actual experiences. These amounts are deferred and amortized over the expected average remaining service lifetime, expensed in the following year, or over 5 years.

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 two 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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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

The second item is in relation to the net pension obligation reported in the statement of net position. These inflows are the results of net differences between projected and actual earnings on pension plan investments, adjustments due to differences in proportions, changes in assumptions, and net difference between proportion actuarial and actual contributions. Inflows from changes in net pension liability arise only under a full accrual basis of accounting, and are reported in the government-wide Statement of Net Position and proprietary funds.

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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

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.

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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

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.

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

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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.

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017

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 non-major funds contained a deficit fund balance:

Fund	Amount
Transit Fund	\$ (799,381)
Riverside County MOU - Special Revenue	(342,276)
Sunset Grade Separation - Capital Projects	(771,497)
Information Services	(380,990)
Utility Billing Services	(1,362,955)

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES ON ALL FUNDS**Note 2: Cash and Investments**

As of June 30, 2017, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 34,082,705
Business-type activities	72,822,302
Fiduciary funds	3,614,793
Total Cash and Investments	\$ 110,519,800

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, 2017, the carrying amount of the City's deposits was \$14,693,334 and the bank balance was \$14,681,034. The \$12,300 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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the City's investments in Federal Agency Securities consisted of investments in Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Notes. At June 30, 2017, 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, 2017, the City's investments in external investment pools are unrated.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, 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, 2017, none of the City's investments exceeded more than 5% of the total investment value with a single issuer.

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, 2017, the City had the following investments and maturities:

Investment Type	Remaining Investment Maturity					Fair Value
	1 year or less	1 to 3 years	3 to 5 years	More than 5 years		
Federal Agency Securities	\$ 1,985,160	\$ -	\$ -	\$ -	\$ -	\$ 1,985,160
Local Agency Investment Fund	43,899,141	-	-	-	-	43,899,141
Money Market	24,174,157	-	-	-	-	24,174,157
Cash with Fiscal Agents:						
Money Market	25,768,008	-	-	-	-	25,768,008
Total	\$ 95,826,466	\$ -	\$ -	\$ -	\$ -	\$ 95,826,466

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2017:

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017**Note 2: Cash and Investments (Continued)**

Investments by fair value level	Totals	Level		
		1	2	3
Federal Agency Securities	\$ 1,985,160	\$ -	\$ 1,985,160	\$ -
Local Agency Investment	43,899,141	-	43,899,141	-
Total Investments	<u>45,884,301</u>	<u>\$ -</u>	<u>\$ 45,884,301</u>	<u>\$ -</u>

<u>Investments measured at amortized cost</u>	
Money Market Funds	24,174,157
Cash with Fiscal Agents	
Money Market Funds	25,768,008
Totals	<u>49,942,165</u>
Total Investments	<u>\$ 95,826,466</u>

Local Agency Investment Funds classified in Level 2 of the fair value hierarchy are valued using specified fair market value factors. Federal Agency Securities classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes.

Note 3: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due To/From Other Funds

Funds	Due to Other Funds		
	Nonmajor Governmental Funds		
	General Fund		Total
Due from Other Funds:			
General Fund	\$ -	\$ 1,119,827	\$ 1,119,827
Transit	<u>83,759</u>	-	<u>83,759</u>
Total	<u>\$ 83,759</u>	<u>\$ 1,119,827</u>	<u>\$ 1,203,586</u>

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

Advances To/From Other Funds

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

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

Note 3: Interfund Receivables, Payables and Transfers (Continued)

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, 2017, principal owed on those loans was \$394,118.

Interfund Transfers

Funds	Transfers Out:				Totals
	General Fund	BUA Water Fund	BUA Wastewater Fund	Nonmajor Enterprise Funds	
Transfers In:					
General Fund	\$ -	\$ 488,000	\$ 181,000	\$ 55,000	\$ 724,000
Nonmajor Governmental Funds	<u>164,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,325</u>
Totals	<u>\$ 164,325</u>	<u>\$ 488,000</u>	<u>\$ 181,000</u>	<u>\$ 55,000</u>	<u>\$ 888,325</u>

Transfers out of the General, Water, Nonmajor Governmental Funds, the BUA Water Fund and the BUA Wastewater Fund 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, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,204,822	\$ -	\$ -	\$ -	\$ 3,204,822
Construction-in-progress	<u>57,974</u>	<u>1,299,762</u>	<u>-</u>	<u>(315,133)</u>	<u>1,042,603</u>
Total Capital Assets, Not Being Depreciated	<u>3,262,796</u>	<u>1,299,762</u>	<u>-</u>	<u>(315,133)</u>	<u>4,247,425</u>
Capital assets, being depreciated:					
Buildings and structures	26,420,632	-	-	-	26,420,632
Land improvements	7,910,030	-	-	-	7,910,030
Machinery and equipment	6,930,877	-	123,882	61,914	6,868,909
Vehicles	4,223,277	233,372	240,163	-	4,216,486
Infrastructure	<u>118,797,287</u>	<u>-</u>	<u>-</u>	<u>253,219</u>	<u>119,050,506</u>
Total Capital Assets, Being Depreciated	<u>164,282,103</u>	<u>233,372</u>	<u>364,045</u>	<u>315,133</u>	<u>164,466,563</u>
Less accumulated depreciation:					
Buildings and structures	15,185,310	898,801	-	-	16,084,111
Land improvements	3,959,177	327,391	-	-	4,286,568
Machinery and equipment	5,955,694	260,780	123,882	-	6,092,592
Vehicles	3,975,950	113,871	240,163	-	3,849,658
Infrastructure	<u>60,399,392</u>	<u>3,916,881</u>	<u>-</u>	<u>-</u>	<u>64,316,273</u>
Total Accumulated Depreciation	<u>89,475,523</u>	<u>5,517,724</u>	<u>364,045</u>	<u>-</u>	<u>94,629,202</u>
Total Capital Assets, Being Depreciated, Net	<u>74,806,580</u>	<u>(5,284,352)</u>	<u>-</u>	<u>315,133</u>	<u>69,837,361</u>
Governmental Activities Capital Assets, Net	<u>\$ 78,069,376</u>	<u>\$ (3,984,590)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,084,786</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 4: Changes in Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 181,537
Public safety	969,162
Public works	3,916,881
Transportation	88,034
Community Development	71,480
Parks and Recreation	252,044
Internal Service Fund	<u>38,586</u>
Total Depreciation Expense - Governmental Activities	\$ 5,517,724

	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	11,006,828	4,128,754	-	(8,178,488)	6,957,094
Total Capital Assets, Not Being Depreciated	12,191,057	4,128,754	-	(8,178,488)	8,141,323
Capital assets, being depreciated:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	519,247	-	-	-	519,247
Land improvements	4,430,729	-	-	123,408	4,554,137
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	168,116,460	263,473	618,573	8,055,080	175,816,440
Total Capital Assets, Being Depreciated	173,134,420	263,473	618,573	8,178,488	180,957,808
Less accumulated depreciation:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	418,097	7,116	-	-	425,213
Land improvements	2,178,975	205,485	-	-	2,384,460
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	73,143,789	3,187,361	618,573	-	75,712,577
Total Accumulated Depreciation	75,808,845	3,399,962	618,573	-	78,590,234
Total Capital Assets, Being Depreciated, Net	97,325,575	(3,136,489)	-	8,178,488	102,367,574
Business-type Activities					
Capital Assets, Net	<u>\$ 109,516,632</u>	<u>\$ 992,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,508,897</u>

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

Business-Type Activities:	
Banning Utility Authority Water	\$ 1,216,291
Electric Utility	1,271,418
Banning Utility Authority Wastewater	513,895
Airport	212,601
Transit	<u>185,757</u>
Total Depreciation Expense - Business-Type Activities	\$ 3,399,962

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017**Note 5: Accounts Receivable**

Accounts receivable 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
General Fund	\$ 744,333	\$ (108,278)	\$ 636,055
Nonmajor Governmental	4,544	-	4,544
Internal Service Funds	39,826	-	39,826
Water	1,840,711	(52,022)	1,788,689
Electric	5,215,008	(147,934)	5,067,074
Wastewater	638,809	(18,296)	620,513
Nonmajor Proprietary Funds	599,839	(16,941)	582,898
	<u>\$ 9,083,070</u>	<u>\$ (343,471)</u>	<u>\$ 8,739,599</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, 2017:

Description	Balance at June 30, 2017
Owners participation loans	\$ 500,000
First time home buyer down payment assistance loans	360,000
Rehabilitation loans	33,335
Other loans	<u>5,190</u>
Total loans receivable at June 30, 2017	<u>\$ 898,525</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 amount is shown as a restricted investment. The amount of deposit with the City of Riverside as of June 30, 2017, amounted to \$695,863.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

Note 8: Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2017:

	Balance at July 1, 2016	Incurred	Retired	Balance at June 30, 2017	Due Within One Year
Governmental Activities:					
2011 Refunding Lease	\$ 1,788,555	\$ -	\$ 372,388	\$ 1,416,167	\$ 386,483
Ford Motor Credit Vehicle Lease	-	233,372	81,803	151,569	73,846
Glick Note Payable	125,007	-	125,007	-	-
Compensated Absences					
Governmental Funds	934,808	763,840	789,080	909,568	767,774
Internal Service Funds	169,087	182,544	196,946	154,685	142,224
Claims and Judgment	1,475,725	541,086	548,103	1,468,708	545,497
Total	\$ 4,493,182	\$ 1,720,842	\$ 2,113,327	\$ 4,100,697	\$ 1,915,824
Business-Type Activities:					
Loans Payable	\$ 1,409,613	\$ -	\$ 267,639	\$ 1,141,974	\$ 274,597
2005 Wastewater Revenue Bond	5,100,000	-	165,000	4,935,000	170,000
2015 Electric Refunding Bond	30,395,000	-	1,005,000	29,390,000	1,045,000
2015 Water Revenue Bond	24,420,000	-	455,000	23,965,000	730,000
Compensated Absences	789,535	516,448	623,381	682,602	538,954
Total	\$ 62,114,148	\$ 516,448	\$ 2,516,020	\$ 60,114,576	\$ 2,758,551
Less:					
Unamortized original issue premium				5,375,092	
Unamortized original issue discount				(78,004)	
Net Business-Type Activities				\$ 65,411,664	

a. Compensated Absences

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2017, was \$1,064,253, which includes \$154,685 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 \$682,602.

b. Loan Payable – Glick

On August 27, 2008, the Successor 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. This liability transferred from the Successor Agency and became an obligation to the City during fiscal year 2017. The City paid off the balance of the note during the current fiscal year. At June 30, 2017, the outstanding balance on the note payable is \$0.

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017

Note 8: Long-Term Debt (Continued)**c. 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, 2017, the outstanding balance on the refunding lease agreement is \$1,416,167.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 386,483	\$ 49,517	\$ 436,000
2019	401,112	34,888	436,000
2020	416,295	19,705	436,000
2021	212,277	3,980	216,257
Total	\$ 1,416,167	\$ 108,090	\$ 1,524,257

d. 2017 Ford Motor Credit Vehicle Lease

On January 27, 2017 the City entered into a lease agreement with Ford Motor Credit Company, LLC for the purpose of leasing 8 police related vehicles. The lease agreement totals \$232,827 and is subject to an interest rate of 5.25% per annum. The lease agreement is payable annually on January, 27 commencing January 2017, 2017 through 2019. At June 30, 2017, the outstanding balance on the refunding lease agreement is \$151,569.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 73,846	\$ 7,957	\$ 81,803
2019	77,723	4,080	81,803
Total	\$ 151,569	\$ 12,037	\$ 163,606

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017**Note 8: Long-Term Debt (Continued)****e. 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, 2017, amounted to \$4,935,000.

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 170,000	\$ 44,950	\$ 214,950
2019	180,000	37,838	217,838
2020	185,000	30,309	215,309
2021	195,000	22,472	217,472
2020	200,000	13,950	213,950
2022 - 2027	1,150,000	4,725	1,154,725
2027 - 2032	1,445,000	-	1,445,000
2032 - 2037	1,410,000	-	1,410,000
Total	<u>\$ 4,935,000</u>	<u>\$ 154,244</u>	<u>\$ 5,089,244</u>

f. 2015 Water Enterprise Revenue Bonds, Refunding and Improvement Projects

On August 19, 2015, the Banning Utility Authority issued \$25,365,000 in Water Enterprise Revenue Bonds, Refunding and Improvement Projects. The proceeds of the bonds, together with other money being made available by the Authority, will be used to (i) finance certain capital improvements to the Water Enterprise; (ii) refund a portion of the Authority's \$35,635,000 Water Enterprise Revenue Bonds, Refunding and Improvement Projects, 2005 Series, currently outstanding in the aggregate principal amount of \$29,165,000; and (iii) pay costs of issuance of the Bonds. As a result, the refunding bonds defeased the liability of the 2005 Water Revenue Bonds, which have

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017**Note 8: Long-Term Debt (Continued)**

been removed from long-term debt. The refunding resulted in an economic gain of \$9,756,559. The 2015 Water Enterprise Revenue Bonds bear interest at rates ranging from 2.00% to 5.00%. Interest is payable semi-annually on May 1 and November 1. The balance outstanding as of June 30, 2017, of the debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 730,000	\$ 1,053,813	\$ 1,783,813
2019	745,000	1,027,963	1,772,963
2020	970,000	988,813	1,958,813
2021	1,020,000	939,063	1,959,063
2022	1,075,000	886,688	1,961,688
2022 - 2027	6,230,000	3,550,313	9,780,313
2027 - 2032	7,765,000	2,017,869	9,782,869
2032 - 2037	5,430,000	401,700	5,831,700
Total	<u>\$ 23,965,000</u>	<u>\$ 10,866,222</u>	<u>\$ 34,831,222</u>

g. Loan Payable - California Water Resource Control Board

On March 17, 1999, the City entered 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, 2017, was \$1,141,974. The loan is recorded in the BUA Wastewater Utility Enterprise Fund.

Year Ending June 30,	Principal	Service Charge	Total
2018	\$ 274,597	\$ 29,691	\$ 304,288
2019	281,737	22,552	304,289
2020	289,063	15,227	304,290
2021	296,578	7,711	304,289
Total	<u>\$ 1,141,975</u>	<u>\$ 75,181</u>	<u>\$ 1,217,156</u>

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017

Note 8: Long-Term Debt (Continued)**h. 2015 Electric Revenue Refunding Bonds**

On August 19, 2015, the Banning Financing Authority issued \$31,755,000 in Refunding Revenue Bonds (Electric System Project). The proceeds of the bond, together with other money being made available by the Authority, will be used to (i) refund the Authority's \$45,790,000 Revenue Bonds (Electric System Project) Series 2007, currently outstanding in the amount of \$34,270,000; (ii) finance certain improvements (the "Facilities") to the electric system of the City of Banning; (iii) pay the insurance premium for the Bonds; (iv) purchase a reserve surety bond for the Bonds; and (v) pay costs of issuance of the Bonds. As a result, the refunding bonds defeased the liability of the 2007 Electric Revenue Bonds, which have been removed from long-term debt. The refunding resulted in an economic gain of \$6,893,088.83. The 2015 Electric Enterprise Revenue Bonds bear interest at rates ranging from 3.00% to 5.00%. Interest is payable semi-annually on June 1 and December 1. The balance outstanding as of June 30, 2017, of the debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,045,000	\$ 1,378,544	\$ 2,423,544
2019	1,095,000	1,326,294	2,421,294
2020	1,150,000	1,271,544	2,421,544
2021	1,210,000	1,214,044	2,424,044
2022	1,275,000	1,153,544	2,428,544
2023 - 2027	7,370,000	4,747,719	12,117,719
2028 - 2032	8,890,000	3,014,781	11,904,781
2033 - 2037	7,355,000	1,139,500	8,494,500
Total	<u>\$ 29,390,000</u>	<u>\$ 15,245,970</u>	<u>\$ 44,635,970</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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 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, 2017
AD 2004-1	\$ 2,898,000	\$ 2,205,000

Note 10: Operating Lease

In December 2005, the Banning Utility Authority entered 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, 2017.

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

Plan Description – City Miscellaneous Plan

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.

Plan Description – City Safety Plan

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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 Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

Miscellaneous Plan

Hire date	Prior to January 1, 2013*	On or after January 1, 2013
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	24.018%	24.018%

* Closed to new entrants not previously in CalPERS

Safety cost-sharing plan

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	21.230%

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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

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, 2017, City contributions totaling \$2,812,712 was recognized as a reduction to the net pension liability.

Net Pension Liability

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and the June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% 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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2007, 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 7.65 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 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.

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 (Public Employees' Retirement 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. The target allocation shown was adopted by CalPERS effective on July 1, 2015.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	20.0	0.99	2.43
Inflation Assets	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(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

Changes in the Net Pension Liability

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

Miscellaneous Rate Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2014 (Valuation Date) (1)	\$ 64,643,225	\$ 44,710,976	\$ 19,932,249
Changes Recognized for the Measurement Period:			
Service Cost	1,068,763	-	1,068,763
Interest on the Total Pension Liability	4,783,405	-	4,783,405
Change of Assumptions	-	-	-
Difference between Expected and Actual Experience	(1,098,175)	-	(1,098,175)
Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	1,579,886	(1,579,886)
Contributions from Employees	-	445,598	(445,598)
Net Investment Income (2)	-	221,312	(221,312)
Benefit Payments including Refunds of Employee Contributions	(3,102,523)	(3,102,523)	-
Administrative Expense	-	(27,249)	27,249
Net Changes During 2014-15	1,651,470	(882,976)	2,534,446
Balance at: 6/30/2015 (Measurement Date) (1)	\$ 66,294,695	\$ 43,828,000	\$ 22,466,695

(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.

As of June 30, 2017, the City reported a \$14,407,636 net pension liability for its proportionate share of the pooled net pension liability.

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017**Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)**

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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

Safety Plan	
Proportion - June 30, 2015	0.28882%
Proportion - June 30, 2016	0.27818%
Change - Increase (Decrease)	-0.0106%

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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Miscellaneous Plan's Net Pension Liability/(Assets)	\$ 31,036,638	\$ 22,466,695	\$ 15,342,116
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Safety Plan's Net Pension Liability/(Assets)	\$ 20,777,970	\$ 14,407,636	\$ 9,178,244

Pension Plan Fiduciary Net Position

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

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the City of Banning incurred a pension expense of \$3,331,281 for the Plan. At June 30, 2017, 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	\$ 3,310,834	\$ -
Difference between Expected and Actual Experience	- (762,216)	(762,216)
Change in Assumptions	- (631,369)	(631,369)
Net Difference between Projected and Actual Earnings on Pension Plan		
Investments	4,412,950	-
Adjustment due to Difference in Proportions	1,300,279	-
Difference in proportionate share	149,941	(41,467)
Total	\$ 9,174,004	\$ (1,435,052)

The \$3,310,834 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, 2018. 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
2017	\$ 439,396
2018	780,733
2019	2,058,506
2020	1,149,483

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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 \$13,949 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was \$185,992.

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

Note 13: Insurance Programs (Continued)

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, 2017, the amount of these liabilities \$1,468,708. The amount represents an estimate of \$883,749 for reported claims through June 30, 2017, and \$584,959 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 there have been no settlements exceeding the insurance coverages for each of the past four fiscal years.

Changes in the reported liability since June 30, 2017, resulted from the following:

Year	Liability at Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Liability at End of Fiscal Year
2016	\$ 1,270,939	\$ 484,219	\$ 279,433	\$ 1,475,725
2017	1,475,725	541,086	548,103	1,468,708

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)**
FOR THE YEAR ENDED JUNE 30, 2017**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, 2017:

Project Name	Contract Amount	Expenditures to date as of June 30, 2017	Remaining Commitments
Wastewater Treatment Plant Expansion-Parsons	\$ 2,412,929	\$ 2,184,521	\$ 228,408
Mgmt- downtown underground conv - Leidos Eng	178,144	23,327	154,817
Design for 4 substations - Leidos Engineering	670,693	442,447	228,246
Elec distribution imp - Regency-Pacific Dev	485,320	484,763	557
Repairs to wells/booster pumps - Tri County Pump	201,250	183,022	18,228
Canyon Water Main Replacement - design Albert Webb	247,990	206,407	41,583
Planning Services - Romo Planning Services	210,500	34,583	175,918
Project 2016-01EL West Barbour St 12KV Underground - M E	226,149	183,842	42,307
Airport and Alola Substation Switchgear and Multifunction Re	1,121,473	-	1,121,473
Smart Meter Installation Services - Vanguard Utility Services,	365,480	-	365,480
Analyze & Compare Indirect Potable Reuse (IPR) Alternatives	431,344	206,751	224,593
Street Repairs - All American Asphalt	1,039,390	843,001	196,389
Design of Ramsey St and Hathaway St Roadway - Stantec C	254,512	121,891	132,621
Anaerobic Digester Dome - Pipe and Plant Solutions, Inc.	199,089	148,945	50,144
Eldorado National EZ Rider II Bus - Creative Bus Sales, Inc.	443,347	-	443,347
Iron and Centron Open-way Meters - Mc Avoy & Markham	249,036	37,780	211,256
Utility Tree Trimming Services - Utility Tree Service	150,000	53,200	96,800
IRWM Prog. Develop and Mgmt Services - Water Quality			867,626
Monitoring Lab Equipment - Woodward & Curran, Inc.	1,079,904	212,278	
	<u>\$ 9,966,549</u>	<u>\$ 5,366,758</u>	<u>\$ 4,599,792</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, 2017, the Electric Utility Fund made payments totaling \$1,062,567 on 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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

Note 15: Southern California Public Power Authority (Continued)

For the year ended June 30, 2017, 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 0.7%.

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 1.1%.

e. Hoover Uprating 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) FOR THE YEAR ENDED JUNE 30, 2017

Note 15: Southern California Public Power Authority (Continued)

A summary of the City's contracts and related projects and its commitments at June 30, 2017 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%	\$ -	\$ 124,100
San Juan	9.80%	-	-
Mead-Phoenix	0.70%	298,704	346,654
Mead-Adelanto	1.10%	979,550	1,197,570
Hoover Uprating	2.10%	21	44,856
		\$ 1,278,275	\$ 1,713,180

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)**
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 2,995,805
Cash and investments with fiscal agent	<u>13,729</u>
	<u><u>\$ 3,009,534</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, 2017:

Description	Balance at June 30, 2017
Owners participation loans	\$ 2,964,164
Total loans receivable at June 30, 2017	<u>\$ 2,964,164</u>

During the Fiscal Year ending June 30, 2017, \$1,363,348 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)
FOR THE YEAR ENDED JUNE 30, 2017

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

c. Capital Assets

An analysis of capital assets as of June 30, 2017, follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable Assets:				
Construction-in-progress	\$ 93,557	\$ 224,248	\$ -	\$ 317,805
Total nondepreciable assets	93,557	224,248	-	317,805
Depreciable Assets:				
Land Improvements	2,201,160	-	-	2,201,160
Building and Structures	1,349,031	-	-	1,349,031
Machinery and Equipment	28,378	-	-	28,378
Infrastructure	3,307,989	-	-	3,307,989
Total depreciable assets	6,886,558	-	-	6,886,558
Less Accumulated Depreciation				
Land Improvements	811,942	97,882	-	909,824
Building and Structures	194,607	28,337	-	222,944
Machinery and Equipment	28,378	-	-	28,378
Infrastructure	663,505	99,945	-	763,450
Total Accumulated Depreciation	1,698,432	226,164	-	1,924,596
Total depreciable assets, net	5,188,126	(226,164)	-	4,961,962
Capital Assets	\$ 5,281,683	\$ (1,916)	\$ -	\$ 5,279,767

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2017, follows:

	Balance July 1, 2016	Defeased	Additions	Repayments	Balance June 30, 2017	Due Within One Year
Fiduciary Funds:						
2003 Tax Allocation Bonds	\$ 9,120,000	\$ 8,600,000	\$ -	\$ 520,000	\$ -	\$ -
2007 Tax Allocation Bonds	26,125,000	25,345,000	-	780,000	-	-
2016 Tax Allocation Refunding Bonds	-	-	32,255,000	-	32,255,000	1,075,000
SERAFA loan	1,993,008	-	-	1,024,593	968,415	-
Total Fiduciary Funds	\$ 37,238,008	\$ 33,945,000	\$ 32,255,000	\$ 2,324,593	\$ 33,223,415	\$ 1,075,000

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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.

These bonds were refunded with the issuance of the 2016 Taxable Allocation Refunding Bonds.

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.

These bonds were refunded with the issuance of the 2016 Taxable Allocation Refunding Bonds.

2016 Tax Allocation Refunding Bonds

On September 22, 2016 the Successor Agency of the Dissolved Redevelopment Agency of the City of Banning issued Tax Allocation Refunding Bonds, Series 2016 (Taxable) in the amount of \$32,255,000, in order to (i) refund the Taxable Allocation Bonds, Series 2003 and 2007; (ii) purchase a surety bond for the Reserve Fund for the 2016 Bonds; (iii) purchase a municipal bond insurance policy for the 2016 Bonds as described below; and (iv) pay costs of issuance of the 2016 Bonds.

Principal on the 2016 Bonds is due annually on September 1 of each year, commencing September 1, 2017, and interest on the 2016 Bonds is due semiannually on March 1 and September 1 of each year, commencing March 1, 2017. Interest rates vary from 1.240% - 3.935%.

As a result of the refunding, the Successor Agency refunding bonds defeated the liability of the 2003 and 2007 Taxable Allocation Bonds and reduced its total debt service payments over 20 years by \$352,912 cash savings.

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED JUNE 30, 2017**Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

The balance outstanding as of June 30 and the remaining debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,075,000	\$ 1,005,364	\$ 2,080,364
2019	1,205,000	990,023	2,195,023
2020	1,220,000	971,404	2,191,404
2021	1,240,000	949,712	2,189,712
2022	1,265,000	924,838	2,189,838
2022 - 2027	6,785,000	4,138,094	10,923,094
2027 - 2032	7,890,000	2,987,845	10,877,845
2032 - 2037	9,455,000	1,375,774	10,830,774
2037 - 2042	2,120,000	41,711	2,161,711
Total	<u>\$ 32,255,000</u>	<u>\$ 13,384,765</u>	<u>\$ 45,639,765</u>

Supplement Education Augmentation Fund (SERAFF) 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. The Department of Finance allowed a payment of \$305,425 with the Agency's concurrence in the current year. The amount of the loan outstanding at June 30, 2017, totaled \$968,415.

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 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 \$45,639,765 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 \$3,759,131 and the debt service obligation on the bonds was \$2,820,199.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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

e. 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.

f. Commitments and Contingencies

At June 30, 2017, 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.

CITY OF BANNING

MISCELLANEOUS RATE 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	2016	2017
TOTAL PENSION LIABILITY			
Service Cost	\$ 1,309,205	\$ 1,237,963	\$ 1,068,763
Interest	4,417,332	4,647,945	4,783,405
Difference Between expected and Actual Experience	-	(48,685)	(1,098,175)
Changes in Assumptions	-	(1,116,894)	-
Benefit Payments, Including Refunds of employee Contributions	(2,569,019)	(2,762,291)	(3,102,523)
Net Change in Total Pension Liability	\$ 3,157,518	\$ 1,958,038	\$ 1,651,470
Total Pension Liability - Beginning	\$ 59,527,669	\$ 62,685,187	\$ 64,643,225
Total Pension Liability - Ending (a)	\$ 62,685,187	\$ 64,643,225	\$ 66,294,695
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	\$ 1,511,733	\$ 1,479,527	\$ 1,579,886
Contribution - Employee	608,478	566,122	445,598
Plan to Plan Resource Movement	-	9,303	-
Net Investment Income	6,586,288	1,020,136	221,312
Benefit Payments, Including Refunds of Employee Contributions	(2,569,019)	(2,762,291)	(3,102,523)
Administrative Expense	-	(50,336)	(27,249)
Net Change in Fiduciary Net Position	\$ 6,137,480	\$ 262,461	\$ (882,976)
Plan Fiduciary Net Position - Beginning	\$ 38,311,035	\$ 44,448,515	\$ 44,710,976
Plan Fiduciary Net Position - Ending (b)	\$ 44,448,515	\$ 44,710,976	\$ 43,828,000
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 18,236,672	\$ 19,932,249	\$ 22,466,695
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	69.17%	66.11%
Covered-Employee Payroll	\$ 7,427,270	\$ 6,992,494	\$ 7,149,518
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	245.54%	285.05%	314.24%

(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 three years are shown.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. 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: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Measurement Date: All information in this schedule is as of the measurement date noted in the financial statement footnotes.

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

	2015	2016	2017
Proportion of the Net Pension Liability	0.28259%	0.28882%	0.27818%
Proportionate Share of the Net Pension Liability	\$ 10,599,884	\$ 11,900,560	\$ 14,407,636
Covered-Employee Payroll	\$ 2,399,596	\$ 2,184,008	\$ 2,205,720
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	441.74%	544.90%	653.19%
Plan Fiduciary Net Position	\$ 33,631,871	\$ 32,989,395	\$ 32,521,518
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	72.69%

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, 2015. 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: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

Measurement Date: All information in this schedule is as of the measurement date noted in the financial statement footnotes.

(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 three years are shown.

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

	2015	2016	2017
Actuarially Determined Contribution	\$ 1,349,103	\$ 1,483,525	\$ 1,579,886
Contribution in Relation to the Actuarially Determined Contribution	(1,349,103)	(1,483,525)	(1,579,886)
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered-Employee Payroll	 \$ 6,992,494	 \$ 7,149,518	 \$ 5,903,926
 Contributions as a Percentage of Covered-Employee Payroll	 19.29%	 20.75%	 26.76%

(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 three years are shown.

Note to Schedule:

Valuation Date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Discount rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation of 2.75% and an annual production growth of 0.25%.

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

	2015	2016	2017
Actuarially Determined Contribution	\$ 1,034,818	\$ 1,329,187	\$ 1,481,661
Contribution in Relation to the Actuarially Determined Contribution	(1,034,818)	(1,329,187)	(1,481,661)
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Covered-Employee Payroll	 \$ 2,184,008	 \$ 2,205,720	 \$ 1,581,595
 Contributions as a Percentage of Covered-Employee Payroll	 47.38%	 60.26%	 93.68%

(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 three years are shown.

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment.
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation of 2.75% and an annual production growth of 0.25%.
Investment rate of return	7.65% 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, 2017

	Budget Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 12,243,467	\$ 12,243,467	\$ -
Resources (Inflows):			
Taxes:			
Sales and use	3,404,616	3,404,616	3,213,574 (191,042)
Property	4,708,780	4,754,279	4,731,744 (22,535)
Franchise	875,000	875,000	839,395 (35,605)
Transient occupancy	720,000	830,000	861,221 31,221
Other	698,800	698,800	406,225 (292,575)
Subtotal	10,407,196	10,562,695	10,052,159 (510,536)
Licenses and permits:			
Building permits	121,908	122,371	127,341 4,970
Other permits	(121,908)	(122,371)	478,468 600,839
Subtotal	-	-	605,809 605,809
Intergovernmental:			
State motor vehicle in-lieu fees	-	-	13,813 13,813
Other intergovernmental revenues	100,500	203,168	135,175 (67,993)
Subtotal	100,500	203,168	148,988 (54,180)
Charges for services:			
Engineering, police, fire and other fees	139,131	139,131	147,531 8,400
Recreation fees	92,900	92,900	92,151 (749)
Interfund charges	3,319,800	3,326,166	3,157,079 (169,087)
Subtotal	3,551,831	3,558,197	3,396,761 (161,436)
Use of money and property:			
Interest and rents	512,600	515,731	534,527 18,796
Subtotal	512,600	515,731	534,527 18,796
Fines and forfeitures			
Parking fines	8,400	11,000	18,452 7,452
Court fines and other fines	300,750	298,150	233,662 (64,488)
Subtotal	309,150	309,150	252,114 (57,036)
Contributions	5,400	5,400	2,250 (3,150)
Contribution from Successor Agency	250,000	250,000	103,932 (146,068)
Miscellaneous	352,288	352,288	487,078 134,790
Transfers in	724,000	724,000	724,000 -
Subtotal	1,331,688	1,331,688	1,317,260 (14,428)
Total Resources (inflows)	16,212,965	16,480,629	16,307,618 (173,011)
Amounts Available for Appropriations	28,456,432	28,724,096	28,551,085 (173,011)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budget Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	Positive (Negative)
Charges to Appropriations (Outflow):			
General government			
City council	119,430	123,635	134,335 (10,700)
City manager	201,072	257,092	221,548 35,544
Personnel	161,288	161,288	134,158 27,130
City clerk	84,831	84,831	90,173 (5,342)
Elections	40,750	40,750	31,759 8,991
City attorney	269,945	269,945	167,503 102,442
Finance	299,492	419,650	303,005 116,645
Economic Development	301,731	330,206	276,873 53,333
Community enhancement	100,905	140,695	104,688 36,007
Central services	828,271	987,824	727,522 260,302
Building maintenance	130,311	182,037	114,592 67,445
Subtotal	<u>2,538,026</u>	<u>2,997,953</u>	<u>2,306,156</u> 691,797
Public safety			
Police	6,406,993	6,478,624	5,888,041 590,583
Animal control	159,031	159,031	134,477 24,554
Fire	2,965,975	3,016,637	2,650,000 366,637
Dispatch	848,817	848,817	934,120 (85,303)
Subtotal	<u>10,380,816</u>	<u>10,503,109</u>	<u>9,606,638</u> 896,471
Community development			
TV government access	9,869	38,758	24,169 14,589
Building safety	339,872	311,816	335,059 (23,243)
Code enforcement	324,319	324,319	252,049 72,270
Planning	649,409	835,167	514,100 321,067
Developer Pardee	-	12,226	12,225 1
Engineering	250,889	338,063	233,595 104,468
Community enhancement	60,000	85,620	57,042 28,578
Subtotal	<u>1,634,358</u>	<u>1,945,969</u>	<u>1,428,239</u> 517,730
Culture and leisure			
Parks	462,258	459,758	456,446 3,312
Recreation	424,698	436,698	380,836 55,862
Aquatics	116,519	116,519	131,596 (15,077)
Senior Center	83,263	83,263	76,898 6,365
Subtotal	<u>1,086,738</u>	<u>1,096,238</u>	<u>1,045,776</u> 50,462
Capital outlay	162,131	178,529	24,063 154,466
Debt service:			
Principal retirement	373,239	465,961	579,198 (113,237)
Interest and fiscal charges	63,761	63,761	78,338 (14,577)
Transfers out	164,325	164,325	164,325 -
Subtotal	<u>763,456</u>	<u>872,576</u>	<u>845,924</u> 26,652
Total Charges to Appropriations	<u>16,403,394</u>	<u>17,415,845</u>	<u>15,232,733</u> <u>2,183,112</u>
Budgetary Fund Balance, June 30	<u>\$ 12,053,038</u>	<u>\$ 11,308,251</u>	<u>\$ 13,318,352</u> <u>\$ 2,010,101</u>

CITY OF BANNING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

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.

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 Special Revenue Fund, the Excess Bond Proceeds Capital Project Fund, and the Excess Bond Proceeds Low/Mod 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	Actual	Budget	Excess
General Government			
City council	\$ 134,335	\$ 123,635	\$ 10,700
City clerk	90,173	84,831	5,342
Public Safety			
Dispatch	923,139	848,817	85,303
Community Development			
Building safety	335,059	311,816	23,243
Culture and Leisure			
Aquatics	131,596	116,519	15,077
Debt Service			
Principal retirement	579,198	465,961	113,237
Interest and fiscal charges	78,338	63,761	14,577

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

Special Revenue Funds						
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk		
Assets:						
Pooled cash and investments	\$ 215,809	\$ 1,706,000	\$ 71,939	\$ 7		
Receivables:						
Accounts	4,368	-	-	-		
Loans	-	-	-	-		
Interest	421	4,225	158	-		
Grants	-	-	-	-		
Due from other governments	643	107,204	-	-		
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	-		
Total Assets	\$ 221,241	\$ 1,817,429	\$ 72,097	\$ 7		
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable	\$ 9,640	\$ 48,481	\$ -	\$ 7		
Accrued liabilities	18,935	-	-	-		
Unearned revenues	-	-	-	-		
Deposits payable	95,961	-	-	-		
Due to other funds	-	-	-	-		
Total Liabilities	124,536	48,481	-	7		
Deferred Inflows of Resources:						
Unavailable revenues	-	-	-	-		
Total Deferred Inflows of Resources	-	-	-	-		
Fund Balances:						
Restricted for:						
Community development projects	-	-	-	-		
Public safety	-	-	-	-		
Culture and leisure	-	-	-	-		
Transportation	96,705	1,768,948	72,097	-		
Capital Projects	-	-	-	-		
Assigned to:						
Capital Projects	-	-	-	-		
Unassigned	-	-	-	-		
Total Fund Balances	96,705	1,768,948	72,097	-		
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 221,241	\$ 1,817,429	\$ 72,097	\$ 7		

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Assets:				
Pooled cash and investments	\$ 1	\$ 363,763	\$ 41,591	\$ 44,071
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	-	766	157	71
Grants	-	-	30,000	-
Due from other governments	-	2,029	10,009	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1	\$ 366,558	\$ 81,757	\$ 44,142
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 3,684	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	3,684	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	1	-	81,757	-
Public safety	-	-	-	44,142
Culture and leisure	-	-	-	-
Transportation	-	362,874	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1	362,874	81,757	44,142
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1	\$ 366,558	\$ 81,757	\$ 44,142

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			
	Supplemental Law Enforcement	State Park Bond Act	Special Donations	Senior Center Activities
Assets:				
Pooled cash and investments	\$ 168,443	\$ 945	\$ 29,096	\$ 40,014
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	376	2	-	89
Grants	-	-	-	-
Due from other governments	16,667	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 185,486	\$ 947	\$ 29,096	\$ 40,103
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,498	\$ -	\$ -	\$ 18
Accrued liabilities	-	-	-	-
Unearned revenues	183,480	-	-	-
Deposits payable	-	-	3,545	-
Due to other funds	-	-	-	-
Total Liabilities	184,978	-	3,545	18
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	25,551	-
Public safety	508	-	-	-
Culture and leisure	-	-	-	40,085
Transportation	-	-	-	-
Capital Projects	-	947	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	508	947	25,551	40,085
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 185,486	\$ 947	\$ 29,096	\$ 40,103

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Animal Control Reserve	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement
Assets:				
Pooled cash and investments	\$ 4,960	\$ 474	\$ 81,594	\$ 381,803
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	11	1	179	839
Grants	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 4,971	\$ 475	\$ 81,773	\$ 382,642
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	-	464	-	-
Public safety	4,971	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	81,773	382,642
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	4,971	464	81,773	382,642
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,971	\$ 475	\$ 81,773	\$ 382,642

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds		Capital Projects Funds	
	Riverside County MOU	Banning Housing Authority	Police Facilities Development	Fire Facilities Development
Assets:				
Pooled cash and investments	\$ -	\$ 1,379,579	\$ 18,803	\$ 975,273
Receivables:				
Accounts	-	-	-	-
Loans	-	886,205	-	-
Interest	-	1,711	35	2,124
Grants	-	-	-	-
Due from other governments	-	968,415	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ -	\$ 3,235,910	\$ 18,838	\$ 977,397
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	13,217	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	329,059	-	-	-
Total Liabilities	342,276	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	886,205	-	-
Total Deferred Inflows of Resources	-	886,205	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	2,349,705	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	18,838	977,397
Unassigned	(342,276)	-	-	-
Total Fund Balances	(342,276)	2,349,705	18,838	977,397
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 3,235,910	\$ 18,838	\$ 977,397

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	Capital Projects Funds			
	Traffic Control Facilities	General Facilities	Park Development	Capital Improvement
Assets:				
Pooled cash and investments	\$ 457,391	\$ 431,927	\$ 139,914	\$ -
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	993	964	281	-
Grants	-	-	-	-
Due from other governments	-	-	2,628	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	658,175
Total Assets	\$ 458,384	\$ 432,891	\$ 142,823	\$ 658,175
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 1,500	\$ 5,375	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	19,271
Total Liabilities	-	1,500	5,375	19,271
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	458,384	431,391	137,448	638,904
Unassigned	-	-	-	-
Total Fund Balances	458,384	431,391	137,448	638,904
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 458,384	\$ 432,891	\$ 142,823	\$ 658,175

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Projects Funds			Total Governmental Funds
	Sunset Grade Separation	BEA Low/Mod Capital Project Fund	BEA Capital Project Fund	
Assets:				
Pooled cash and investments	\$ -	\$ 536,224	\$ 1,226,990	\$ 8,316,611
Receivables:				
Accounts	-	-	176	4,544
Loans	-	-	7,130	893,335
Interest	-	1,577	1,104	16,084
Grants	-	-	-	30,000
Due from other governments	518,256	-	-	1,625,851
Restricted assets:				
Cash and investments with fiscal agents	-	-	7,634,260	8,292,435
Total Assets	\$ 518,256	\$ 537,801	\$ 8,869,660	\$ 19,178,860
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 40,591	\$ 110,805
Accrued liabilities	-	-	-	32,152
Unearned revenues	-	-	-	183,480
Deposits payable	-	-	-	99,506
Due to other funds	771,497	-	-	1,119,827
Total Liabilities	771,497	-	40,591	1,545,770
Deferred Inflows of Resources:				
Unavailable revenues	518,256	-	-	1,404,461
Total Deferred Inflows of Resources	518,256	-	-	1,404,461
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	2,457,478
Public safety	-	-	-	49,621
Culture and leisure	-	-	-	40,085
Transportation	-	-	-	2,765,039
Capital Projects	-	537,801	8,829,069	9,367,817
Assigned to:				
Capital Projects	-	-	-	2,662,362
Unassigned	(771,497)	-	-	(1,113,773)
Total Fund Balances	(771,497)	537,801	8,829,069	16,228,629
Total Liabilities, Deferred Inflows of Resources, and Fund Balances				
	\$ 518,256	\$ 537,801	\$ 8,869,660	\$ 19,178,860

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

<u>Special Revenue Funds</u>					
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk	
Revenues:					
Taxes	\$ -	\$ 550,506	\$ -	\$ -	\$ -
Intergovernmental	591,568	-	-	-	-
Use of money and property	792	8,403	288	-	-
Contributions	-	-	-	-	-
Miscellaneous	21,712	-	-	-	-
Total Revenues	614,072	558,909	288	-	-
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Transportation	823,484	-	-	-	-
Capital outlay	-	802,634	-	-	-
Total Expenditures	823,484	802,634	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,412)	(243,725)	288	-	-
Other Financing Sources (Uses):					
Transfers in	164,325	-	-	-	-
Total Other Financing Sources (Uses)	164,325	-	-	-	-
Net Change in Fund Balances	(45,087)	(243,725)	288	-	-
Fund Balances, Beginning of Year	141,792	2,012,673	71,809	-	-
Fund Balances, End of Year	\$ 96,705	\$ 1,768,948	\$ 72,097	\$ -	\$ -

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Revenues:				
Taxes	\$ -	\$ 136,457	\$ -	\$ -
Intergovernmental	37,203	-	69,375	41,524
Use of money and property	-	1,301	42	91
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	37,203	137,758	69,417	41,615
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	3,000	-
Culture and leisure	3,477	-	-	-
Transportation	-	94,686	-	-
Capital outlay	-	-	-	-
Total Expenditures	3,477	94,686	3,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,726	43,072	66,417	41,615
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	33,726	43,072	66,417	41,615
Fund Balances, Beginning of Year	(33,725)	319,802	15,340	2,527
Fund Balances, End of Year	\$ 1	\$ 362,874	\$ 81,757	\$ 44,142

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Supplemental Law Enforcement	State Park Bond Act	Special Donations	Senior Center Activities
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	122,953	-	-	-
Use of money and property	2,006	4	-	161
Contributions	-	-	9,047	2,205
Miscellaneous	-	-	-	4,432
Total Revenues	124,959	4	9,047	6,798
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	53,702	-	-	-
Community development	-	-	5,541	7,107
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital outlay	70,749	-	-	-
Total Expenditures	124,451	-	5,541	7,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	508	4	3,506	(309)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	508	4	3,506	(309)
Fund Balances, Beginning of Year	-	943	22,045	40,394
Fund Balances, End of Year	\$ 508	\$ 947	\$ 25,551	\$ 40,085

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Animal Control Reserve	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Use of money and property	19	4	328	1,532
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	19	4	328	1,532
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	481	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	481	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	19	(477)	328	1,532
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	19	(477)	328	1,532
Fund Balances, Beginning of Year	4,952	941	81,445	381,110
Fund Balances, End of Year	\$ 4,971	\$ 464	\$ 81,773	\$ 382,642

CITY OF BANNING

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds		Capital Projects Funds	
	Riverside County MOU	Banning Housing Authority	Police Facilities Development	Fire Facilities Development
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Use of money and property	-	4,821	57	3,859
Contributions	-	-	-	-
Miscellaneous	-	395	7,000	20,690
Total Revenues	-	5,216	7,057	24,549
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	402,861	-	-	-
Community development	-	3,605	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	402,861	3,605	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(402,861)	1,611	7,057	24,549
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(402,861)	1,611	7,057	24,549
Fund Balances, Beginning of Year	60,585	2,348,094	11,781	952,848
Fund Balances, End of Year	\$ (342,276)	\$ 2,349,705	\$ 18,838	\$ 977,397

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

(CONTINUED)

Capital Projects Funds				
	Traffic Control Facilities	General Facilities	Park Development	Capital Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	- -	- -	39,300	- -
Use of money and property	1,800	1,761	518	293
Contributions	- -	- -	- -	- -
Miscellaneous	14,172	7,463	4,833	- -
Total Revenues	15,972	9,224	44,651	293
Expenditures:				
Current:				
General government	- -	10,984	- -	- -
Public safety	- -	- -	- -	- -
Community development	- -	- -	- -	- -
Culture and leisure	- -	- -	- -	- -
Transportation	- -	- -	- -	- -
Capital outlay	- -	4,856	48,396	- -
Total Expenditures	- -	15,840	48,396	- -
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,972	(6,616)	(3,745)	293
Other Financing Sources (Uses):				
Transfers in	- -	- -	- -	- -
Total Other Financing Sources (Uses)	- -	- -	- -	- -
Net Change in Fund Balances	15,972	(6,616)	(3,745)	293
Fund Balances, Beginning of Year	442,412	438,007	141,193	638,611
Fund Balances, End of Year	\$ 458,384	\$ 431,391	\$ 137,448	\$ 638,904

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017

	Capital Projects Funds			Total Governmental Funds	
	Sunset Grade Separation	BEA Low/Mod	BEA Capital Project Fund		
		Capital Project Fund			
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 686,963	
Intergovernmental	1,531,547	-	-	2,433,470	
Use of money and property	-	2,149	76,056	106,285	
Contributions	-	-	-	11,252	
Miscellaneous	-	-	-	80,697	
Total Revenues	1,531,547	2,149	76,056	3,318,667	
Expenditures:					
Current:					
General government	-	-	-	10,984	
Public safety	-	-	-	456,563	
Community development	-	-	-	19,734	
Culture and leisure	-	-	-	3,477	
Transportation	-	-	-	918,170	
Capital outlay	253,219	-	-	1,179,854	
Total Expenditures	253,219	-	-	2,588,782	
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,278,328	2,149	76,056	729,885	
Other Financing Sources (Uses):					
Transfers in	-	-	-	164,325	
Total Other Financing Sources (Uses)	-	-	-	164,325	
Net Change in Fund Balances	1,278,328	2,149	76,056	894,210	
Fund Balances, Beginning of Year	(2,049,825)	535,652	8,753,013	15,334,419	
Fund Balances, End of Year	\$ (771,497)	\$ 537,801	\$ 8,829,069	\$ 16,228,629	

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GAS TAX STREET
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 141,792	\$ 141,792	\$ 141,792	\$ -
Resources (Inflows):				
Intergovernmental	630,560	1,006,260	591,568	(414,692)
Use of money and property	400	400	792	392
Miscellaneous	1,500	1,500	21,712	20,212
Transfers in	164,325	245,055	164,325	(80,730)
Amounts Available for Appropriations	938,577	1,395,007	920,189	(474,818)
Charges to Appropriations (Outflow):				
Transportation	829,916	1,235,146	823,484	411,662
Total Charges to Appropriations	829,916	1,235,146	823,484	411,662
Budgetary Fund Balance, June 30	\$ 108,661	\$ 159,861	\$ 96,705	\$ (63,156)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
MEASURE A
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,012,673	\$ 2,012,673	\$ 2,012,673	\$ -
Resources (Inflows):				
Taxes	569,000	569,000	550,506	(18,494)
Use of money and property	2,200	2,200	8,403	6,203
Amounts Available for Appropriations	2,583,873	2,583,873	2,571,582	(12,291)
Charges to Appropriations (Outflow):				
Transportation	-	6,090	-	6,090
Capital outlay	546,000	1,552,837	802,634	750,203
Total Charges to Appropriations	546,000	1,558,927	802,634	756,293
Budgetary Fund Balance, June 30	\$ 2,037,873	\$ 1,024,946	\$ 1,768,948	\$ 744,002

CITY OF BANNING**BUDGETARY COMPARISON SCHEDULE**
SB 300 STREET
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget	Positive (Negative)
	Original	Final			
	\$ 71,809	\$ 71,809			
Budgetary Fund Balance, July 1	\$ 71,809	\$ 71,809	\$ 71,809	\$ -	-
Resources (Inflows):					
Use of money and property	200	200	288	88	
Amounts Available for Appropriations	72,009	72,009	72,097	88	
Budgetary Fund Balance, June 30	\$ 72,009	\$ 72,009	\$ 72,097	\$ 88	

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ (33,725)	\$ (33,725)	\$ (33,725)	\$ -
Resources (Inflows):				
Intergovernmental	-	220,615	37,203	(183,412)
Amounts Available for Appropriations	(33,725)	186,890	3,478	(183,412)
Charges to Appropriations (Outflow):				
Parks and recreation	-	220,615	3,477	217,138
Total Charges to Appropriations	-	220,615	3,477	217,138
Budgetary Fund Balance, June 30	\$ (33,725)	\$ (33,725)	\$ 1	\$ 33,726

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 LANDSCAPE MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 319,802	\$ 319,802	\$ 319,802	\$ -
Resources (Inflows):				
Taxes	136,750	136,750	136,457	(293)
Use of money and property	350	600	1,301	701
Miscellaneous	121	121	-	(121)
Amounts Available for Appropriations				
	457,023	457,273	457,560	287
Charges to Appropriations (Outflow):				
Transportation	284,386	284,386	94,686	189,700
Total Charges to Appropriations				
	284,386	284,386	94,686	189,700
Budgetary Fund Balance, June 30	\$ 172,637	\$ 172,887	\$ 362,874	\$ 189,987

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 AQMD AIR POLLUTION PROGRAM
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 15,340	\$ 15,340	\$ 15,340	\$ -
Resources (Inflows):				
Intergovernmental	35,000	35,000	69,375	34,375
Use of money and property	300	300	42	(258)
Amounts Available for Appropriations	50,640	50,640	84,757	34,117
Charges to Appropriations (Outflow):				
Community development	3,000	3,000	3,000	-
Total Charges to Appropriations	3,000	3,000	3,000	-
Budgetary Fund Balance, June 30	\$ 47,640	\$ 47,640	\$ 81,757	\$ 34,117

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1,	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	100,000	122,953	22,953
Use of money and property	-	-	2,006	2,006
Amounts Available for Appropriations	-	100,000	124,959	24,959
Charges to Appropriations (Outflow):				
Public safety	-	152,114	53,702	98,412
Capital outlay	-	109,307	70,749	38,558
Total Charges to Appropriations	-	261,421	124,451	136,970
Budgetary Fund Balance, June 30	\$ -	\$ (161,421)	\$ 508	\$ 161,929

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DONATIONS
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 22,045	\$ 22,045	\$ 22,045	\$ -
Resources (Inflows):				
Contributions	8,000	8,000	9,047	1,047
Amounts Available for Appropriations	30,045	30,045	31,092	1,047
Charges to Appropriations (Outflow):				
Community development	8,000	8,000	5,541	2,459
Total Charges to Appropriations	8,000	8,000	5,541	2,459
Budgetary Fund Balance, June 30	\$ 22,045	\$ 22,045	\$ 25,551	\$ 3,506

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SENIOR CENTER ACTIVITIES
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 40,394	\$ 40,394	\$ 40,394	\$ -
Resources (Inflows):				
Use of money and property	100	100	161	61
Contributions	2,000	2,000	2,205	205
Miscellaneous	5,800	5,800	4,432	(1,368)
Amounts Available for Appropriations				
	48,294	48,294	47,192	(1,102)
Charges to Appropriations (Outflow):				
Community development	13,600	13,600	7,107	6,493
Total Charges to Appropriations				
	13,600	13,600	7,107	6,493
Budgetary Fund Balance, June 30	\$ 34,694	\$ 34,694	\$ 40,085	\$ 5,391

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 POLICE VOLUNTEER
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 941	\$ 941	\$ 941	\$ -
Resources (Inflows):				
Use of money and property	-	-	4	4
Transfers in	1,500	1,500	-	(1,500)
Amounts Available for Appropriations	2,441	2,441	945	(1,496)
Charges to Appropriations (Outflow):				
Community development	1,500	1,500	481	1,019
Total Charges to Appropriations	1,500	1,500	481	1,019
Budgetary Fund Balance, June 30	\$ 941	\$ 941	\$ 464	\$ (477)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 RAMSEY/HIGHLAND HOME SIGNAL
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 81,445	\$ 81,445	\$ 81,445	\$ -
Resources (Inflows):				
Use of money and property	150	150	328	178
Amounts Available for Appropriation	81,595	81,595	81,773	178
Budgetary Fund Balance, June 30	\$ 81,595	\$ 61,595	\$ 81,773	\$ 20,178

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
WILSON MEDIAN IMPROVEMENT
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 381,110	\$ 381,110	\$ 381,110	\$ -
Resources (Inflows):				
Use of money and property	700	700	1,532	832
Amounts Available for Appropriation	381,810	381,810	382,642	832
Budgetary Fund Balance, June 30	\$ 381,810	\$ 381,810	\$ 382,642	\$ 832

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
RIVERSIDE COUNTY MOU
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 60,585	\$ 60,585	\$ 60,585	\$ -
Resources (Inflows):				
Intergovernmental	505,437	505,437	-	(505,437)
Use of money and property	175	175	-	(175)
Amounts Available for Appropriations	566,197	566,197	60,585	(505,612)
Charges to Appropriations (Outflow):				
Public safety	499,705	499,705	402,861	96,844
Total Charges to Appropriations	499,705	499,705	402,861	96,844
Budgetary Fund Balance, June 30	\$ 66,492	\$ 66,492	\$ (342,276)	\$ (408,768)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 BANNING HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,348,094	\$ 2,348,094	\$ 2,348,094	\$ -
Resources (Inflows):				
Intergovernmental	1,024,593	1,024,593	-	(1,024,593)
Use of money and property	1,200	1,200	4,821	3,621
Amounts Available for Appropriations	3,373,887	3,373,887	2,353,310	(1,020,577)
Charges to Appropriation (Outflow):				
Community development	3,605	3,605	3,605	-
Total Charges to Appropriations	3,605	3,605	3,605	-
Budgetary Fund Balance, June 30	\$ 3,370,282	\$ 3,370,282	\$ 2,349,705	\$ (1,020,577)

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
POLICE FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,781	\$ 11,781	\$ 11,781	\$ -
Resources (Inflows):				
Use of money and property	25	25	57	32
Miscellaneous	-	-	7,000	7,000
Amounts Available for Appropriations	11,806	11,806	18,838	7,032
Budgetary Fund Balance, June 30	\$ 11,806	\$ 11,806	\$ 18,838	\$ 7,032

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
FIRE FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 952,848	\$ 952,848	\$ 952,848	\$ -
Resources (Inflows):				
Use of money and property	1,600	1,600	3,859	2,259
Miscellaneous	-	-	20,690	20,690
Amounts Available for Appropriation	954,448	954,448	977,397	22,949
Budgetary Fund Balance, June 30	\$ 954,448	\$ 954,448	\$ 977,397	\$ 22,949

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
TRAFFIC CONTROL FACILITIES
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 442,412	\$ 442,412	\$ 442,412	\$ -
Resources (Inflows):				
Use of money and property	700	700	1,800	1,100
Miscellaneous	250	250	14,172	13,922
Amounts Available for Appropriations	443,362	443,362	458,384	15,022
Charges to Appropriations (Outflow):				
Transportation	-	25,000	-	25,000
Transfers out	-	80,730	-	80,730
Total Charges to Appropriations	-	105,730	-	105,730
Budgetary Fund Balance, June 30	\$ 443,362	\$ 337,632	\$ 458,384	\$ 120,752

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FACILITIES
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 438,007	\$ 438,007	\$ 438,007	\$ -
Resources (Inflows):				
Use of money and property	800	800	1,761	961
Miscellaneous	-	-	7,463	7,463
Amounts Available for Appropriations	438,807	438,807	447,231	8,424
Charges to Appropriations (Outflow):				
General government	-	15,000	10,984	4,016
Capital outlay	50,000	110,000	4,856	105,144
Total Charges to Appropriations	50,000	125,000	15,840	109,160
Budgetary Fund Balance, June 30	\$ 388,807	\$ 313,807	\$ 431,391	\$ 117,584

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
PARK DEVELOPMENT
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 141,193	\$ 141,193	\$ 141,193	\$ -
Resources (Inflows):				
Intergovernmental	-	-	39,300	39,300
Use of money and property	250	250	518	268
Miscellaneous	1,955	1,955	4,833	2,878
Amounts Available for Appropriations	143,398	143,398	185,844	42,446
Charges to Appropriations (Outflow):				
Capital outlay	66,800	67,600	48,396	19,204
Total Charges to Appropriations	66,800	67,600	48,396	19,204
Budgetary Fund Balance, June 30	\$ 76,598	\$ 75,798	\$ 137,448	\$ 61,650

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 638,611	\$ 638,611	\$ 638,611	\$ -
Resources (Inflows):				
Use of money and property	50	50	293	243
Amounts Available for Appropriations	638,661	638,661	638,904	243
Charges to Appropriations (Outflow):				
Capital outlay	-	120,000	-	120,000
Total Charges to Appropriations	-	120,000	-	120,000
Budgetary Fund Balance, June 30	\$ 638,661	\$ 518,661	\$ 638,904	\$ 120,243

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SUNSET GRADE SEPARATION
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ (2,049,825)	\$ (2,049,825)	\$ (2,049,825)	\$ -
Resources (Inflows):				
Intergovernmental	229,189	2,278,991	1,531,547	(747,444)
Amounts Available for Appropriations	(1,820,636)	229,166	(518,278)	(747,444)
Charges to Appropriation (Outflow):				
Capital outlay	229,189	506,437	253,219	253,218
Total Charges to Appropriations	229,189	506,437	253,219	253,218
Budgetary Fund Balance, June 30	\$ (2,049,825)	\$ (277,271)	\$ (771,497)	\$ (494,226)

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Assets:				
Current:				
Cash and investments	\$ 155,756	\$ 859,486	\$ 1,231,642	\$ 2,246,884
Receivables:				
Accounts	8,777	-	574,121	582,898
Notes and loans	-	1,182	-	1,182
Interest	38	1,960	2,526	4,524
Due from other funds	-	83,759	-	83,759
Inventories	17,475	-	-	17,475
Total Current Assets	182,046	946,387	1,808,289	2,936,722
Noncurrent:				
Capital assets - net of accumulated depreciation	2,770,113	633,264	-	3,403,377
Total Noncurrent Assets	2,770,113	633,264	-	3,403,377
Total Assets	2,952,159	1,579,651	1,808,289	6,340,099
Deferred Outflows of Resources:				
Pension related items	11,153	355,104	38,550	404,807
Total Deferred Outflows of Resources	11,153	355,104	38,550	404,807
Liabilities:				
Current:				
Accounts payable	2,163	384	498,472	501,019
Accrued liabilities	1,127	38,390	6,217	45,734
Unearned revenues	8,099	785,813	-	793,912
Deposits payable	23,067	-	96,961	120,028
Compensated absences	2,181	67,858	22,554	92,593
Total Current Liabilities	36,637	892,445	624,204	1,553,286
Noncurrent:				
Compensated absences	581	18,086	6,012	24,679
Net Pension Liability	84,575	1,774,825	223,778	2,083,178
Total Noncurrent Liabilities	85,156	1,792,911	229,790	2,107,857
Total Liabilities	121,793	2,685,356	853,994	3,661,143
Deferred Inflows of Resources:				
Pension related items	10,003	48,780	14,380	73,163
Total Deferred Inflows of Resources	10,003	48,780	14,380	73,163
Net Position:				
Investment in capital assets	2,770,113	633,264	-	3,403,377
Unrestricted	61,403	(1,432,645)	978,465	(392,777)
Total Net Position	\$ 2,831,516	\$ (799,381)	\$ 978,465	\$ 3,010,600

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Operating Revenues:				
Sales and service charges	\$ 162,731	\$ 130,112	\$ 3,473,035	\$ 3,765,878
Miscellaneous	41	-	13,370	13,411
Total Operating Revenues	162,772	130,112	3,486,405	3,779,289
Operating Expenses:				
Salaries and benefits	32,709	1,012,560	179,774	1,225,043
Supplies and services	87,477	456,404	3,153,685	3,697,566
Repairs and maintenance	12,935	4,685	-	17,620
Bad debt expense	-	-	11,109	11,109
Depreciation expense	212,601	185,757	-	398,358
Total Operating Expenses	345,722	1,659,406	3,344,568	5,349,696
Operating Income (Loss)	(182,950)	(1,529,294)	141,837	(1,570,407)
Nonoperating Revenues:				
Intergovernmental	-	1,863,594	41,775	1,905,369
Interest revenue and change in fair value of investments	23	(1,312)	4,538	3,249
Gain (loss) on disposal of capital assets	-	820	-	820
Total Nonoperating Revenues (Expenses)	23	1,863,102	46,313	1,909,438
Income (Loss) Before Transfers	(182,927)	333,808	188,150	339,031
Transfers out	-	-	(55,000)	(55,000)
Changes in Net Position	(182,927)	333,808	133,150	284,031
Net Position:				
Beginning of Year	3,014,443	(1,133,189)	845,315	2,726,569
End of Fiscal Year	\$ 2,831,516	\$ (799,381)	\$ 978,465	\$ 3,010,600

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 266,310	\$ 131,021	\$ 3,374,052	\$ 3,771,383
Cash received from/(paid to) interfund service provided	41	-	-	41
Cash paid to suppliers for goods and services	(110,521)	(715,695)	(2,887,402)	(3,713,618)
Cash paid to employees for services	(32,959)	(1,091,579)	(179,926)	(1,304,464)
Cash received from others	-	-	13,370	13,370
Net Cash Provided (Used) by Operating Activities	122,871	(1,676,253)	320,094	(1,233,288)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	(55,000)	(55,000)
Intergovernmental	-	1,863,594	41,775	1,905,369
Net Cash Provided (Used) by Non-Capital Financing Activities	-	1,863,594	(13,225)	1,850,369
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(444,334)	-	(444,334)
Proceeds from sales of capital assets	-	820	-	820
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(443,514)	-	(443,514)
Cash Flows from Investing Activities:				
Collections of repayment on loan receivables	-	1,730	-	1,730
Interest received and change in fair value of investments	19	(1,584)	3,304	1,739
Net Cash Provided (Used) by Investing Activities	19	146	3,304	3,469
Net Increase (Decrease) in Cash and Cash Equivalents	122,890	(256,027)	310,173	177,036
Cash and Cash Equivalents at Beginning of Year	32,866	1,115,513	921,469	2,069,848
Cash and Cash Equivalents at End of Year	\$ 155,756	\$ 859,486	\$ 1,231,642	\$ 2,246,884
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (182,950)	\$ (1,529,294)	\$ 141,837	\$ (1,570,407)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	212,601	185,757	-	398,358
Bad debt expense	-	-	(11,109)	(11,109)
(Increase) decrease in accounts receivable	102,734	909	(78,214)	25,429
(Increase) decrease in inventories	(5,649)	-	-	(5,649)
Increase (decrease) in accounts payable	(12,575)	(5,205)	264,702	246,922
Increase (decrease) in accrued liabilities	16	2,844	1,581	4,441
Increase (decrease) in deposits payable	845	-	1,449	2,294
Increase (decrease) in unearned revenue	8,099	(252,245)	-	(244,146)
Increase (decrease) in employee salary/benefit obligations	(538)	(35,835)	(3,265)	(39,638)
Increase (decrease) in compensated absences	288	(43,184)	3,113	(39,783)
Total Adjustments	305,821	(146,959)	178,257	337,119
Net Cash Provided (Used) by Operating Activities	\$ 122,871	\$ (1,676,253)	\$ 320,094	\$ (1,233,288)

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Governmental Activities					Totals
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services		
Assets:						
Current:						
Pooled cash and investments	\$ 3,243,353	\$ 546,411	\$ 107,802	\$ 662,551	\$ 4,560,117	
Receivables:						
Accounts	6,944	22,590	373	9,919	39,826	
Interest	3,374	1,180	376	938	5,868	
Due from other governments	48,812	48	-	-	48,860	
Inventories	-	48,977	-	-	48,977	
Total Current Assets	3,302,483	619,206	108,551	673,408	4,703,648	
Noncurrent:						
Capital assets - net of accumulated depreciation	-	284,195	44,708	4,173	333,076	
Total Noncurrent Assets	-	284,195	44,708	4,173	333,076	
Total Assets	3,302,483	903,401	153,259	677,581	5,036,724	
Deferred Outflows of Resources:						
Pension related outflows	83,570	121,724	107,794	445,996	759,084	
Total Deferred Outflows of Resources	83,570	121,724	107,794	445,996	759,084	
Liabilities and Net Position:						
Liabilities:						
Current:						
Accounts payable	54,085	30,493	3,262	15,565	103,405	
Accrued liabilities	6,351	15,725	8,222	55,121	85,419	
Compensated absences	18,819	25,055	28,796	69,554	142,224	
Claims and judgments	545,497	-	-	-	545,497	
Total Current Liabilities	624,752	71,273	40,280	140,240	876,545	
Noncurrent:						
Net pension liability	476,112	644,837	575,110	2,269,842	3,965,901	
Compensated absences	1,649	2,195	2,523	6,094	12,461	
Claims and judgments	923,211	-	-	-	923,211	
Total Noncurrent Liabilities	1,400,972	647,032	577,633	2,275,936	4,901,573	
Total Liabilities	2,025,724	718,305	617,913	2,416,176	5,778,118	
Deferred Inflows of Resources:						
Pension related items	26,333	25,590	24,130	70,356	146,409	
Total Deferred Inflows of Resources	26,333	25,590	24,130	70,356	146,409	
Net Position:						
Investment in capital assets	-	284,195	44,708	4,173	333,076	
Unrestricted	1,333,996	(2,965)	(425,698)	(1,367,128)	(461,795)	
Total Net Position	\$ 1,333,996	\$ 281,230	\$ (380,990)	\$ (1,362,955)	\$ (128,719)	

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

Governmental Activities					
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Operating Revenues:					
Sales and service charges	\$ 1,268,607	\$ 1,009,163	\$ 489,227	\$ 2,394,354	\$ 5,161,351
Miscellaneous	274,142	24,865	-	-	299,007
Total Operating Revenues	1,542,749	1,034,028	489,227	2,394,354	5,460,358
Operating Expenses:					
Salaries and benefits	247,063	382,637	322,148	1,440,796	2,392,644
Supplies and services	971,219	583,980	48,623	596,689	2,200,511
Repairs and maintenance	1,912	176,404	100,061	42,861	321,238
Insurance premiums	906,860	-	-	-	906,860
Depreciation expense	-	10,522	21,805	6,259	38,586
Total Operating Expenses	2,127,054	1,153,543	492,637	2,086,605	5,859,839
Operating Income (Loss)	(584,305)	(119,515)	(3,410)	307,749	(399,481)
Nonoperating Revenues:					
Interest revenue and change in fair value	726	2,226	711	1,746	5,409
Total Nonoperating Revenues (Expenses)	726	2,226	711	1,746	5,409
Changes in Net Position	(583,579)	(117,289)	(2,699)	309,495	(394,072)
Net Position:					
Beginning of Year	1,917,575	398,519	(378,291)	(1,672,450)	265,353
End of Fiscal Year	\$ 1,333,996	\$ 281,230	\$ (380,990)	\$ (1,362,955)	\$ (128,719)

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 1,266,822	\$ 1,008,406	\$ 488,941	\$ 2,396,662	\$ 5,160,831
Cash received from interfund service provided	254,839	24,939	-	-	279,778
Cash paid to suppliers for goods and services	(1,933,899)	(817,620)	(152,032)	(645,221)	(3,548,772)
Cash paid to employees for services	(256,009)	(411,412)	(338,413)	(1,472,890)	(2,478,724)
Cash received from (payments to) others	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	(668,247)	(195,687)	(1,504)	278,551	(586,887)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	(13,385)	-	-	(13,385)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(13,385)	-	-	(13,385)
Cash Flows from Investing Activities:					
Interest received	(263)	2,020	495	1,309	3,561
Net Cash Provided (Used) by Investing Activities	(263)	2,020	495	1,309	3,561
Net Increase (Decrease) in Cash and Cash Equivalents	(668,510)	(207,052)	(1,009)	279,860	(596,711)
Cash and Cash Equivalents at Beginning of Year	3,911,863	753,463	108,811	382,691	5,156,828
Cash and Cash Equivalents at End of Year	\$ 3,243,353	\$ 546,411	\$ 107,802	\$ 662,551	\$ 4,560,117
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (584,305)	\$ (119,515)	\$ (3,410)	\$ 307,749	\$ (399,481)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	-	10,522	21,805	6,259	38,586
(Increase) decrease in accounts receivable	(1,785)	(757)	(286)	2,308	(520)
(Increase) decrease in due from other governments	(19,303)	74	-	-	(19,229)
(Increase) decrease in inventories	-	18,643	-	-	18,643
Increase (decrease) in accounts payable	(45,552)	(79,238)	862	(5,671)	(129,599)
Increase (decrease) in accrued liabilities	(1,339)	3,359	(4,210)	2,886	696
Increase (decrease) in employee salary/benefit obligations	(7,647)	(11,862)	(10,374)	(44,681)	(74,564)
Increase (decrease) in claims and judgments	(7,017)	-	-	-	(7,017)
Increase (decrease) in compensated absences	(1,299)	(16,913)	(5,891)	9,701	(14,402)
Total Adjustments	(83,942)	(76,172)	1,906	(29,198)	(187,406)
Net Cash Provided (Used) by Operating Activities	\$ (668,247)	\$ (195,687)	\$ (1,504)	\$ 278,551	\$ (586,887)

CITY OF BANNING

COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2017

	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	\$ 35,413	\$ 73,222	\$ 50,704	\$ 173,977	\$ 46,294	\$ 379,610
Receivables:						
Interest	78	153	106	285	102	724
Due from other governments	-	-	-	3,735	-	3,735
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	225,649	-	225,649
Total Assets	\$ 35,491	\$ 73,375	\$ 76,584	\$ 403,646	\$ 46,396	\$ 635,492
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 29,994	\$ 769	\$ -	\$ 30,763
Deposits payable	-	19,958	-	17,656	40,000	77,614
Due to bondholders	35,491	53,417	46,590	385,221	6,396	527,115
Total Liabilities	\$ 35,491	\$ 73,375	\$ 76,584	\$ 403,646	\$ 46,396	\$ 635,492

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
<u>Sun Lake CFD 86-1</u>				
Assets:				
Pooled cash and investments	\$ 35,299	\$ 114	\$ -	\$ 35,413
Receivables:				
Interest	50	53	25	78
Total Assets	\$ 35,349	\$ 167	\$ 25	\$ 35,491
Liabilities:				
Due to bondholders	\$ 35,349	\$ 161	\$ 19	\$ 35,491
Total Liabilities	\$ 35,349	\$ 161	\$ 19	\$ 35,491
<u>Special AD 91-1</u>				
Assets:				
Pooled cash and investments	\$ 72,991	\$ 266	\$ 35	\$ 73,222
Receivables:				
Interest	87	111	45	153
Total Assets	\$ 73,078	\$ 377	\$ 80	\$ 73,375
Liabilities:				
Deposits payable	\$ 19,958	\$ -	\$ -	\$ 19,958
Due to bondholders	53,120	333	36	53,417
Total Liabilities	\$ 73,078	\$ 333	\$ 36	\$ 73,375
<u>Area Police Computer</u>				
Assets:				
Pooled cash and investments	\$ 48,050	\$ 75,764	\$ 73,110	\$ 50,704
Receivables:				
Interest	64	75	33	106
Prepaid costs	-	25,774	-	25,774
Due from other governments	-	62,336	62,336	-
Total Assets	\$ 48,114	\$ 163,949	\$ 135,479	\$ 76,584
Liabilities:				
Accounts payable	\$ 1,877	\$ 99,203	\$ 71,086	\$ 29,994
Due to bondholders	46,237	450,668	450,315	46,590
Total Liabilities	\$ 48,114	\$ 549,871	\$ 521,401	\$ 76,584

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2017

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
Fair Oaks AD 2004-1				
Assets:				
Pooled cash and investments	\$ 172,941	\$ 201,848	\$ 200,812	\$ 173,977
Receivables:				
Interest	181	196	92	285
Due from other governments	4,419	3,735	4,419	3,735
Restricted assets:				
Cash and investments with fiscal agents	223,096	37,771	35,218	225,649
Total Assets	\$ 400,637	\$ 243,550	\$ 240,541	\$ 403,646
Liabilities:				
Accounts payable	\$ 77	\$ 7,904	\$ 7,212	\$ 769
Deposits payable	17,656	-	-	17,656
Due to bondholders	382,904	240,693	238,376	385,221
Total Liabilities	\$ 400,637	\$ 248,597	\$ 245,588	\$ 403,646
Cameo Homes				
Assets:				
Pooled cash and investments	\$ 46,145	\$ 174	\$ 25	\$ 46,294
Receivables:				
Interest	65	70	33	102
Total Assets	\$ 46,210	\$ 244	\$ 58	\$ 46,396
Liabilities:				
Deposits payable	\$ 40,000	\$ -	\$ -	\$ 40,000
Due to bondholders	6,210	210	24	6,396
Total Liabilities	\$ 46,210	\$ 210	\$ 24	\$ 46,396
Totals - All Agency Funds				
Assets:				
Pooled cash and investments	\$ 375,426	\$ 278,166	\$ 273,982	\$ 379,610
Receivables:				
Interest	447	505	228	724
Prepaid costs	-	25,774	-	25,774
Due from other governments	4,419	66,071	66,755	3,735
Restricted assets:				
Cash and investments with fiscal agents	223,096	37,771	35,218	225,649
Total Assets	\$ 603,388	\$ 408,287	\$ 376,183	\$ 635,492
Liabilities:				
Accounts payable	\$ 1,954	\$ 107,107	\$ 78,298	\$ 30,763
Deposits payable	77,614	-	-	77,614
Due to bondholders	523,820	692,065	688,770	527,115
Total Liabilities	\$ 603,388	\$ 799,172	\$ 767,068	\$ 635,492