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CITY OF BANNING, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

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

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning, California, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, the schedule of changes in net pension liability and related ratio, the schedules of employer contributions, the schedule of proportionate share of the net pension liability to 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.

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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 December 21, 2018 tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 21, 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, 2018 (FY2018). 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, 2017 (FY2017).

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, 2018 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 $200.41 million, a decrease of $3.29 million over June 30, 2017.
- 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 $54.37 million, an increase of $4.20 million over the prior fiscal year. The Net Investment in Capital Assets, another component of Net Position, was $124.66 an increase of $3.04 million over June 30, 2017. The Restricted portion of the Net Position amounted to $21.39 million, a decrease of $10.54 million over the prior fiscal year.
- 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, 2018, the total Net Pension Liability for the City of Banning, government-wide, was $40.08 million, an increase of $3.21 million over the prior fiscal year.

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.

The City's Net Position decreased by $3.29 million to $200.41 million from the prior fiscal year. Net expenses over revenues decreased Net Position by $3.29 million.

The City's Net Position from Governmental Activities is $83.29 million, a decrease of $4.45 million, which was mainly due to a $1.56 million increase in Public Safety Governmental activities.

The City's Net Position from Business-Type Activities is $117.12 million, an increase of $1.18 million. Program and General Revenues amounted to $51.5 million, a decrease of $2.60 million, mainly due to a reduction in charges for services, while expenses totaled $49.59 million, an increase from last year's $49.32 million.

ASSETS AND DEFERRED OUTFLOWS

The City's Total Assets decreased $5.52 million to $303.09 million. Deferred outflows increased $0.84 million to $13.32 million. Total Assets and Deferred outflows are $316.41 million.

LIABILITIES AND DEFERRED INFLOWS

The City's Total Liabilities decreased $1.31 million to $114.65 million. Deferred inflows decreased $0.08 million to $1.34 million. Total Liabilities and Deferred inflows are $115.99.

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 FY2018 is $200.41 million, a decrease of $3.29 million, or 1.6% over the June 30, 2017 balance. Total assets decreased by $5.52 million while total liabilities also showed a decrease by $1.31 million. Corresponding analysis of the causes of these changes are reflected in the following paragraphs.

The *Net investment in Capital Assets* of $124.66 million represents 62.20% 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. No new long-term debt was incurred during the current fiscal year that would have significantly affected this section. Any decrease therefore, is mainly due to recurring annual depreciation of the capital assets offset by additional capitalized expenditures for FY2018.

The portion of the City's Net Position subject to *external restrictions* in how they may be used is $21.39 million (10.67% 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 $54.37 million (27.13% 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 $26.235 million and $13.849 million respectively. Additional information can be found in the Notes to Financial Statements.

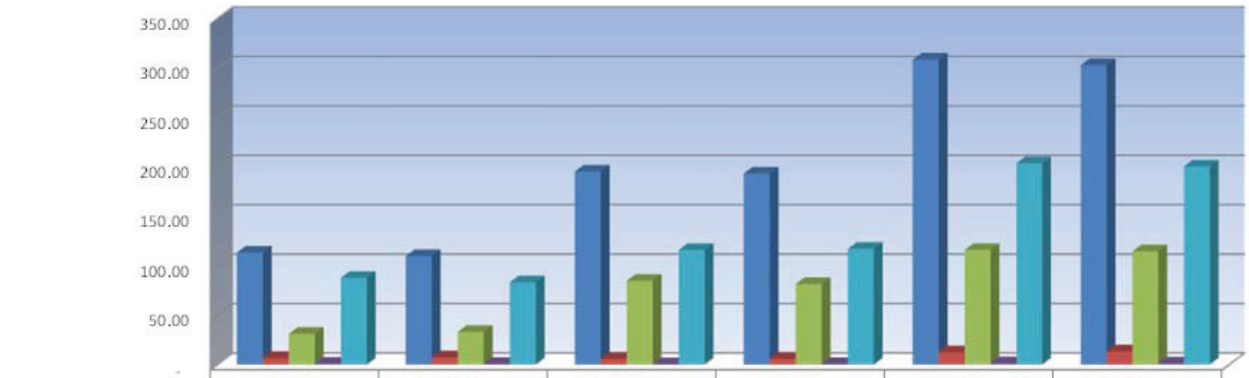
Table 1 summarizes the Statement of Net Position of the City as a whole and provides a comparison.

Table 1 - Summary of Net Position (In Millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals		
Assets:	2017	2018	2017	2018	2017	2018	% CHG
Current and other assets	39.21	38.74	84.81	79.49	124.02	118.22	4.7%
Capital assets	74.08	71.12	110.51	113.76	184.59	184.87	0.2%
TOTAL ASSETS	$ 113.29	$ 109.85	$ 195.32	$ 193.24	$ 308.61	$ 303.09	1.8%
Deferred outflows on refunding	-	-	3.32	3.13	3.32	3.13	5.7%
Deferred pension related items	6.71	7.35	2.47	2.84	9.17	10.19	11.1%
TOTAL DEFERRED OUTFLOWS	$ 6.71	$ 7.35	$ 5.79	$ 5.97	$ 12.48	$ 13.32	6.7%
Liabilities:							
Current and other liabilities	4.83	5.23	9.33	7.55	14.17	12.78	9.8%
Long-term liabilities*	26.38	27.85	75.41	74.02	101.79	101.87	0.1%
TOTAL LIABILITIES	$ 31.21	$ 33.08	$ 84.74	$ 81.57	$ 115.96	$ 114.65	1.1%
Deferred inflows on refunding	-	-	-	-	-	-	0.0%
Deferred pension related items	1.01	0.83	0.42	0.52	1.43	1.34	6.3%
TOTAL DEFERRED INFLOWS	$ 1.01	$ 0.83	$ 0.42	$ 0.52	$ 1.42	$ 1.34	5.6%
Net Position:							
Net investment in capital assets	72.52	70.01	49.10	54.65	121.62	124.66	2.5%
Restricted for:							
Community Development Projects	2.46	2.58	-	-	2.46	2.58	4.9%
Public Safety	0.05	0.29	-	-	0.05	0.29	480.0%
Culture and Leisure	0.04	0.04	-	-	0.04	0.04	0.0%
Transportation	2.77	3.31	-	-	2.77	3.31	19.5%
Capital Projects	9.37	8.30	17.15	6.87	26.52	15.17	42.8%
Debt Service	-	-	0.09	0.00	0.09	-	100.0%
Unrestricted	0.57	(1.23)	49.60	55.60	50.17	54.37	8.4%
TOTAL NET POSITION	$ 87.77	$ 83.29	$ 115.94	$ 117.12	$ 203.70	$ 200.41	1.6%

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

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



	2017 Governmental Activities	2018 Governmental Activities	2017 Business-Type Activities	2018 Business-Type Activities	2017 TOTAL	2018 TOTAL
Total Assets	113.29	109.85	195.32	193.24	308.61	303.09
Total Deferred Outflows	6.70	7.35	5.79	5.97	12.49	13.32
Total Liability	31.21	33.08	84.74	81.57	115.95	114.65
Total Deferred Inflows	1.01	0.83	0.42	0.52	1.43	1.35
Total Net Position	87.77	83.29	115.95	117.12	203.72	200.41

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	
	2017	2018	2017	2018	2017	2018
Revenues						
Program Revenues:						
Charges for Services	4.44	3.04	51.47	47.86	55.91	50.90
Operating Contributions and Grants	0.77	2.01	2.13	2.59	2.90	4.60
Capital Contributions and Grants	0.16	0.56	-	-	0.16	0.56
Subtotal Program Revenues	5.37	5.61	53.60	50.45	58.97	56.06
General Revenues:						
Property Taxes	4.69	4.96	-	-	4.69	4.96
Sales Taxes	3.76	4.19	-	-	3.76	4.19
Business Licenses Taxes	0.17	0.18	-	-	0.17	0.18
Franchise Taxes	0.84	0.87	-	-	0.84	0.87
Transient Occupancy Taxes	0.86	0.85	-	-	0.86	0.85
Other Taxes	0.37	0.54	-	-	0.37	0.54
Motor Vehicle In-Lieu	0.01	0.02	-	-	0.01	0.02
Use of Money and Property	0.65	0.74	0.25	0.64	0.90	1.38
Other	0.53	0.51	0.25	0.41	0.79	0.91
Gain on sale of capital asset	-	-	-	-	-	-
Subtotal General Revenues	11.88	12.86	0.50	1.05	12.39	13.90
TOTAL REVENUES	**17.25**	**18.47**	**54.10**	**51.50**	**71.36**	**69.96**
Expenses						
General Government	2.59	2.46	-	-	2.59	2.46
Public Safety	11.57	13.12	-	-	11.57	13.12
Community Development	1.50	1.62	-	-	1.50	1.62
Culture and Leisure	1.31	1.44	-	-	1.31	1.44
Transportation	4.97	4.97	-	-	4.97	4.97
Interest on Long-term debt	0.08	0.06	-	-	0.08	0.06
Airport	-	-	0.35	0.39	0.35	0.39
Transit	-	-	1.73	1.87	1.73	1.87
Electric Utility	-	-	33.34	32.72	33.35	32.72
BUA Water	-	-	7.66	8.14	7.66	8.14
BUA Wastewater	-	-	2.90	2.94	2.90	2.94
Refuse	-	-	3.34	3.53	3.34	3.53
TOTAL EXPENSES	**22.02**	**23.67**	**49.32**	**49.59**	**71.35**	**73.26**
Transfers and Special Items	**(4.77)**	**(5.19)**	**4.78**	**1.90**	**0.01**	**(3.29)**
Transfers	0.72	0.72	(0.72)	(0.72)	-	-
Special Item	-	-	-	-	-	-
Increase/(Decrease) in Net Position	**(4.05)**	**(4.47)**	**4.06**	**1.18**	**0.01**	**(3.29)**
Net Position at Beginning of Year	91.80	87.76	111.89	115.94	203.70	203.70
Restatement of Net Position	-	-	-	-	-	-
Net Position at End of Year	**87.77**	**83.29**	**115.94**	**117.12**	**203.70**	**200.41**

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 decreased the City's Net Position by $3.29 million.

The total Government-Wide revenues for FY2018 were $69.96 million, $18.47 million from Governmental Activities, and $51.50 million from Business-Type Activities. City-wide total revenues decreased by $1.40 million, or 1.96%, from $71.36 million in FY 2017.

Total Government-Wide expenses for FY2018 are $73.26 million, an increase of $1.91 million or 2.68% over FY 2017. City-wide total expenses supporting Governmental Activities was $23.67 million or 32.31%, and Business-Type Activities, $49.59 million, or 67.69%.

GOVERNMENTAL ACTIVITIES

Net Position for Governmental Activities was $83.29 million, a decrease of $4.47 million or 5.09% from FY 2017.

REVENUES

Total Revenues for Governmental Activities were $18.47 million.

Charges for Services amounted to $3.04 million for the current year which represents approximately 16.46% of the total revenues in the Governmental Activities category.

Revenues from overall tax sources increased 8.42% in FY2018. The two largest taxes sources were Property Taxes and Sales Taxes, increasing to $4.96 million and $4.19 million, respectively. In comparison to the FY2017 levels, Property Taxes moderately increased 5.76% from $4.69 million and Sales Taxes increased 11.44 % from $3.76 million.

EXPENSES

Total Expenses for Governmental Activities were $23.67 million.

Governmental Activities expenses increased 7.49% to $23.67 million, $1.65 million more than last year. The breakdown by governmental activity follows; General Government expenses decreased $129,543, Public Safety increased $1,557,259, Community Development increased $126,322 Culture and Leisure increased $132,526. Public Works/Transportation expenses increased $2,453, and Interest on long-term debt decreased $20,810.

GOVERNMENTAL ACTIVITIES-NET REVENUES (EXPENSES)

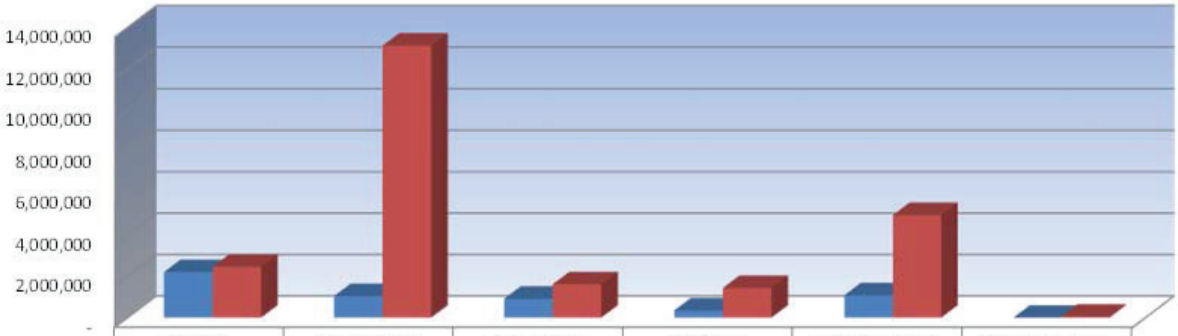
The Net Revenues (Expenses) show the financial burden that was placed on the City's taxpayers by each of the functions.

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)		
	2017	2018	% Chg	2017	2018	% Chg	2017	2018	% Chg
General Government	3,603,179	2,209,262	39%	2,590,641	2,461,098	5%	1,012,538	(251,836)	125%
Public Safety	246,794	1,048,327	325%	11,566,632	13,123,891	13%	(11,319,838)	(12,075,564)	7%
Community Development	692,337	917,717	-	1,495,415	1,621,737	8%	(803,078)	(704,020)	12%
Culture & Leisure	176,148	350,901	99%	1,308,589	1,441,115	10%	(1,132,441)	(1,090,214)	4%
Transportation	650,048	1,085,236	67%	4,967,935	4,970,388	0%	(4,317,887)	(3,885,152)	10%
Interest on long-term debt	-	-	-	76,005	55,195	27%	(76,005)	(55,195)	27%
Government Subtotal	5,368,506	5,611,443	5%	22,005,217	23,673,424	8%	(16,636,711)	(18,061,981)	9%
General Revenues*	11,885,037	12,856,897	8%	-	-	-	11,885,037	12,856,897	8%
Transfers	724,000	724,000	0%	-	-	-	724,000	724,000	0%
SUBTOTAL	17,977,543	19,192,340	7%	22,005,217	23,673,424	7%	(4,027,674)	(4,481,084)	11%
TOTAL	17,977,543	19,192,340	7%	22,005,217	23,673,424	8%	(4,027,674)	(4,481,084)	11%

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



	General Government	Public Safety	Community Development	Culture & Leisure	Transportation	Interest on long-term debt
Revenues	2,209,262	1,048,327	917,717	350,901	1,085,236	-
Expenses	2,461,098	13,123,891	1,621,737	1,441,115	4,970,388	55,195

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)		
	2017	2018	% Chg	2017	2018	% Chg	2017	2018	% Chg
Airport	162,731	239,061	47%	351,599	391,245	11%	(188,868)	(152,184)	19%
Transit	1,993,706	2,047,489	3%	1,726,873	1,866,561	8%	266,833	180,928	32%
BUA Water Utility	9,969,803	10,143,235	2%	7,658,337	8,139,411	6%	2,311,466	2,003,824	13%
Electric Utility	34,385,039	31,061,605	10%	33,351,692	32,726,577	2%	1,033,347	(1,664,972)	261%
BUA Wastewater Utility	3,568,129	3,345,508	6%	2,899,152	2,936,846	1%	668,977	408,662	39%
Refuse Utility	3,514,810	3,608,898	3%	3,341,491	3,526,288	6%	173,319	82,610	52%
Business Subtotal	53,594,218	50,445,796	6%	49,329,144	49,586,928	1%	4,265,074	858,868	80%
General Revenues	507,643	1,047,596	106%	-	-	-	507,643	1,047,596	106%
SUBTOTAL	54,101,861	51,493,392	5%	49,329,144	49,586,928	1%	4,772,717	1,906,464	60%
Transfers	-	-		724,000	724,000	-	(724,000)	(724,000)	
TOTAL	54,101,861	51,493,392	5%	50,053,144	50,310,928	1%	4,048,717	1,182,464	71%

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 $117.124 million (see Table 2).
- Business-type activities increased Net Position by $1.182 million (see Table 2).
- All Business-type activities contributed to the Increase in Net Position, with the exceptions of the Airport and Electric Utility Funds. The FY 2018 results of Net Revenues (Expenses) was $1,182,464, including non-operating revenue of $1,047,596 as shown in Table 4.
- Net increases (decreases) by program operations are detailed in Table 4; Airport ($152,184), Transit $180,928, Water $2,003,824, Electric ($1,664,972), Wastewater $408,662, and Refuse $82,610.

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. Several Special Revenue Funds and one Capital Projects Fund did not have a legally adopted budget in FY 2018. Detail on these funds is available in the Notes to Required Supplementary Information.

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 $28.79 million, a decrease of 0.75 million, -2.54% compared to last fiscal year.
- GASB 54 requires governments to classify fund balances according to the spending constraints defined by GASB 54. $2.11 of the $28.79 million is Unassigned, that is, those funds do not have restrictions. However, the remaining $26.68 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 2017-18, with comparative amounts from the prior year. Fiscal Year 2017-18 Revenues were $18,351,504, a decrease of $550,781 compared to the previous fiscal year.

Table 5 - Comparison of Governmental Revenues

	2016-17	% of Total Revenues	2017-18	% of Total Revenues	$ Increase / (Decrease)	% Change
Taxes	10,739,122	56.81%	11,596,387	63.19%	857,265	7.98%
Licenses & Permits	605,809	3.20%	799,517	4.36%	193,708	31.98%
Intergovernmental	2,582,458	13.66%	2,310,871	12.59%	(271,587)	10.52%
Charges for Services	3,396,761	17.97%	1,842,536	10.04%	(1,554,225)	45.76%
Use of Money & Property	640,812	3.39%	730,369	3.98%	89,557	13.98%
Fines and Forfeitures	252,114	1.33%	248,336	1.35%	(3,778)	1.50%
Contributions	13,502	0.07%	26,157	0.14%	12,655	93.73%
Successor Agency Admin	103,932	0.55%	250,000	1.36%	146,068	140.54%
Miscellaneous	567,775	3.00%	547,331	2.98%	(20,444)	3.60%
TOTAL	18,902,285	100.00%	18,351,504	100.00%	(550,781)	2.91%

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 2016-17 and 2017-18, with related % of total expenditures for each fiscal year. Expenditures for FY2018 were $19,827,863, an increase of $2,170,673 from FY2017.

Table 6 - Comparison of Governmental Expenditures

	2016-17	% of Total Expenditures	2017-18	% of Total Expenditures	$ Increase / (Decrease)	% Change
General Government	2,317,140	13.12%	2,346,949	11.84%	29,809	1.29%
Public Safety	10,063,201	56.99%	10,944,961	55.20%	881,760	8.76%
Community Development	1,447,973	8.20%	1,595,580	8.05%	147,607	10.19%
Parks and Recreation	1,049,253	5.94%	1,106,051	5.58%	56,798	5.41%
Public Works/Transportation	918,170	5.20%	1,379,680	6.96%	461,510	50.26%
Operating Expenditures	15,795,737	89.46%	17,373,221	87.62%	1,577,484	9.99%
Capital Outlay	1,203,917	6.82%	1,936,697	9.77%	732,780	60.87%
Debt Service	657,536	3.72%	517,945	2.61%	(139,591)	21.23%
TOTAL	17,657,190	100.00%	19,827,863	100.00%	2,170,673	12.29%

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-seven 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 2017-18, the Successor Agency received $2.72 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 is $118.26 million for Enterprise Funds. The major funds, the total of City Utilities make up $115.05 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 $2,601,753, Electric's was $14,362 and Wastewater's was $710,590.

GENERAL FUND HIGHLIGHTS

The General Fund Balance is $12.24 million, with $2.74 identified as Unassigned and the balance of $9.50 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 committed as an emergency contingency in the General Fund as 25% of the operating budget, $4.53 million. Funds classified as Non-spendable total $0.06 million for prepaid costs and employee loans. Funds classified as Assigned total $4.91 million which account for capital replacement, future compensated absences, litigation, Gas Tax, PEG, police reward, certain government functions, encumbrances, 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 2015-16, 2016-17 and 2017-18.

Table 7 - General Fund Revenues

	2015-16	2016-17	2017-18	% of Total	$ Increase / (Decrease) to Last Year	% Change
Property Tax	4,459,662	4,731,744	4,959,588	31.21%	227,844	4.82%
Sales Tax	3,262,934	3,213,574	3,624,871	22.81%	411,297	12.80%
Transient Occupancy Tax	789,994	861,221	854,928	5.38%	(6,293)	0.73%
Franchise	860,923	839,395	871,107	5.48%	31,712	3.78%
Other Taxes	767,331	406,225	403,944	2.54%	(2,281)	0.56%
License & Permits	779,554	605,809	799,517	5.03%	193,708	31.98%
Intergovernmental	431,943	148,988	162,862	1.03%	13,874	9.31%
Charges for Services	3,317,495	3,396,761	1,842,536	11.60%	(1,554,225)	45.76%
Use of Money & Property	528,586	534,527	640,264	4.03%	105,737	19.78%
Fines & Forfeitures	267,410	252,114	248,336	1.56%	(3,778)	1.50%
Transfers In	724,000	724,000	724,000	4.56%	-	0.00%
Contributions	251,800	106,182	266,734	1.68%	160,552	151.20%
Miscellaneous	431,606	487,078	490,042	3.08%	2,964	0.61%
Refunding Debt Issued	-	-	-	0.00%	-	-
Gain on disposal of capital assets	-	-	-	0.00%	-	-
TOTALS	16,873,238	16,307,618	15,888,729	100.00%	(418,889)	2.57%

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

For Fiscal Year 2017-18, General Fund revenues were $15,888,729, a decrease of $418,889 over FY 2016-17. Key elements of this year's activity versus last fiscal year are as follows:

- Property Tax Revenues, $4,959,588 increased by $227,844, a 4.82% increase over FY2017.
- Licenses & Permits, $799,517 increased 31.98%, as a result of an increase in commercial development activity, from $605,809 in FY2017.
- Other Tax revenues, $403,944 decreased by $2,281, a 0.56% decrease over FY2017.
- Revenues from Charges for Services, $1,842,536, decreased 45.76% from FY2017. This includes the Electric Department's 10% administrative service transfer to the General Fund, which was decreased by $1.5 million at mid-year for FY 2018 and offset by 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 years 2015-16, 2016-17 and 2017-18.

Table 8 - General Fund Expenditures

	2015-16	2016-17	2017-18	% of Total	$ Increase / (Decrease) to Last Year	% Change
General Government*	2,175,889	2,306,156	2,344,116	13.82%	37,960	1.65%
Public Safety	9,029,278	9,606,638	10,439,183	61.52%	832,545	8.67%
Community Development	1,521,876	1,428,239	1,502,312	8.85%	74,073	5.19%
Culture & Leisure	764,076	1,045,776	1,106,051	6.52%	60,275	5.76%
Public Works *	-	-	-	0.00%	-	-
Capital Outlay	256,128	24,063	363,629	2.14%	339,566	1411.15%
Debt Service	435,690	657,536	517,945	3.05%	(139,591)	21.23%
Transfers Out	248,084	164,325	694,278	4.09%	529,953	322.50%
Refunding Debt Issued costs	-	-	-	-	-	-
TOTALS	14,431,021	15,232,733	16,967,514	100.00%	1,734,781	11.39%

** 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, 2017 and 2018.

Total General Fund expenditures were $16,967,514 a 11.39% increase over the previous year. The largest changes occurred in the following areas:

- General Government expenditures of $2,344,116, increased by $37,960, or 1.65%.
- Public Safety expenditures of $10,439,183, increased by $832,545, or 8.67%.
- Culture & Leisure expenditures of $1,106,051 increased by $60,275, or 5.76%.
- Capital Outlay expenditures of $363,629, increased by $339,566, or 1411.15%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original FY2018 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 $15.88 million were $0.56 million more than the final budgeted revenues of $15.32 million (please refer to Budgetary Comparison Schedule-General Fund). This is mainly due to more revenues from Other Taxes, lower Inter-fund charges and Contributions

The General Fund actual ending expenditures of $16.97 million were $1.86 million lower than the final budget of $18.83 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 Budgetary Balance showed a net increase in fund balance of $2.42 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, 2018, is $184,875,457 (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		
	2017	2018	% Chg	2017	2018	% Chg	2017	2018	% Chg
Land	3,204,822	4,391,449	37%	1,184,229	1,184,229	0%	4,389,051	5,575,678	27%
Construction in Progress	1,042,603	1,169,711	12%	6,957,094	7,176,554	3%	7,999,697	8,346,265	4%
Building and Structures*	10,336,521	9,449,811	9%	94,034	86,918	8%	10,430,555	9,536,729	9%
Land Improvements*	3,623,462	3,357,310	7%	2,169,677	1,985,565	8%	5,793,139	5,342,875	8%
Machinery and Equipment*	776,317	642,997	17%	-	-	-	776,317	642,997	17%
Vehicles*	366,828	339,242	8%	-	-	-	366,828	339,242	8%
Utility Plant	-	-	-	100,103,863	103,323,914	3%	100,103,863	103,323,914	3%
Infrastructure*	54,734,233	51,767,757	5%	-	-	-	54,734,233	51,767,757	5%
TOTAL	74,084,786	71,118,277	4%	110,508,897	113,757,180	3%	184,593,683	184,875,457	0%

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, 2018, 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 $106,386,692 at June 30, 2017 and $106,141,105 at June 30, 2018.

At year June 30, 2018, the City's Governmental Activities had long term debt in the amount of $29,388,669 including Net Pension Liability of $26,235,268. 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 $76,752,436 including Net Pension Liability of $13,849,463. 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		
	2017	2018	% Chg	2017	2018	% Chg	2017	2018	% Chg
Compensated Absences	1,064,253	988,305	7%	682,602	667,447	2%	1,746,855	1,655,752	5%
Refunding Lease	1,416,167	1,029,684	27%	-	-	-	1,416,167	1,029,684	27%
Vehicle Lease	151,569	77,723	0%			0%	151,569	77,723	0%
Revenue Bonds	-	-	-	58,290,000	56,345,000	3%	58,290,000	56,345,000	3%
Claims & Judgements	1,468,708	1,057,689	28%	-	-	-	1,468,708	1,057,689	28%
Loans	-	-	-	1,141,974	867,377	24%	1,141,974	867,377	24%
SUBTOTAL	4,100,697	3,153,401	23%	60,114,576	57,879,824	4%	64,215,273	61,033,225	5%
Less:									
Unamortized original issue premium				5,375,092	5,096,937	5%	5,375,092	5,096,937	5%
Unamortized original issue discount				(78,004)	(73,788)	5%	(78,004)	(73,788)	5%
Net Business-Type Activities				65,411,664	62,902,973	4%	69,512,361	66,056,374	5%
Net Pension Liability	24,193,592	26,235,268	8%	12,680,739	13,849,463	9%	36,874,331	40,084,731	9%
TOTAL	28,294,289	29,388,669	4%	78,092,403	76,752,436	2%	106,386,692	106,141,105	0%

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, California 92220.

CITY OF BANNING

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$ 24,655,170	$ 60,267,144	$ 84,922,314
Receivables:			
Accounts	851,916	7,347,999	8,199,915
Loans	813,143	4,693	817,836
Interest	116,811	275,997	392,808
Internal balances	661,052	(661,052)	-
Prepaid costs	30,907	9,154	40,061
Deposits	-	111,392	111,392
Due from other governments	3,165,530	172,296	3,337,826
Inventories	126,984	2,809,233	2,936,217
Restricted assets:			
Cash and investments	-	2,279,429	2,279,429
Cash with fiscal agent	8,314,738	6,870,598	15,185,336
Capital assets not being depreciated	5,561,160	8,360,783	13,921,943
Capital assets, net of depreciation	65,557,117	105,396,397	170,953,514
Total Assets	**109,854,528**	**193,244,063**	**303,098,591**
Deferred Outflows of Resources:			
Deferred charge on refunding	-	3,129,978	3,129,978
Deferred pension related items	7,346,984	2,839,845	10,186,829
Total Deferred Outflows of Resources	**7,346,984**	**5,969,823**	**13,316,807**
Liabilities:			
Accounts payable	2,267,918	3,040,633	5,308,551
Accrued liabilities	395,224	268,310	663,534
Accrued interest	6,451	335,403	341,854
Unearned revenue	322,008	357,456	679,464
Deposits payable	707,743	820,045	1,527,788
Due to other governments	296	-	296
Noncurrent liabilities:			
Due within one year	1,537,967	2,731,356	4,269,323
Due in more than one year	1,615,434	60,171,617	61,787,051
Net pension liability	26,235,268	13,849,463	40,084,731
Total Liabilities	**33,088,309**	**81,574,283**	**114,662,592**
Deferred Inflows of Resources:			
Deferred pension related items	827,629	515,411	1,343,040
Total Deferred Inflows of Resources	**827,629**	**515,411**	**1,343,040**
Net Position:			
Net investment in capital assets	70,010,870	54,651,632	124,662,502
Restricted for:			
Community development projects	2,583,409	-	2,583,409
Public safety	285,386	-	285,386
Culture and leisure	37,987	-	37,987
Transportation	3,307,483	-	3,307,483
Capital projects	8,300,217	6,870,554	15,170,771
Debt service	-	44	44
Unrestricted	(1,239,778)	55,601,962	54,362,184
Total Net Position	**$ 83,285,574**	**$ 117,124,192**	**$ 200,409,766**

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Contributions and Grants**	**Capital Contributions and Grants**
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	$ 2,461,098	$ 1,935,931	$ 273,331	$ -
Public safety	13,123,891	75,552	972,775	-
Community development	1,621,737	836,137	-	81,580
Culture and leisure	1,441,115	154,452	2,826	193,623
Transportation	4,970,388	42,264	762,801	280,171
Interest on long-term debt	55,195	-	-	-
Total Governmental Activities	**23,673,424**	**3,044,336**	**2,011,733**	**555,374**
Business-Type Activities:				
Airport	391,245	232,734	6,327	-
Transit	1,866,561	117,872	1,929,617	-
Banning Utility Authority Water	8,139,411	9,554,347	588,888	-
Electric Utility	32,726,577	31,048,355	13,250	-
Banning Utility Authority Wastewater	2,936,846	3,339,942	5,566	-
Refuse Utility	3,526,288	3,562,532	46,366	-
Total Business-Type Activities	**49,586,928**	**47,855,782**	**2,590,014**	**-**
Total Primary Government	**$ 73,260,352**	**$ 50,900,118**	**$ 4,601,747**	**$ 555,374**

General Revenues:
Taxes:
Property taxes, levied for general purpose
Transient occupancy taxes
Sales taxes
Franchise taxes
Business licenses taxes
Other taxes
Motor vehicle in lieu - unrestricted
Use of money and property
Other
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See Notes to Financial Statements

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (251,836)	$ -	$ (251,836)
(12,075,564)	-	(12,075,564)
(704,020)	-	(704,020)
(1,090,214)	-	(1,090,214)
(3,885,152)	-	(3,885,152)
(55,195)	-	(55,195)
(18,061,981)	**-**	**(18,061,981)**
-	(152,184)	(152,184)
-	180,928	180,928
-	2,003,824	2,003,824
-	(1,664,972)	(1,664,972)
-	408,662	408,662
-	82,610	82,610
-	**858,868**	**858,868**
(18,061,981)	**858,868**	**(17,203,113)**
4,959,588	-	4,959,588
854,928	-	854,928
4,188,798	-	4,188,798
871,107	-	871,107
179,109	-	179,109
542,857	-	542,857
16,354	-	16,354
737,464	642,496	1,379,960
506,692	405,100	911,792
724,000	(724,000)	-
13,580,897	**323,596**	**13,904,493**
(4,481,084)	1,182,464	(3,298,620)
87,766,658	115,941,728	203,708,386
$ 83,285,574	**$ 117,124,192**	**$ 200,409,766**

See Notes to Financial Statements

CITY OF BANNING

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	$ 13,134,555	$ 7,862,922	$ 20,997,477
Receivables:			
Accounts, net	811,272	304	811,576
Loans	-	813,143	813,143
Interest	77,726	31,654	109,380
Prepaid costs	30,907	-	30,907
Due from other governments	754,562	2,356,937	3,111,499
Due from other funds	667,985	-	667,985
Restricted assets:			
Cash and investments with fiscal agents	-	8,312,821	8,312,821
Total Assets	**$ 15,477,007**	**$ 19,377,781**	**$ 34,854,788**
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	$ 1,785,264	$ 285,893	$ 2,071,157
Accrued liabilities	259,334	39,564	298,898
Unearned revenues	68,550	253,458	322,008
Deposits payable	607,357	100,386	707,743
Due to other governments	296	-	296
Due to other funds	83,759	667,985	751,744
Advances from other funds	394,118	-	394,118
Total Liabilities	**3,198,678**	**1,347,286**	**4,545,964**
Deferred Inflows of Resources:			
Unavailable revenues	38,762	1,475,440	1,514,202
Total Deferred Inflows of Resources	**38,762**	**1,475,440**	**1,514,202**
Fund Balances:			
Nonspendable:			
Prepaid costs	30,907	-	30,907
Employee loans	30,465	-	30,465
Restricted for:			
Community development projects	-	2,583,409	2,583,409
Public safety	-	285,386	285,386
Culture and leisure	-	37,987	37,987
Transportation	-	3,307,483	3,307,483
Capital Projects	-	8,300,217	8,300,217
Committed to:			
Emergency Contingency	4,528,172	-	4,528,172
Assigned to:			
Public safety	368,016	-	368,016
Culture and leisure	307,744	-	307,744
Transportation	205,163	-	205,163
Capital Replacement	1,500,000	2,674,301	4,174,301
General government	102,581	-	102,581
Future compensated absences	909,568	-	909,568
Litigation Contingency	179,189	-	179,189
Gas tax commitment	164,325	-	164,325
PEG	133,104	-	133,104
Police Reward	25,000	-	25,000
CalPERS Liability	500,000	-	500,000
Encumbrances	516,327	-	516,327
Unassigned	2,739,006	(633,728)	2,105,278
Total Fund Balances	**12,239,567**	**16,555,055**	**28,794,622**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 15,477,007**	**$ 19,377,781**	**$ 34,854,788**

See Notes to Financial Statements

CITY OF BANNING

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Fund balances of governmental funds		$ 28,794,622
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.		70,727,690
Deferred outflows related to pension items:		
Safety plan		
Changes of assumptions	$ 2,174,479	
Adjustments due to differences in proportions	569,781	
Change in employer's proportionate share	291,851	
Difference between expected and actual experiences	149,937	
Net differences between projected and actual earnings on plan investments	474,122	
Current year contributions that occurred after the measurement date	1,599,794	5,259,964
Miscellaneous plan		
Changes of assumptions	604,404	
Net differences between projected and actual earnings on plan investments	153,682	
Current year contributions that occurred after the measurement date	460,820	1,218,906
Long-term debt, compensated absences and net pension liability that have not been included in the governmental fund activity:		
Bonds payable	(1,107,407)	
Compensated Absences	(824,239)	
Net pension liability		
Safety plan	(16,057,212)	
Miscellaneous plan	(5,944,408)	(23,933,266)
Deferred inflows related to pension items:		
Safety plan		
Changes of assumptions	(166,832)	
Adjustments due to differences in proportions	(224,495)	
Change in employer's proportionate share	(18,430)	
Difference between expected and actual experiences	(39,092)	(448,849)
Miscellaneous plan		
Difference between expected and actual experiences		(221,223)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(6,451)
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.		1,514,202
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.		379,979
Net Position of Governmental Activities		**$ 83,285,574**

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 10,714,438	$ 881,949	$ 11,596,387
Licenses and permits	799,517	-	799,517
Intergovernmental	162,862	2,148,009	2,310,871
Charges for services	1,842,536	-	1,842,536
Use of money and property	640,264	90,105	730,369
Fines and forfeitures	248,336	-	248,336
Contributions	16,734	9,423	26,157
Contribution from Successor Agency	250,000	-	250,000
Miscellaneous	490,042	57,289	547,331
Total Revenues	**15,164,729**	**3,186,775**	**18,351,504**
Expenditures:			
Current:			
General government	2,344,116	2,833	2,346,949
Public safety	10,439,183	505,778	10,944,961
Community development	1,502,312	93,268	1,595,580
Culture and leisure	1,106,051	-	1,106,051
Transportation	-	1,379,680	1,379,680
Capital outlay	363,629	1,573,068	1,936,697
Debt service:			
Principal retirement	460,329	-	460,329
Interest and fiscal charges	57,616	-	57,616
Total Expenditures	**16,273,236**	**3,554,627**	**19,827,863**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,108,507)	(367,852)	(1,476,359)
Other Financing Sources (Uses):			
Transfers in	724,000	694,278	1,418,278
Transfers out	(694,278)	-	(694,278)
Total Other Financing Sources (Uses)	**29,722**	**694,278**	**724,000**
Net Change in Fund Balances	(1,078,785)	326,426	(752,359)
Fund Balances, Beginning of Year	13,318,352	16,228,629	29,546,981
Fund Balances, End of Year	**$ 12,239,567**	**$ 16,555,055**	**$ 28,794,622**

See Notes to Financial Statements

CITY OF BANNING

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds		$ (752,359)
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	$ 2,314,695	
Depreciation	(5,338,715)	(3,024,020)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments		460,329
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		2,421
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.		85,329
Pension Expenses recognized in accordance with GASB 68 not recognized in the governmental fund activity.		
Safety plan	(1,231,751)	
Miscellaneous plan	184,765	(1,046,986)
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.		109,741
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.		(315,539)
Change in Net Position of Governmental Activities		**$ (4,481,084)**

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	**Electric Utility**	**Banning Utility Authority Wastewater**
Assets:			
Current:			
Pooled cash and investments	$ 17,765,333	$ 22,215,467	$ 18,651,267
Receivables:			
Accounts, net	1,658,145	4,554,085	545,954
Loans	-	1,012	-
Interest	83,347	106,687	78,973
Prepaid costs	-	9,154	-
Deposits	-	111,392	-
Due from other governments	102,305	-	-
Due from other funds	-	-	-
Inventories	461,141	2,314,451	-
Restricted:			
Cash and investments	-	2,279,429	-
Cash with fiscal agent	874,879	2,732,808	3,262,911
Total Current Assets	**20,945,150**	**34,324,485**	**22,539,105**
Noncurrent:			
Advances to other funds	-	394,118	-
Capital assets - net of accumulated depreciation	48,094,982	48,935,207	13,266,784
Total Noncurrent Assets	**48,094,982**	**49,329,325**	**13,266,784**
Total Assets	**69,040,132**	**83,653,810**	**35,805,889**
Deferred Outflows of Resources:			
Deferred charge on refunding	856,765	2,234,917	38,296
Deferred pension related items	535,058	1,608,621	256,690
Total Deferred Outflows of Resources	**1,391,823**	**3,843,538**	**294,986**
Total Assets and Deferred Outflows of Resources	**$ 70,431,955**	**$ 87,497,348**	**$ 36,100,875**
Liabilities, Deferred Inflow of Resources and Net Position:			
Liabilities:			
Current:			
Accounts payable	$ 378,455	$ 2,322,013	$ 83,310
Accrued liabilities	70,398	128,991	27,486
Accrued interest	173,810	110,524	51,069
Unearned revenues	-	-	-
Deposits payable	174,293	436,438	91,832
Compensated absences	106,819	195,931	51,367
Claims and judgments	-	-	-
Bonds, notes, and capital leases	745,000	1,095,000	461,737
Total Current Liabilities	**1,648,775**	**4,288,897**	**766,801**
Noncurrent:			
Net Pension Liability	2,609,389	7,844,985	1,251,834
Compensated absences	59,133	108,463	28,436
Claims and judgments	-	-	-
Bonds, notes, and capital leases	24,683,427	30,153,510	5,096,852
Total Noncurrent Liabilities	**27,351,949**	**38,106,958**	**6,377,122**
Total Liabilities	**29,000,724**	**42,395,855**	**7,143,923**
Deferred Inflows of Resources:			
Deferred pension related items	97,109	291,952	46,587
Total Deferred Inflows of Resources	**97,109**	**291,952**	**46,587**
Net Position:			
Net investment in capital assets	23,523,320	19,921,614	7,746,491
Restricted for capital projects	874,879	2,732,808	3,262,867
Restricted for debt service	-	-	44
Unrestricted	16,935,923	22,155,119	17,900,963
Total Net Position	**$ 41,334,122**	**$ 44,809,541**	**$ 28,910,365**
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 70,431,955**	**$ 87,497,348**	**$ 36,100,875**

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

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Assets:			
Current:			
Pooled cash and investments	$ 1,635,077	$ 60,267,144	$ 3,659,610
Receivables:			
Accounts, net	589,815	7,347,999	40,340
Loans	3,681	4,693	-
Interest	6,990	275,997	7,431
Prepaid costs	-	9,154	-
Deposits	-	111,392	-
Due from other governments	69,991	172,296	54,031
Due from other funds	83,759	83,759	-
Inventories	33,641	2,809,233	126,984
Restricted:			
Cash and investments	-	2,279,429	-
Cash with fiscal agent	-	6,870,598	-
Total Current Assets	**2,422,954**	**80,231,694**	**3,888,396**
Noncurrent:			
Advances to other funds	-	394,118	-
Capital assets - net of accumulated depreciation	3,460,207	113,757,180	390,587
Total Noncurrent Assets	**3,460,207**	**114,151,298**	**390,587**
Total Assets	**5,883,161**	**194,382,992**	**4,278,983**
Deferred Outflows of Resources:			
Deferred charge on refunding	-	3,129,978	-
Deferred pension related items	439,476	2,839,845	868,114
Total Deferred Outflows of Resources	**439,476**	**5,969,823**	**868,114**
Total Assets and Deferred Outflows of Resources	**$ 6,322,637**	**$ 200,352,815**	**$ 5,147,097**
Liabilities, Deferred Inflow of Resources and Net Position:			
Liabilities:			
Current:			
Accounts payable	$ 256,855	$ 3,040,633	$ 196,761
Accrued liabilities	41,435	268,310	96,326
Accrued interest	-	335,403	-
Unearned revenues	357,456	357,456	-
Deposits payable	117,482	820,045	-
Compensated absences	75,502	429,619	130,620
Claims and judgments	-	-	453,284
Bonds, notes, and capital leases	-	2,301,737	-
Total Current Liabilities	**848,730**	**7,553,203**	**876,991**
Noncurrent:			
Net Pension Liability	2,143,255	13,849,463	4,233,648
Compensated absences	41,796	237,828	33,446
Claims and judgments	-	-	604,405
Bonds, notes, and capital leases	-	59,933,789	-
Total Noncurrent Liabilities	**2,185,051**	**74,021,080**	**4,871,499**
Total Liabilities	**3,033,781**	**81,574,283**	**5,748,490**
Deferred Inflows of Resources:			
Deferred pension related items	79,763	515,411	157,557
Total Deferred Inflows of Resources	**79,763**	**515,411**	**157,557**
Net Position:			
Net investment in capital assets	3,460,207	54,651,632	390,587
Restricted for capital projects	-	6,870,554	-
Restricted for debt service	-	44	-
Unrestricted	(251,114)	56,740,891	(1,149,537)
Total Net Position	**$ 3,209,093**	**$ 118,263,121**	**$ (758,950)**
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 6,322,637**	**$ 200,352,815**	**$ 5,147,097**
		$ 118,263,121	
		(824,237)	
		(314,692)	
		$ 117,124,192	

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	**Electric Utility**	**Banning Utility Authority Wastewater**
Operating Revenues:			
Sales and service charges	$ 9,554,347	$ 31,048,355	$ 3,339,942
Miscellaneous	98,370	194,182	6,481
Total Operating Revenues	**9,652,717**	**31,242,537**	**3,346,423**
Operating Expenses:			
Salaries and benefits	1,589,447	5,037,236	623,206
Supplies and services	4,170,884	4,368,787	1,439,266
Repairs and maintenance	60,323	32,255	24,627
Street lighting costs	-	144,281	-
Power purchased	-	20,337,082	-
Bad debt expense	16,111	64,013	7,916
Insurance premiums	-	-	-
Depreciation expense	1,214,199	1,244,521	540,818
Total Operating Expenses	**7,050,964**	**31,228,175**	**2,635,833**
Operating Income (Loss)	2,601,753	14,362	710,590
Nonoperating Revenues (Expenses):			
Intergovernmental	588,888	13,250	5,566
Interest revenue and change in fair value of investments	176,308	295,717	159,034
Interest expense	(978,342)	(1,341,476)	(277,987)
Total Nonoperating Revenues (Expenses)	**(213,146)**	**(1,032,509)**	**(113,387)**
Income (Loss) Before Transfers	2,388,607	(1,018,147)	597,203
Transfers out	(488,000)	-	(181,000)
Changes in Net Position	1,900,607	(1,018,147)	416,203
Net Position:			
Beginning of Year	39,433,515	45,827,688	28,494,162
End of Fiscal Year	**$ 41,334,122**	**$ 44,809,541**	**$ 28,910,365**

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

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating Revenues:			
Sales and service charges	$ 3,913,138	$ 47,855,782	$ 5,494,886
Miscellaneous	106,067	405,100	98,486
Total Operating Revenues	**4,019,205**	**48,260,882**	**5,593,372**
Operating Expenses:			
Salaries and benefits	1,381,815	8,631,704	2,796,048
Supplies and services	3,940,732	13,919,669	2,252,671
Repairs and maintenance	12,490	129,695	280,430
Street lighting costs	-	144,281	-
Power purchased	-	20,337,082	-
Bad debt expense	10,056	98,096	-
Insurance premiums	-	-	868,923
Depreciation expense	414,366	3,413,904	32,626
Total Operating Expenses	**5,759,459**	**46,674,431**	**6,230,698**
Operating Income (Loss)	(1,740,254)	1,586,451	(637,326)
Nonoperating Revenues (Expenses):			
Intergovernmental	1,982,310	2,590,014	-
Interest revenue and change in fair value of investments	11,437	642,496	7,095
Interest expense	-	(2,597,805)	-
Total Nonoperating Revenues (Expenses)	**1,993,747**	**634,705**	**7,095**
Income (Loss) Before Transfers	253,493	2,221,156	(630,231)
Transfers out	(55,000)	(724,000)	-
Changes in Net Position	198,493	1,497,156	(630,231)
Net Position:			
Beginning of Year	3,010,600	116,765,965	(128,719)
End of Fiscal Year	**$ 3,209,093**	**$ 118,263,121**	**$ (758,950)**
		$ 1,497,156	
		(314,692)	
		$ 1,182,464	

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	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	$ 9,792,946	$ 30,238,698	$ 3,412,619
Cash received from interfund services provided	98,370	194,182	6,481
Cash paid to suppliers for goods and services	(4,471,797)	(23,362,955)	(1,626,033)
Cash paid to employees for services	(1,739,844)	(3,943,866)	(724,656)
Cash received from others	-	-	-
Net Cash Provided (Used) by Operating Activities	**3,679,675**	**3,126,059**	**1,068,411**
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(488,000)	-	(181,000)
Intergovernmental	588,888	13,250	5,566
Net Cash Provided (Used) by Non-Capital Financing Activities	**100,888**	**13,250**	**(175,434)**
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,384,575)	(3,723,051)	(83,366)
Principal paid on capital debt	(730,000)	(1,045,000)	(444,597)
Interest paid on capital debt	(1,058,373)	(1,381,020)	(254,132)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(4,172,948)**	**(6,149,071)**	**(782,095)**
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	258	2,738	-
Issuance of notes and loans receivable	-	-	-
Interest received	130,388	244,301	120,256
Net Cash Provided (Used) by Investing Activities	**130,646**	**247,039**	**120,256**
Net Increase (Decrease) in Cash and Cash Equivalents	**(261,739)**	**(2,762,723)**	**231,138**
Cash and Cash Equivalents at Beginning of Year	18,901,951	29,990,427	21,683,040
Cash and Cash Equivalents at End of Year	**$ 18,640,212**	**$ 27,227,704**	**$ 21,914,178**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ 2,601,753	$ 14,362	$ 710,590
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	1,214,199	1,244,521	540,818
Bad debt expense	16,111	64,013	7,916
(Increase) decrease in accounts receivable	114,433	448,976	66,643
(Increase) decrease in deposits receivable	-	(1,244)	-
(Increase) decrease in due from other governments	109,973	-	-
(Increase) decrease in prepaid expense	-	62,783	-
(Increase) decrease in inventories	(31,203)	976,471	-
Increase (decrease) in accounts payable	(207,296)	541,558	(158,247)
Increase (decrease) in accrued liabilities	14,020	2,651	4,023
Increase (decrease) in deposits payable	(1,918)	21,998	(1,882)
Increase (decrease) in unearned revenue	-	(1,343,400)	-
Increase (decrease) in employee salary/benefit obligations	(167,814)	1,123,182	(98,664)
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	17,417	(29,812)	(2,786)
Total Adjustments	**1,077,922**	**3,111,697**	**357,821**
Net Cash Provided (Used) by Operating Activities	**$ 3,679,675**	**$ 3,126,059**	**$ 1,068,411**
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	$ 125,339	$ 152,816	$ (4,216)
Amortization of Gain/Loss on Defeasance	(48,958)	(117,627)	25,531

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Other Enterprise Funds	Business-Type Activities - Totals	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:			
Cash received from customers and users	$ 3,893,619	$ 47,337,882	$ 5,494,372
Cash received from interfund services provided	28,069	327,102	93,315
Cash paid to suppliers for goods and services	(4,654,307)	(34,115,092)	(3,790,392)
Cash paid to employees for services	(1,349,781)	(7,758,147)	(2,613,197)
Cash received from others	8,007	8,007	-
Net Cash Provided (Used) by Operating Activities	**(2,074,393)**	**5,799,752**	**(815,902)**
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(55,000)	(724,000)	-
Intergovernmental	1,982,310	2,590,014	-
Net Cash Provided (Used) by Non-Capital Financing Activities	**1,927,310**	**1,866,014**	**-**
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(471,196)	(6,662,188)	(90,137)
Principal paid on capital debt	-	(2,219,597)	-
Interest paid on capital debt	-	(2,693,525)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	**(471,196)**	**(11,575,310)**	**(90,137)**
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	-	2,996	-
Issuance of notes and loans receivable	(2,499)	(2,499)	-
Interest received	8,971	503,916	5,532
Net Cash Provided (Used) by Investing Activities	**6,472**	**504,413**	**5,532**
Net Increase (Decrease) in Cash and Cash Equivalents	**(611,807)**	**(3,405,131)**	**(900,507)**
Cash and Cash Equivalents at Beginning of Year	2,246,884	72,822,302	4,560,117
Cash and Cash Equivalents at End of Year	**$ 1,635,077**	**$ 69,417,171**	**$ 3,659,610**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ (1,740,254)	$ 1,586,451	$ (637,326)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	414,366	3,413,904	32,626
Bad debt expense	(10,056)	77,984	-
(Increase) decrease in accounts receivable	3,139	633,191	(514)
(Increase) decrease in deposits receivable	-	(1,244)	-
(Increase) decrease in due from other governments	(69,991)	39,982	(5,171)
(Increase) decrease in prepaid expense	-	62,783	-
(Increase) decrease in inventories	(16,166)	929,102	(78,007)
Increase (decrease) in accounts payable	(244,164)	(68,149)	93,356
Increase (decrease) in accrued liabilities	(4,299)	16,395	10,907
Increase (decrease) in deposits payable	(2,546)	15,652	-
Increase (decrease) in unearned revenue	(436,456)	(1,779,856)	-
Increase (decrease) in employee salary/benefit obligations	32,008	888,712	169,865
Increase (decrease) in claims and judgments	-	-	(411,019)
Increase (decrease) in compensated absences	26	(15,155)	9,381
Total Adjustments	**(334,139)**	**4,213,301**	**(178,576)**
Net Cash Provided (Used) by Operating Activities	**$ (2,074,393)**	**$ 5,799,752**	**$ (815,902)**
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	$ -	$ 273,939	$ -
Amortization of Gain/Loss on Defeasance	-	(141,054)	-

See Notes to Financial Statements

CITY OF BANNING

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Pooled cash and investments	$ 364,148	$ 618,385
Receivables:		
Accounts	2,951	10,000
Notes and loans	-	2,943,680
Interest	1,435	245
Prepaid costs	-	251,533
Due from other governments	2,925	-
Land held for resale	-	4,675,556
Restricted assets:		
Cash and investments with fiscal agents	225,908	133,492
Capital assets:		
Capital assets, not being depreciated	-	3,152,553
Capital assets, net of accumulated depreciation	-	4,737,233
Total Assets	**$ 597,367**	**16,522,677**
Deferred Outflows of Resources:		
Deferred charge on refunding		858,025
Total Deferred Outflows of Resources		**858,025**
Liabilities:		
Accounts payable	$ 2,082	143,886
Accrued interest	-	332,900
Deposits payable	77,614	-
Due to bondholders	517,671	-
Long-term liabilities:		
Due in one year	-	1,205,000
Due in more than one year	-	30,943,415
Total Liabilities	**$ 597,367**	**32,625,201**
Net Position:		
Held in trust for other purposes		(15,244,499)
Total Net Position		**$ (15,244,499)**

CITY OF BANNING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2018

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions:	
Taxes	$ 2,722,510
Interest and change in fair value of investments	15,584
Total Additions	**2,738,094**
Deductions:	
Administrative expenses	263,353
Interest expense	948,744
Amortization expense	74,611
Depreciation expense	224,729
Total Deductions	**1,511,437**
Changes in Net Position	**1,226,657**
Net Position - Beginning of the Year	(16,471,156)
Net Position - End of the Year	**$ (15,244,499)**

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

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

Blended Component Units

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

The City of Banning Financing Authority (the Authority) was formed by a joint exercise of powers agreement between the City of Banning and the former Banning Redevelopment Agency. It was established November 12, 2003 under Article 1 (commencing with Section 6500) of the Joint Powers Law of the State of California for the purpose of providing an entity to assist in providing financing for the City and the Agency. It does not issue separate financial statements. Its activities are included with the City's activities in these financial statements.

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

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.

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.

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.

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 XIIIA 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.

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.

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 due to the following: contributions made subsequent to the measurement date of the net pension liability, which are deferred and recognized against the respective liabilities in the following year, and either the net difference between projected and actual earnings on pension plan investments is deferred and will be recognized as a portion of pension expense in future years over a five year amortization period, and differences between expected and actual experiences, change in assumptions, adjustments due to difference in proportions, and the difference between actual contributions made and the proportionate share of the risk pool's total contributions which is deferred and amortized over the expected average remaining service life.

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

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

report unavailable revenues from sources; such as, taxes, grant revenues, and long-term receivables.

The second item is in relation to the net pension obligation reported in the statement of net position. These inflows are the results of either the net difference between projected and actual earnings on pension plan investments is deferred and will be recognized as a portion of pension expense in future years over a five year amortization period, and differences between expected and actual experiences, change in assumptions, adjustments due to difference in proportions, and the difference between actual contributions made and the proportionate share of the risk pool's total contributions which is deferred and amortized over the expected average remaining service life.

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.

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

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

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

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

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.

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

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

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

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.

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

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

	Hours
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

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.

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

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.

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 of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

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

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.

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	$ (501,651)
CDBG - Special Revenue	(20,984)
Sunset Grade Separation - Capital Projects	(612,744)
Information Services	(465,239)
Utility Billing Services	(1,532,151)

II. DETAILED NOTES ON ALL FUNDS

Note 2: Cash and Investments

As of June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	$ 32,969,908
Business-type activities	69,417,171
Fiduciary funds	1,341,933
Total Cash and Investments	$ 103,729,012

Petty Cash	$ 4,155
Deposits with financial institutes	21,533,121
Investments	82,191,736
Total Cash and Investments	$ 103,729,012

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, 2018, the carrying amount of the City's deposits was $21,533,121 and the bank balance was $20,431,343. The $1,101,778 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.

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, 2018, the City's investments in Federal Agency Securities consisted of investments in Federal Home Loan Bank bonds, Federal National Mortgage Association bonds, and Federal Home Loan Mortgage Corporation Notes. At June 30, 2018, all Federal Agency Securities were rated "AA+" or better by Standard & Poor's. All securities were investment grade and were legal under State and City law. As of June 30, 2018, the City's investments in external investment pools are unrated.

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, 2018, 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, 2018, 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, 2018, the City had the following investments and maturities:

	Remaining Investment Maturities				
Investment Type	1 year or less	1 to 3 years	3 to 5 years	More than 5 years	Fair Value
Federal Agency Securities	$ 4,973,690	$ 8,854,740	$ -	$ -	$ 13,828,430
Local Agency Investment Fund	40,389,224	-	-	-	40,389,224
Money Market	12,429,350	-	-	-	12,429,350
Cash with Fiscal Agents:					
Money Market	15,544,732	-	-	-	15,544,732
Total	$ 73,336,996	$ 8,854,740	$ -	$ -	$ 82,191,736

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, 2018:

Note 2: Cash and Investments (Continued)

Investments by fair value level	Totals	Level 1	Level 2	Level 3
Federal Agency Securities	$ 13,828,430	$ -	$ 13,828,430	$ -
Local Agency Investment	40,389,224	-	40,389,224	-
Total Investments	54,217,654	$ -	$ 54,217,654	$ -

Investments measured at amortized cost	
Money Market Funds	12,429,350
Cash with Fiscal Agents:	
Money Market Funds	15,544,732
Totals	27,974,082
Total Investments	$ 82,191,736

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, 2018, is as follows:

Due To/From Other Funds

Funds	Due to Other Funds: General Fund	Due to Other Funds: Nonmajor Governmental Funds	Total
Due from Other Funds:			
General Fund	$ -	$ 667,985	$ 667,985
Transit	83,759	-	83,759
Total	$ 83,759	$ 667,985	$ 751,744

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	$ 394,118

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, 2018, principal owed on those loans was $394,118.

Interfund Transfers

	Transfers Out:				
Funds	General Fund	BUA Water Fund	BUA Wastewater Fund	Nonmajor Enterprise Funds	Totals
Transfers In:					
General Fund	$ -	$ 488,000	$ 181,000	$ 55,000	$ 724,000
Nonmajor Governmental Funds	694,278	-	-	-	694,278
Totals	$ 694,278	$ 488,000	$ 181,000	$ 55,000	$ 1,418,278

Transfers out of the General, Nonmajor Enterprise Funds, the BUA Wastewater Fund and the BUA Water 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, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 3,204,822	$ 1,186,627	$ -	$ -	$ 4,391,449
Construction-in-progress	1,042,603	1,149,056	-	(1,021,948)	1,169,711
Total Capital Assets, Not Being Depreciated	4,247,425	2,335,683	-	(1,021,948)	5,561,160
Capital assets, being depreciated:					
Buildings and structures	26,420,632	-	-	-	26,420,632
Land improvements	7,910,030	58,697	-	-	7,968,727
Machinery and equipment	6,868,909	10,452	-	77,964	6,957,325
Vehicles	4,216,486	-	-	79,685	4,296,171
Infrastructure	119,050,506	-	-	864,299	119,914,805
Total Capital Assets, Being Depreciated	164,466,563	69,149	-	1,021,948	165,557,660
Less accumulated depreciation:					
Buildings and structures	16,084,111	886,710	-	-	16,970,821
Land improvements	4,286,568	324,849	-	-	4,611,417
Machinery and equipment	6,092,592	221,736	-	-	6,314,328
Vehicles	3,849,658	107,271	-	-	3,956,929
Infrastructure	64,316,273	3,830,775	-	-	68,147,048
Total Accumulated Depreciation	94,629,202	5,371,341	-	-	100,000,543
Total Capital Assets, Being Depreciated, Net	69,837,361	(5,302,192)	-	1,021,948	65,557,117
Governmental Activities Capital Assets, Net	$ 74,084,786	$ (2,966,509)	$ -	$ -	$ 71,118,277

Note 4: Changes in Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

General government	$ 72,863
Public safety	925,011
Public works	3,830,775
Transportation	85,513
Community Development	70,324
Parks and Recreation	354,229
Internal Service Funds	32,626
Total Depreciation Expense - Governmental Activities	$ 5,371,341

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	$ 1,184,229	$ -	$ -	$ -	$ 1,184,229
Construction-in-progress	6,957,094	6,197,291	-	(5,977,831)	7,176,554
Total Capital Assets, Not Being Depreciated	8,141,323	6,197,291	-	(5,977,831)	8,360,783
Capital assets, being depreciated:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	519,247	-	-	-	519,247
Land improvements	4,554,137	-	-	-	4,554,137
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	175,816,440	464,896	-	5,977,831	182,259,167
Total Capital Assets, Being Depreciated	180,957,808	464,896	-	5,977,831	187,400,535
Less accumulated depreciation:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	425,213	7,116	-	-	432,329
Land improvements	2,384,460	184,112	-	-	2,568,572
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	75,712,577	3,222,676	-	-	78,935,253
Total Accumulated Depreciation	78,590,234	3,413,904	-	-	82,004,138
Total Capital Assets, Being Depreciated, Net	102,367,574	(2,949,008)	-	5,977,831	105,396,397
Business-Type Activities Capital Assets, Net	$ 110,508,897	$ 3,248,283	$ -	$ -	$ 113,757,180

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

Business-Type Activities:	
Banning Utility Authority Water	$ 1,214,199
Electric Utility	1,244,521
Banning Utility Authority Wastewater	540,818
Airport	191,228
Transit	223,138
Total Depreciation Expense - Business-Type Activities	$ 3,413,904

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	$ 919,550	$ (108,278)	$ 811,272
Nonmajor Governmental	304	-	304
Internal Service Funds	40,340	-	40,340
Water	1,708,666	(50,521)	1,658,145
Electric	4,694,920	(140,835)	4,554,085
Wastewater	562,873	(16,919)	545,954
Nonmajor Proprietary Funds	608,033	(18,218)	589,815
	$ 8,534,686	$ (334,771)	$ 8,199,915

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, 2018:

Description	Balance at June 30, 2018
Owners participation loans	$ 500,000
First time home buyer down payment assistance loans	280,000
Rehabilitation loans	33,143
Other loans	4,693
Total loans receivable at June 30, 2018	$ 817,836

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, 2018, amounted to $212,130.

Note 8: Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2018:

	Balance at June 30, 2017	Incurred	Retired	Balance at June 30, 2018	Due Within One Year
Governmental Activities:					
2011 Refunding Lease	$ 1,416,167	$ -	$ 386,483	$ 1,029,684	$ 401,112
Ford Motor Credit Vehicle Lease	151,569	-	73,846	77,723	77,723
Compensated Absences					
Governmental Funds	909,568	439,097	524,426	824,239	475,228
Internal Service Funds	154,685	149,197	139,816	164,066	130,620
Claims and Judgment	1,468,708	218,411	629,430	1,057,689	453,284
Total	$ 4,100,697	$ 806,705	$ 1,754,001	$ 3,153,401	$ 1,537,967
Business-Type Activities:					
Loans Payable	$ 1,141,974	$ -	$ 274,597	$ 867,377	$ 281,737
2005 Wastewater Revenue Bond	4,935,000	-	170,000	4,765,000	180,000
2015 Electric Refunding Bond	29,390,000	-	1,045,000	28,345,000	1,095,000
2015 Water Revenue Bond	23,965,000	-	730,000	23,235,000	745,000
Compensated Absences	682,602	424,218	439,373	667,447	429,619
Total	$ 60,114,576	$ 424,218	$ 2,658,970	57,879,824	$ 2,731,356
Less:					
Unamortized original issue premium				5,096,937	
Unamortized original issue discount				(73,788)	
Net Business-Type Activities				$ 62,902,973	

a. Compensated Absences

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2018, was $988,305, which includes $164,066 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 $667,447.

b. 2011 Refunding Lease Agreement

On April 27, 2011, the City entered into a lease agreement for the purpose of refunding the 1997 Refunding Certificates of Participation. The lease agreement totals $3,455,000 and is subject to an interest rate of 3.75% per annum. The lease agreement is payable on November 1 and May 1 of each year commencing November 1, 2011 through 2020 and is in connection with real property leased by the City to the funding corporate parties. At June 30, 2018, the outstanding balance on the refunding lease agreement is $1,029,684.

Year Ending June 30,	Principal	Interest	Total
2019	401,112	34,888	436,000
2020	416,295	19,705	436,000
2021	212,277	3,980	216,257
Total	$ 1,029,684	$ 58,573	$ 1,088,257

Note 8: Long-Term Debt (Continued)

c. 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, 2018, the outstanding balance on the refunding lease agreement is $77,723.

Year Ending June 30,	Principal	Interest	Total
2019	$ 77,723	$ 4,080	$ 81,803
Total	$ 77,723	$ 4,080	$ 81,803

d. 2005 Wastewater Revenue Bonds

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

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

The bonds consist of serial bonds maturing in the years 2006 to 2020 are payable November 1 in annual installments of $135,000 to $265,000. The bonds bear interest at 3.25% to 4.5%. Bonds maturing between November 1, 2021 and November 1, 2025, in the amount of $1,100,000 are term bonds and bear interest at 4.5%. Bonds maturing between November 1, 2026 and November 1, 2035, in the amount of $3,105,000 are term bonds and bear interest at 4.625%. The outstanding principal balance at June 30, 2018, amounted to $4,765,000.

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 180,000	$ 37,838	$ 217,838
2020	185,000	30,309	215,309
2021	195,000	22,472	217,472
2022	200,000	13,950	213,950
2023	210,000	4,725	214,725
2024 - 2028	1,205,000	-	1,205,000
2029 - 2033	1,855,000	-	1,855,000
2034 - 2036	735,000	-	735,000
Total	$ 4,765,000	$ 109,294	$ 4,874,294

Note 8: Long-Term Debt (Continued)

e. 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 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, 2018, of the debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
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
2023	1,130,000	831,563	1,961,563
2024 - 2028	6,540,000	3,245,463	9,785,463
2029 - 2033	8,065,000	1,706,106	9,771,106
2034 - 2035	3,690,000	186,750	3,876,750
Total	$ 23,235,000	$ 9,812,409	$ 33,047,409

f. 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, 2018, was $867,377. The loan is recorded in the BUA Wastewater Utility Enterprise Fund.

Year Ending June 30,	Principal	Service Charge	Total
2019	$ 281,737	$ 22,552	$ 304,289
2020	289,062	15,227	304,289
2021	296,578	7,711	304,289
Total	$ 867,377	$ 45,490	$ 912,867

Note 8: Long-Term Debt (Continued)

g. 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, 2018, of the debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,335,000	1,153,544	2,488,544
2024 - 2028	7,740,000	4,379,219	12,119,219
2029 - 2033	8,515,000	2,661,238	11,176,238
2034 - 2037	6,025,000	771,750	6,796,750
Total	$ 28,345,000	$ 13,931,177	$ 42,276,177

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, 2018
AD 2004-1	$ 2,898,000	$ 2,130,000

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, 2018.

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 statue 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.

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, 2018, 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	26.764%	26.764%

* 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	21.418%

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, 2018, City contributions totaling $3,310,834 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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and the June 30, 2017 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	7.15%
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.

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

All other actuarial assumptions used in the June 30, 2016 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.

Change of Assumption

In measurement period ending June 30, 2017, the accounting discount rate reduced rom 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 7.15 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 7.15 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, 2014.

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	47.0 %	4.90 %	5.38 %
Global Debt Securities	19.0	0.80	2.27
Inflation Assets	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and Forestland	3.0	3.90	5.36
Liquidity	2.0	(0.40)	(0.90)

(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: 6/30/2016 (Valuation Date) (1)	$ 66,294,695	$ 43,828,000	$ 22,466,695
Changes Recognized for the Measurement Period:			
Service Cost	1,380,599	-	1,380,599
Interest on the Total Pension Liability	4,880,944	-	4,880,944
Change of Assumptions	3,969,912	-	3,969,912
Difference between Expected and Actual Experience	(1,096,153)	-	(1,096,153)
Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	2,059,833	(2,059,833)
Contributions from Employees	-	674,451	(674,451)
Net Investment Income (2)	-	4,904,903	(4,904,903)
Benefit Payments including Refunds of Employee Contributions	(3,187,613)	(3,187,613)	-
Administrative Expense	-	(64,709)	64,709
Net Changes During 2016-17	5,947,689	4,386,865	1,560,824
Balance at: 6/30/2017 (Measurement Date) (1)	$ 72,242,384	$ 48,214,865	$ 24,027,519

(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, 2018, the City reported a $16,057,212 net pension liability for its proportionate share of the pooled net pension liability.

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

Safety Plan	
Proportion - June 30, 2016	0.16650%
Proportion - June 30, 2017	0.16191%
Change - Increase (Decrease)	-0.0046%

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan's Net Pension Liability/(Assets)	$ 33,587,003	$ 24,027,519	$ 16,096,341

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Safety Plan's Net Pension Liability/(Assets)	$ 23,240,790	$ 16,057,212	$ 10,184,995

Pension Plan Fiduciary Net Position

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

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

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

Miscellaneous Plan

For the year ended June 30, 2018, the City of Banning incurred a pension expense of $2,736,462 for the Plan. At June 30, 2018, the City of Banning has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,862,651	$ -
Difference between Expected and Actual Experience	-	(894,190)
Change in Assumptions	2,443,023	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	621,191	-
Total	**$ 4,926,865**	**$ (894,190)**

The $1,862,651 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, 2019. 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
2018	$ 868,261
2019	1,395,978
2020	266,725
2021	(360,940)
	$ 2,170,024

Safety Plan

For the year ended June 30, 2018, the City of Banning incurred a pension expense of $2,833,007 for the Plan. At June 30, 2018, the City of Banning has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,599,794	$ -
Difference between Expected and Actual Experience	149,938	(39,093)
Change in Assumptions	2,174,479	(166,832)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	474,122	-
Adjustment due to Difference in Proportions	569,781	(224,495)
Difference in proportionate share	291,851	(18,430)
Total	**$ 5,259,965**	**$ (448,850)**

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

The $1,599,794 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, 2019. 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
2018	$ 1,192,546
2019	1,437,976
2020	858,225
2021	(277,427)
	$ 3,211,320

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.

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 $17,314 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was 230,845.

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.

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, 2018, the amount of these liabilities $1,057,689. The amount represents an estimate of $638,388 for reported claims through June 30, 2018, and $419,301 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, 2018, resulted from the following:

Year	Liability at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Liability at End of Fiscal Year
2017	$ 1,475,725	$ 541,086	$ 548,103	$ 1,468,708
2018	1,468,708	218,411	629,430	1,057,689

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.

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, 2018:

Project Name	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments
Wastewater Treatment Plant Expansion-Parsons	$ 2,412,929	$ 2,184,521	$ 228,408
Design for 4 substations - Leidos Engineering	670,693	532,586	138,108
Airport and Alola Substation Switchgear and Multifunction Rel	1,121,473	378,646	742,827
Street Repairs - All American Asphalt	1,039,390	970,803	68,587
IRWM Prog. Develop and Mgmt Services - Water Quality Montioring Lab Equipment - Woodward & Curran, Inc.	1,079,904	882,878	197,026
Roosevelt T Williams Park Improvements Project 2016-04	2,843,696	2,669,834	173,862
Banning Water Canyon Main Replacement Phase 1	1,160,632	992,271	168,361
	$ 10,328,717	$ 8,611,539	$ 1,717,179

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, 2018, the Electric Utility Fund made payments totaling $2,372,615 or 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.

For the year ended June 30, 2018, the City of Banning had power purchase agreements in the following SCPPA operating projects:

a. Palo Verde Project

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

b. San Juan Project

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

c. Mead-Phoenix Project

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

Note 15: Southern California Public Power Authority (Continued)

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 1.35%.

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.

A summary of the City's contracts and related projects and its commitments at June 30, 2018, 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%	$ -	$ -
San Juan	9.80%	-	-
Mead-Phoenix	1.00%	165,200	175,010
Mead-Adelanto	1.35%	737,746	787,554
Hoover Uprating	2.10%	-	-
		$ 902,946	**$ 962,564**

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).

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

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.

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	$ 618,385
Cash and investments with fiscal agent	133,492
	$ 751,877

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, 2018:

Description	Balance at June 30, 2018
Owners participation loans	$ 2,943,680
Total loans receivable at June 30, 2018	$ 2,943,680

During the Fiscal Year ending June 30, 2018, no 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.

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

c. Capital Assets

An analysis of capital assets as of June 30, 2018, follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Nondepreciable Assets:				
Construction-in-progress	$ 317,805	$ 2,834,748	$ -	$ 3,152,553
Total nondepreciable assets	317,805	2,834,748	-	3,152,553
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	909,824	97,884	-	1,007,708
Building and Structures	222,944	26,900	-	249,844
Machinery and Equipment	28,378	-	-	28,378
Infrastructure	763,450	99,945	-	863,395
Total Accumulated Depreciation	1,924,596	224,729	-	2,149,325
Total depreciable assets, net	4,961,962	(224,729)	-	4,737,233
Capital Assets	$ 5,279,767	$ 2,610,019	$ -	$ 7,889,786

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2018, follows:

	Balance June 30, 2017	Defeased	Additions	Repayments	Balance June 30, 2018	Due Within One Year
Fiduciary Funds:						
2016 Tax Allocation Refunding Bonds	$ 32,255,000	$ -	$ -	$ 1,075,000	$ 31,180,000	$ 1,205,000
SERAF loan	968,415	-	-	-	968,415	-
Total Fiduciary Funds	$ 33,223,415	$ -	$ -	$ 1,075,000	$ 32,148,415	$ 1,205,000

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

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 defeased 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.

The balance outstanding as of June 30, 2018, and the remaining debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
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
2023	1,290,000	896,718	2,186,718
2024 - 2028	6,965,000	3,947,636	10,912,636
2029 - 2033	8,170,000	2,702,631	10,872,631
2034 - 2038	9,825,000	996,440	10,821,440
Total	$ 31,180,000	$ 12,379,402	$ 43,559,402

Supplement Education Augmentation Fund (SERAF) Loan

The advance for $2,298,433 from the Low and Moderate Income Housing Fund to the Redevelopment Agency Debt Service Fund was made to fund the mandated payment for the “Supplemental” Educational Revenue Augmentation Fund. The Department of Finance did not allow any payments in the current year. The amount of the loan outstanding at June 30, 2018, totaled $968,415.

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

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 $43,559,402 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 $2,722,510 and the debt service obligation on the bonds was $2,080,364.

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, 2018, 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	2018
TOTAL PENSION LIABILITY				
Service Cost	$ 1,309,205	$ 1,237,963	$ 1,068,763	$ 1,380,599
Interest	4,417,332	4,647,945	4,783,405	4,880,944
Difference Between expected and Actual Experience	-	(48,685)	(1,098,175)	(1,096,153)
Changes in Assumptions	-	(1,116,894)	-	3,969,912
Benefit Payments, Including Refunds of employee Contributions	(2,569,019)	(2,762,291)	(3,102,523)	(3,187,613)
Net Change in Total Pension Liability	**3,157,518**	**1,958,038**	**1,651,470**	**5,947,689**
Total Pension Liability - Beginning	**59,527,669**	**62,685,187**	**64,643,225**	**66,294,695**
Total Pension Liability - Ending (a)	**62,685,187**	**64,643,225**	**66,294,695**	**72,242,384**
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	1,511,733	1,479,527	1,579,886	2,059,833
Contribution - Employee	608,478	566,122	445,598	674,451
Plan to Plan Resource Movement	-	9,303	-	-
Net Investment Income	6,586,288	1,020,136	221,312	4,904,903
Benefit Payments, Including Refunds of Employee Contributions	(2,569,019)	(2,762,291)	(3,102,523)	(3,187,613)
Administrative Expense	-	(50,336)	(27,249)	(64,709)
Net Change in Fiduciary Net Position	**6,137,480**	**262,461**	**(882,976)**	**4,386,865**
Plan Fiduciary Net Position - Beginning	**38,311,035**	**44,448,515**	**44,710,976**	**43,828,000**
Plan Fiduciary Net Position - Ending (b)	**44,448,515**	**44,710,976**	**43,828,000**	**48,214,865**
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	**$ 18,236,672**	**$ 19,932,249**	**$ 22,466,695**	**$ 24,027,519**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**70.91%**	**69.17%**	**66.11%**	**66.74%**
Covered Payroll	$ 7,427,270	$ 6,992,494	$ 7,149,518	$ 5,903,926
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	**245.54%**	**285.05%**	**314.24%**	**406.98%**

(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 four 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, 2016 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 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

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	2018
Proportion of the Net Pension Liability	0.28259%	0.17340%	0.16650%	0.16191%
Proportionate Share of the Net Pension Liability	$ 10,599,884	$ 11,900,560	$ 14,407,636	$ 16,057,212
Covered Payroll	$ 2,399,596	$ 2,184,008	$ 2,205,720	$ 1,581,595
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	441.74%	544.90%	653.19%	1015.25%
Plan Fiduciary Net Position	$ 33,631,871	$ 32,989,395	$ 32,521,518	$ 35,284,479
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	72.69%	71.74%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

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 four 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	2018
Actuarially Determined Contribution	$ 1,349,103	$ 1,483,525	$ 1,829,173	$ 1,862,651
Contribution in Relation to the Actuarially Determined Contribution	(1,349,103)	(1,483,525)	(1,829,173)	(1,862,651)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 6,992,494	$ 7,149,518	$ 5,903,926	$ 8,719,354
Contributions as a Percentage of Covered Payroll	19.29%	20.75%	30.98%	21.36%

(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 four years are shown.

Note to Schedule:

Valuation Date:	June 30, 2015
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	2018
Actuarially Determined Contribution	$ 1,034,818	$ 1,329,187	$ 1,481,661	$ 1,599,794
Contribution in Relation to the Actuarially Determined Contribution	(1,034,818)	(1,329,187)	(1,481,661)	(1,599,794)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,184,008	$ 2,205,720	$ 1,581,595	$ 2,439,376
Contributions as a Percentage of Covered Payroll	47.38%	60.26%	93.68%	65.58%

(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 four years are shown.

Note to Schedule:

Valuation Date:	June 30, 2015
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	7.15% 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 mortality table used was developed based on CalPERS-specific data. The table includes 20 years ofmortality improvements using Society of Actuaries Scale BB. This table is based on the April 2014 CalPERS Experience Study and Review of Actuarial Assumptions report.

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 13,318,352	$ 13,318,352	$ 13,318,352	$ -
Resources (Inflows):				
Taxes:				
Sales and use	3,559,841	3,559,841	3,624,871	65,030
Property	4,939,069	4,963,069	4,959,588	(3,481)
Franchise	886,000	890,000	871,107	(18,893)
Transient occupancy	750,000	850,000	854,928	4,928
Other	704,500	715,500	403,944	(311,556)
Subtotal	10,839,410	10,978,410	10,714,438	(263,972)
Licenses and permits:				
Building permits	126,987	126,987	108,194	(18,793)
Other permits	(126,987)	(126,987)	691,323	818,310
Subtotal	-	-	799,517	799,517
Intergovernmental:				
State motor vehicle in-lieu fees	-	-	16,354	16,354
Other intergovernmental revenues	100,500	220,600	146,508	(74,092)
Subtotal	100,500	220,600	162,862	(57,738)
Charges for services:				
Engineering, police, fire and other fees	139,131	142,581	156,306	13,725
Recreation fees	92,900	93,887	90,080	(3,807)
Interfund charges	3,184,800	1,596,150	1,596,150	-
Subtotal	3,416,831	1,832,618	1,842,536	9,918
Use of money and property:				
Interest and rents	513,100	513,100	640,264	127,164
Subtotal	513,100	513,100	640,264	127,164
Fines and forfeitures				
Parking fines	8,400	11,000	18,266	7,266
Court fines and other fines	302,885	300,285	230,070	(70,215)
Subtotal	311,285	311,285	248,336	(62,949)
Contributions	5,400	21,234	16,734	(4,500)
Contribution from Successor Agency	250,000	250,000	250,000	-
Miscellaneous	360,575	485,575	490,042	4,467
Transfers in	724,000	715,000	724,000	9,000
Subtotal	1,339,975	1,471,809	1,480,776	8,967
Total Resources (inflows)	**16,521,101**	**15,327,822**	**15,888,729**	**560,907**
Amounts Available for Appropriations	**29,839,453**	**28,646,174**	**29,207,081**	**560,907**

See Notes to Required Supplemental Information

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Charges to Appropriations (Outflow):				
General government				
City council	119,422	122,627	116,330	6,297
City manager	207,675	233,623	130,251	103,372
Personnel	165,093	190,961	132,067	58,894
City clerk	85,562	90,633	97,587	(6,954)
Elections	800	800	-	800
City attorney	227,694	100,000	384,372	(284,372)
Finance	307,664	417,255	319,162	98,093
Economic Development	281,238	341,769	203,827	137,942
Community enhancement	103,748	220,297	122,894	97,403
Central services	840,744	1,049,239	707,972	341,267
Building maintenance	134,013	181,919	129,654	52,265
Subtotal	2,473,653	2,949,123	2,344,116	605,007
Public safety				
Police	6,770,973	6,836,987	6,195,847	641,140
Animal control	159,031	159,031	143,841	15,190
Fire	3,111,810	3,112,823	3,144,830	(32,007)
Dispatch	870,011	964,341	954,665	9,676
Subtotal	10,911,825	11,073,182	10,439,183	633,999
Community development				
TV government access	9,869	20,418	61,721	(41,303)
Building safety	346,643	387,746	352,361	35,385
Code enforcement	330,100	374,900	317,540	57,360
Planning	666,709	922,068	460,235	461,833
Engineering	244,057	370,258	236,975	133,283
Community enhancement	60,000	91,620	73,480	18,140
Subtotal	1,657,378	2,167,010	1,502,312	664,698
Culture and leisure				
Parks	467,564	567,027	417,891	149,136
Recreation	431,390	526,537	468,760	57,777
Aquatics	117,104	123,865	141,146	(17,281)
Senior Center	85,071	87,151	78,254	8,897
Subtotal	1,101,129	1,304,580	1,106,051	198,529
Capital outlay	52,131	559,315	363,629	195,686
Debt service:				
Principal retirement	387,366	480,088	460,329	19,759
Interest and fiscal charges	49,634	49,634	57,616	(7,982)
Transfers out	245,012	245,012	694,278	(449,266)
Subtotal	734,143	1,334,049	1,575,852	(241,803)
Total Charges to Appropriations	**16,878,128**	**18,827,944**	**16,967,514**	**1,860,430**
Budgetary Fund Balance, June 30	**$ 12,961,325**	**$ 9,818,230**	**$ 12,239,567**	**$ 2,421,337**

See Notes to Required Supplemental Information

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 Article 3 Sidewalk Special Revenue Fund, Asset Forfeiture Special Revenue Fund, State Park Bond Act Special Revenue Fund, Animal Control Special Revenue 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			
Personnel	$ 97,587	$ 90,633	$ 6,954
City attorney	384,372	100,000	284,372
Public Safety			
Fire	3,144,830	3,112,823	32,007
Community Development			
TV government access	61,721	20,418	41,303
Culture and Leisure			
Aquatics	141,146	123,865	17,281
Debt Service			
Interest and fiscal charges	57,616	49,634	(7,982)

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Community Development Block Grant
Assets:				
Pooled cash and investments	$ 143,010	$ 2,057,726	$ 72,381	$ -
Receivables:				
Accounts	100	-	-	-
Loans	-	-	-	-
Interest	-	8,601	305	-
Due from other governments	280,171	139,462	-	193,846
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 423,281**	**$ 2,205,789**	**$ 72,686**	**$ 193,846**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 23,985	$ 4,275	$ -	$ 180,236
Accrued liabilities	23,164	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	95,961	-	-	-
Due to other funds	-	-	-	13,609
Total Liabilities	**143,110**	**4,275**	**-**	**193,845**
Deferred Inflows of Resources:				
Unavailable revenues	280,171	-	-	20,985
Total Deferred Inflows of Resources	**280,171**	**-**	**-**	**20,985**
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	2,201,514	72,686	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	(20,984)
Total Fund Balances	**-**	**2,201,514**	**72,686**	**(20,984)**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 423,281**	**$ 2,205,789**	**$ 72,686**	**$ 193,846**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018 **(CONTINUED)**

	Special Revenue Funds			
	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture	Supplemental Law Enforcement
Assets:				
Pooled cash and investments	$ 380,181	$ 108,443	$ -	$ 229,784
Receivables:				
Accounts	28	-	-	-
Loans	-	-	-	-
Interest	1,600	443	-	985
Due from other governments	1,613	10,228	300,424	25,000
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 383,422**	**$ 119,114**	**$ 300,424**	**$ 255,769**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 124	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	253,458
Deposits payable	-	-	-	-
Due to other funds	-	-	22,361	-
Total Liabilities	**124**	**-**	**22,361**	**253,458**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Restricted for:				
Community development projects	-	119,114	-	-
Public safety	-	-	278,063	2,311
Culture and leisure	-	-	-	-
Transportation	383,298	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**383,298**	**119,114**	**278,063**	**2,311**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 383,422**	**$ 119,114**	**$ 300,424**	**$ 255,769**

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			
	State Park Bond Act	Special Donations	Senior Center Activities	Animal Control Reserve
Assets:				
Pooled cash and investments	$ 951	$ 31,613	$ 37,871	$ 4,991
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	4	-	163	21
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 955**	**$ 31,613**	**$ 38,034**	**$ 5,012**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ 47	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	4,425	-	-
Due to other funds	-	-	-	-
Total Liabilities	**-**	**4,425**	**47**	**-**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Restricted for:				
Community development projects	-	27,188	-	-
Public safety	-	-	-	5,012
Culture and leisure	-	-	37,987	-
Transportation	-	-	-	-
Capital Projects	955	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**955**	**27,188**	**37,987**	**5,012**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 955**	**$ 31,613**	**$ 38,034**	**$ 5,012**

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018 (CONTINUED)

	Special Revenue Funds			
	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement	Riverside County MOU
Assets:				
Pooled cash and investments	$ 342	$ 82,096	$ 384,151	$ 16,400
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	1	346	1,621	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 343**	**$ 82,442**	**$ 385,772**	**$ 16,400**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ 108	$ -	$ -	$ -
Accrued liabilities	-	-	-	16,400
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	**108**	**-**	**-**	**16,400**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Restricted for:				
Community development projects	235	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	82,442	385,772	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**235**	**82,442**	**385,772**	**-**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 343**	**$ 82,442**	**$ 385,772**	**$ 16,400**

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds		Capital Projects Funds	
	Banning Housing Authority	SB1	Police Facilities Development	Fire Facilities Development
Assets:				
Pooled cash and investments	$ 1,462,287	$ 151,515	$ 20,568	$ 983,940
Receivables:				
Accounts	-	-	-	-
Loans	806,205	-	-	-
Interest	6,170	-	87	4,152
Due from other governments	968,415	65,848	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 3,243,077**	**$ 217,363**	**$ 20,655**	**$ 988,092**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ 35,592	$ -	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	**-**	**35,592**	**-**	**-**
Deferred Inflows of Resources:				
Unavailable revenues	806,205	-	-	-
Total Deferred Inflows of Resources	**806,205**	**-**	**-**	**-**
Fund Balances:				
Restricted for:				
Community development projects	2,436,872	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	181,771	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	20,655	988,092
Unassigned	-	-	-	-
Total Fund Balances	**2,436,872**	**181,771**	**20,655**	**988,092**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 3,243,077**	**$ 217,363**	**$ 20,655**	**$ 988,092**

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018 (CONTINUED)

	Capital Projects Funds			
	Traffic Control Facilities	General Facilities	Park Development	Capital Improvement
Assets:				
Pooled cash and investments	$ 460,703	$ 423,876	$ 130,354	$ -
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	1,944	1,789	554	-
Due from other governments	-	-	12,427	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	662,689
Total Assets	**$ 462,647**	**$ 425,665**	**$ 143,335**	**$ 662,689**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ 935	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	19,271
Total Liabilities	**-**	**-**	**935**	**19,271**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	8,576	-
Total Deferred Inflows of Resources	**-**	**-**	**8,576**	**-**
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	462,647	425,665	133,824	643,418
Unassigned	-	-	-	-
Total Fund Balances	**462,647**	**425,665**	**133,824**	**643,418**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 462,647**	**$ 425,665**	**$ 143,335**	**$ 662,689**

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Projects Funds			
	Sunset Grade Separation	BEA Low/Mod Capital Project Fund	BEA Capital Project Fund	Total Governmental Funds
Assets:				
Pooled cash and investments	$ -	$ 539,521	$ 138,301	$ 7,861,005
Receivables:				
Accounts	-	-	176	304
Loans	-	-	6,938	813,143
Interest	-	2,277	591	31,654
Due from other governments	359,503	-	-	2,356,937
Restricted assets:				
Cash and investments with fiscal agents	-	-	7,652,049	8,314,738
Total Assets	**$ 359,503**	**$ 541,798**	**$ 7,798,055**	**$ 19,377,781**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ 40,591	$ 285,893
Accrued liabilities	-	-	-	39,564
Unearned revenues	-	-	-	253,458
Deposits payable	-	-	-	100,386
Due to other funds	612,744	-	-	667,985
Total Liabilities	**612,744**	**-**	**40,591**	**1,347,286**
Deferred Inflows of Resources:				
Unavailable revenues	359,503	-	-	1,475,440
Total Deferred Inflows of Resources	**359,503**	**-**	**-**	**1,475,440**
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	2,583,409
Public safety	-	-	-	285,386
Culture and leisure	-	-	-	37,987
Transportation	-	-	-	3,307,483
Capital Projects	-	541,798	7,757,464	8,300,217
Assigned to:				
Capital Projects	-	-	-	2,674,301
Unassigned	(612,744)	-	-	(633,728)
Total Fund Balances	**(612,744)**	**541,798**	**7,757,464**	**16,555,055**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 359,503**	**$ 541,798**	**$ 7,798,055**	**$ 19,377,781**

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CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Community Development Block Grant
Revenues:				
Taxes	$ -	$ 563,927	$ -	$ -
Intergovernmental	723,126	-	-	193,623
Use of money and property	331	15,803	589	-
Contributions	-	-	-	-
Miscellaneous	6,549	-	-	-
Total Revenues	**730,006**	**579,730**	**589**	**193,623**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	1,261,147	-	-	-
Capital outlay	2,942	147,164	-	214,608
Total Expenditures	**1,264,089**	**147,164**	**-**	**214,608**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(534,083)	432,566	589	(20,985)
Other Financing Sources (Uses):				
Transfers in	437,378	-	-	-
Total Other Financing Sources (Uses)	**437,378**	**-**	**-**	**-**
Net Change in Fund Balances	(96,705)	432,566	589	(20,985)
Fund Balances, Beginning of Year	96,705	1,768,948	72,097	1
Fund Balances, End of Year	**$ -**	**$ 2,201,514**	**$ 72,686**	**$ (20,984)**

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018 **(CONTINUED)**

	Special Revenue Funds			
	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture	Supplemental Law Enforcement
Revenues:				
Taxes	$ 135,977	$ -	$ -	$ -
Intergovernmental	-	39,675	300,424	69,439
Use of money and property	2,980	682	95	1,801
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**138,957**	**40,357**	**300,519**	**71,240**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	69,437
Community development	-	3,000	66,598	-
Transportation	118,533	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	**118,533**	**3,000**	**66,598**	**69,437**
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,424	37,357	233,921	1,803
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	20,424	37,357	233,921	1,803
Fund Balances, Beginning of Year	362,874	81,757	44,142	508
Fund Balances, End of Year	**$ 383,298**	**$ 119,114**	**$ 278,063**	**$ 2,311**

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	State Park Bond Act	Special Donations	Senior Center Activities	Animal Control Reserve
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Use of money and property	8	-	319	41
Contributions	-	6,597	2,826	-
Miscellaneous	-	-	5,739	-
Total Revenues	**8**	**6,597**	**8,884**	**41**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	4,960	10,982	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	**-**	**4,960**	**10,982**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	8	1,637	(2,098)	41
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	8	1,637	(2,098)	41
Fund Balances, Beginning of Year	947	25,551	40,085	4,971
Fund Balances, End of Year	**$ 955**	**$ 27,188**	**$ 37,987**	**$ 5,012**

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018 **(CONTINUED)**

	Special Revenue Funds			
	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement	Riverside County MOU
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	521,717
Use of money and property	3	669	3,130	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**3**	**669**	**3,130**	**521,717**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	436,341
Community development	232	-	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	**232**	**-**	**-**	**436,341**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(229)	669	3,130	85,376
Other Financing Sources (Uses):				
Transfers in	-	-	-	256,900
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**256,900**
Net Change in Fund Balances	(229)	669	3,130	342,276
Fund Balances, Beginning of Year	464	81,773	382,642	(342,276)
Fund Balances, End of Year	**$ 235**	**$ 82,442**	**$ 385,772**	**$ -**

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		Capital Projects Funds	
	Banning Housing Authority	SB1	Police Facilities Development	Fire Facilities Development
Revenues:				
Taxes	$ -	$ 182,045	$ -	$ -
Intergovernmental	81,580	-	-	-
Use of money and property	13,083	-	171	8,025
Contributions	-	-	-	-
Miscellaneous	-	35,319	1,646	2,670
Total Revenues	**94,663**	**217,364**	**1,817**	**10,695**
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	7,496	-	-	-
Transportation	-	-	-	-
Capital outlay	-	35,593	-	-
Total Expenditures	**7,496**	**35,593**	**-**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	87,167	181,771	1,817	10,695
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	87,167	181,771	1,817	10,695
Fund Balances, Beginning of Year	2,349,705	-	18,838	977,397
Fund Balances, End of Year	**$ 2,436,872**	**$ 181,771**	**$ 20,655**	**$ 988,092**

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018 **(CONTINUED)**

	Capital Projects Funds			
	Traffic Control Facilities	**General Facilities**	**Park Development**	**Capital Improvement**
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	59,672	-
Use of money and property	3,763	3,457	1,042	4,514
Contributions	-	-	-	-
Miscellaneous	500	956	3,910	-
Total Revenues	**4,263**	**4,413**	**64,624**	**4,514**
Expenditures:				
Current:				
General government	-	2,833	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	7,306	68,248	-
Total Expenditures	**-**	**10,139**	**68,248**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,263	(5,726)	(3,624)	4,514
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	4,263	(5,726)	(3,624)	4,514
Fund Balances, Beginning of Year	458,384	431,391	137,448	638,904
Fund Balances, End of Year	**$ 462,647**	**$ 425,665**	**$ 133,824**	**$ 643,418**

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Capital Projects Funds			
	Sunset Grade Separation	BEA Low/Mod Capital Project Fund	BEA Capital Project Fund	Total Governmental Funds
Revenues:				
Taxes	$ -	$ -	$ -	$ 881,949
Intergovernmental	158,753	-	-	2,148,009
Use of money and property	-	3,997	25,602	90,105
Contributions	-	-	-	9,423
Miscellaneous	-	-	-	57,289
Total Revenues	**158,753**	**3,997**	**25,602**	**3,186,775**
Expenditures:				
Current:				
General government	-	-	-	2,833
Public safety	-	-	-	505,778
Community development	-	-	-	93,268
Transportation	-	-	-	1,379,680
Capital outlay	-	-	1,097,207	1,573,068
Total Expenditures	**-**	**-**	**1,097,207**	**3,554,627**
Excess (Deficiency) of Revenues Over (Under) Expenditures	158,753	3,997	(1,071,605)	(367,852)
Other Financing Sources (Uses):				
Transfers in	-	-	-	694,278
Total Other Financing Sources (Uses)	**-**	**-**	**-**	**694,278**
Net Change in Fund Balances	158,753	3,997	(1,071,605)	326,426
Fund Balances, Beginning of Year	(771,497)	537,801	8,829,069	16,228,629
Fund Balances, End of Year	**$ (612,744)**	**$ 541,798**	**$ 7,757,464**	**$ 16,555,055**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GAS TAX STREET
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 96,705	$ 96,705	$ 96,705	$ -
Resources (Inflows):				
Intergovernmental	630,560	1,006,260	723,126	(283,134)
Use of money and property	400	539	331	(208)
Miscellaneous	1,500	1,500	6,549	5,049
Transfers in	164,325	245,055	437,378	192,323
Amounts Available for Appropriations	**893,490**	**1,350,059**	**1,264,089**	**(85,970)**
Charges to Appropriations (Outflow):				
Transportation	867,102	1,328,398	1,261,147	67,251
Capital outlay	-	150,466	2,942	147,524
Total Charges to Appropriations	**867,102**	**1,478,864**	**1,264,089**	**214,775**
Budgetary Fund Balance, June 30	**$ 26,388**	**$ (128,805)**	**$ -**	**$ 128,805**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
MEASURE A
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 1,768,948	$ 1,768,948	$ 1,768,948	$ -
Resources (Inflows):				
Taxes	580,000	552,000	563,927	11,927
Use of money and property	2,200	6,353	15,803	9,450
Amounts Available for Appropriations	**2,351,148**	**2,327,301**	**2,348,678**	**21,377**
Charges to Appropriations (Outflow):				
Transportation	1,325,385	1,319,090	-	1,319,090
Capital outlay	-	750,203	147,164	603,039
Total Charges to Appropriations	**1,325,385**	**2,069,293**	**147,164**	**1,922,129**
Budgetary Fund Balance, June 30	**$ 1,025,763**	**$ 258,008**	**$ 2,201,514**	**$ 1,943,506**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SB 300 STREET
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 72,097	$ 72,097	$ 72,097	$ -
Resources (Inflows):				
Use of money and property	200	250	589	339
Amounts Available for Appropriations	**72,297**	**72,347**	**72,686**	**339**
Budgetary Fund Balance, June 30	**$ 72,297**	**$ 72,347**	**$ 72,686**	**$ 339**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 1	$ 1	$ 1	$ -
Resources (Inflows):				
Intergovernmental	-	389,654	193,623	(196,031)
Amounts Available for Appropriations	**1**	**389,655**	**193,624**	**(196,031)**
Charges to Appropriations (Outflow):				
Capital outlay	-	389,654	214,608	175,046
Total Charges to Appropriations	**-**	**389,654**	**214,608**	**175,046**
Budgetary Fund Balance, June 30	**$ 1**	**$ 1**	**$ (20,984)**	**$ (20,985)**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 362,874	$ 362,874	$ 362,874	$ -
Resources (Inflows):				
Taxes	139,250	139,250	135,977	(3,273)
Use of money and property	350	1,194	2,980	1,786
Miscellaneous	121	-	-	-
Amounts Available for Appropriations	**502,595**	**503,318**	**501,831**	**(1,487)**
Charges to Appropriations (Outflow):				
Transportation	112,700	293,774	118,533	175,241
Total Charges to Appropriations	**112,700**	**293,774**	**118,533**	**175,241**
Budgetary Fund Balance, June 30	**$ 389,895**	**$ 209,544**	**$ 383,298**	**$ 173,754**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
AQMD AIR POLLUTION PROGRAM
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 81,757	$ 81,757	$ 81,757	$ -
Resources (Inflows):				
Intergovernmental	37,000	37,000	39,675	2,675
Use of money and property	300	300	682	382
Amounts Available for Appropriations	**119,057**	**119,057**	**122,114**	**3,057**
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	**$ 116,057**	**$ 116,057**	**$ 119,114**	**$ 3,057**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1,	$ 508	$ 508	$ 508	$ -
Resources (Inflows):				
Intergovernmental	-	139,416	69,439	(69,977)
Use of money and property	-	-	1,801	1,801
Amounts Available for Appropriations	**508**	**139,924**	**71,748**	**(68,176)**
Charges to Appropriations (Outflow):				
Public safety	-	59,173	69,437	(10,264)
Capital outlay	-	163,723	-	163,723
Total Charges to Appropriations	**-**	**222,896**	**69,437**	**153,459**
Budgetary Fund Balance, June 30	**$ 508**	**$ (82,972)**	**$ 2,311**	**$ 85,283**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SPECIAL DONATIONS
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 25,551	$ 25,551	$ 25,551	$ -
Resources (Inflows):				
Contributions	8,000	8,000	6,597	(1,403)
Amounts Available for Appropriations	**33,551**	**33,551**	**32,148**	**(1,403)**
Charges to Appropriations (Outflow):				
Community development	8,000	8,000	4,960	3,040
Total Charges to Appropriations	**8,000**	**8,000**	**4,960**	**3,040**
Budgetary Fund Balance, June 30	**$ 25,551**	**$ 25,551**	**$ 27,188**	**$ 1,637**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SENIOR CENTER ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 40,085	$ 40,085	$ 40,085	$ -
Resources (Inflows):				
Use of money and property	100	100	319	219
Contributions	2,000	2,000	2,826	826
Miscellaneous	5,800	5,800	5,739	(61)
Amounts Available for Appropriations	**47,985**	**47,985**	**48,969**	**984**
Charges to Appropriations (Outflow):				
Community development	13,600	11,209	10,982	227
Total Charges to Appropriations	**13,600**	**11,209**	**10,982**	**227**
Budgetary Fund Balance, June 30	**$ 34,385**	**$ 36,776**	**$ 37,987**	**$ 1,211**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
POLICE VOLUNTEER
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 464	$ 464	$ 464	$ -
Resources (Inflows):				
Use of money and property	-	-	3	3
Transfers in	1,500	1,500	-	(1,500)
Amounts Available for Appropriations	**1,964**	**1,964**	**467**	**(1,497)**
Charges to Appropriations (Outflow):				
Community development	1,500	1,500	232	1,268
Total Charges to Appropriations	**1,500**	**1,500**	**232**	**1,268**
Budgetary Fund Balance, June 30	**$ 464**	**$ 464**	**$ 235**	**$ (229)**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
RAMSEY/HIGHLAND HOME SIGNAL
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 81,773	$ 81,773	$ 81,773	$ -
Resources (Inflows):				
Use of money and property	150	284	669	385
Amounts Available for Appropriations	**81,923**	**82,057**	**82,442**	**385**
Budgetary Fund Balance, June 30	**$ 81,923**	**$ 82,057**	**$ 82,442**	**$ 385**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
WILSON MEDIAN IMPROVEMENT
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 382,642	$ 382,642	$ 382,642	$ -
Resources (Inflows):				
Use of money and property	700	1,327	3,130	1,803
Amounts Available for Appropriations	**383,342**	**383,969**	**385,772**	**1,803**
Budgetary Fund Balance, June 30	**$ 383,342**	**$ 383,969**	**$ 385,772**	**$ 1,803**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
RIVERSIDE COUNTY MOU
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (342,276)	$ (342,276)	$ (342,276)	$ -
Resources (Inflows):				
Intergovernmental	510,442	510,442	521,717	11,275
Use of money and property	175	175	-	(175)
Transfers in	-	-	256,900	256,900
Amounts Available for Appropriations	**168,341**	**168,341**	**436,341**	**268,000**
Charges to Appropriations (Outflow):				
Public safety	531,086	531,086	436,341	94,745
Total Charges to Appropriations	**531,086**	**531,086**	**436,341**	**94,745**
Budgetary Fund Balance, June 30	**$ (362,745)**	**$ (362,745)**	**$ -**	**$ 362,745**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
BANNING HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 2,349,705	$ 2,349,705	$ 2,349,705	$ -
Resources (Inflows):				
Intergovernmental	968,415	968,415	81,580	(886,835)
Use of money and property	1,200	1,200	13,083	11,883
Amounts Available for Appropriations	**3,319,320**	**3,319,320**	**2,444,368**	**(874,952)**
Charges to Appropriation (Outflow):				
Community development	3,713	3,713	7,496	(3,783)
Total Charges to Appropriations	**3,713**	**3,713**	**7,496**	**(3,783)**
Budgetary Fund Balance, June 30	**$ 3,315,607**	**$ 3,315,607**	**$ 2,436,872**	**$ (878,735)**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SB1
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Taxes	-	136,118	182,045	45,927
Miscellaneous	-	-	35,319	35,319
Amounts Available for Appropriations	**-**	**136,118**	**217,364**	**81,246**
Charges to Appropriation (Outflow):				
Capital outlay	-	135,000	35,593	99,407
Total Charges to Appropriations	**-**	**135,000**	**35,593**	**99,407**
Budgetary Fund Balance, June 30	**$ -**	**$ 1,118**	**$ 181,771**	**$ 180,653**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
POLICE FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 18,838	$ 18,838	$ 18,838	$ -
Resources (Inflows):				
Use of money and property	25	67	171	104
Miscellaneous	-	1,646	1,646	-
Amounts Available for Appropriations	**18,863**	**20,551**	**20,655**	**104**
Budgetary Fund Balance, June 30	**$ 18,863**	**$ 20,551**	**$ 20,655**	**$ 104**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
FIRE FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 977,397	$ 977,397	$ 977,397	$ -
Resources (Inflows):				
Use of money and property	1,600	1,600	8,025	6,425
Miscellaneous	-	-	2,670	2,670
Amounts Available for Appropriations	**978,997**	**978,997**	**988,092**	**9,095**
Budgetary Fund Balance, June 30	**$ 978,997**	**$ 978,997**	**$ 988,092**	**$ 9,095**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
TRAFFIC CONTROL FACILITIES
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ 458,384	$ 458,384	$ 458,384	$ -
Resources (Inflows):				
Use of money and property	700	1,590	3,763	2,173
Miscellaneous	250	500	500	-
Amounts Available for Appropriations	**459,334**	**460,474**	**462,647**	**2,173**
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	**$ 459,334**	**$ 354,744**	**$ 462,647**	**$ 107,903**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FACILITIES
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 431,391	$ 431,391	$ 431,391	$ -
Resources (Inflows):				
Use of money and property	800	1,485	3,457	1,972
Miscellaneous	-	956	956	-
Amounts Available for Appropriations	**432,191**	**433,832**	**435,804**	**1,972**
Charges to Appropriations (Outflow):				
General government	-	4,016	2,833	1,183
Capital outlay	-	105,144	7,306	97,838
Total Charges to Appropriations	**-**	**109,160**	**10,139**	**99,021**
Budgetary Fund Balance, June 30	**$ 432,191**	**$ 324,672**	**$ 425,665**	**$ 100,993**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
PARK DEVELOPMENT
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ 137,448	$ 137,448	$ 137,448	$ -
Resources (Inflows):				
Intergovernmental	-	68,664	59,672	(8,992)
Use of money and property	250	456	1,042	586
Miscellaneous	1,955	3,910	3,910	-
Amounts Available for Appropriations	**139,653**	**210,478**	**202,072**	**(8,406)**
Charges to Appropriations (Outflow):				
Capital outlay	119,033	206,913	68,248	138,665
Total Charges to Appropriations	**119,033**	**206,913**	**68,248**	**138,665**
Budgetary Fund Balance, June 30	**$ 20,620**	**$ 3,565**	**$ 133,824**	**$ 130,259**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 638,904	$ 638,904	$ 638,904	$ -
Resources (Inflows):				
Use of money and property	50	50	4,514	4,464
Amounts Available for Appropriations	**638,954**	**638,954**	**643,418**	**4,464**
Charges to Appropriations (Outflow):				
Capital outlay	-	120,000	-	120,000
Total Charges to Appropriations	**-**	**120,000**	**-**	**120,000**
Budgetary Fund Balance, June 30	**$ 638,954**	**$ 518,954**	**$ 643,418**	**$ 124,464**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SUNSET GRADE SEPARATION
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (771,497)	$ (771,497)	$ (771,497)	$ -
Resources (Inflows):				
Intergovernmental	-	747,445	158,753	(588,692)
Amounts Available for Appropriations	**(771,497)**	**(24,052)**	**(612,744)**	**(588,692)**
Charges to Appropriation (Outflow):				
Capital outlay	-	482,408	-	482,408
Total Charges to Appropriations	**-**	**482,408**	**-**	**482,408**
Budgetary Fund Balance, June 30	**$ (771,497)**	**$ (506,460)**	**$ (612,744)**	**$ (106,284)**

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
BEA CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 8,829,069	$ 8,829,069	$ 8,829,069	$ -
Resources (Inflows):				
Use of money and property	-	-	25,602	25,602
Amounts Available for Appropriations	**8,829,069**	**8,829,069**	**8,854,671**	**25,602**
Charges to Appropriation (Outflow):				
Capital outlay	-	1,097,207	1,097,207	-
Total Charges to Appropriations	**-**	**1,097,207**	**1,097,207**	**-**
Budgetary Fund Balance, June 30	**$ 8,829,069**	**$ 7,731,862**	**$ 7,757,464**	**$ 25,602**

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Airport	**Transit**	**Refuse Utility**	**Totals**
Assets:				
Current:				
Cash and investments	$ 199,552	$ 350,592	$ 1,084,933	$ 1,635,077
Receivables:				
Accounts	2,473	-	587,342	589,815
Notes and loans	-	3,681	-	3,681
Interest	161	1,624	5,205	6,990
Due from other governments	-	69,991	-	69,991
Due from other funds	-	83,759	-	83,759
Inventories	33,641	-	-	33,641
Total Current Assets	**235,827**	**509,647**	**1,677,480**	**2,422,954**
Noncurrent:				
Capital assets - net of accumulated depreciation	2,578,885	881,322	-	3,460,207
Total Noncurrent Assets	**2,578,885**	**881,322**	**-**	**3,460,207**
Total Assets	**2,814,712**	**1,390,969**	**1,677,480**	**5,883,161**
Deferred Outflows of Resources:				
Pension related items	24,142	349,807	65,527	439,476
Total Deferred Outflows of Resources	**24,142**	**349,807**	**65,527**	**439,476**
Liabilities:				
Current:				
Accounts payable	549	168	256,138	256,855
Accrued liabilities	1,457	35,246	4,732	41,435
Unearned revenues	4,243	353,213	-	357,456
Deposits payable	21,579	-	95,903	117,482
Compensated absences	2,046	54,299	19,157	75,502
Total Current Liabilities	**29,874**	**442,926**	**375,930**	**848,730**
Noncurrent:				
Compensated absences	1,132	30,059	10,605	41,796
Net Pension Liability	117,735	1,705,954	319,566	2,143,255
Total Noncurrent Liabilities	**118,867**	**1,736,013**	**330,171**	**2,185,051**
Total Liabilities	**148,741**	**2,178,939**	**706,101**	**3,033,781**
Deferred Inflows of Resources:				
Pension related items	4,382	63,488	11,893	79,763
Total Deferred Inflows of Resources	**4,382**	**63,488**	**11,893**	**79,763**
Net Position:				
Investment in capital assets	2,578,885	881,322	-	3,460,207
Unrestricted	106,846	(1,382,973)	1,025,013	(251,114)
Total Net Position	**$ 2,685,731**	**$ (501,651)**	**$ 1,025,013**	**$ 3,209,093**

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION NONMAJOR PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Airport	**Transit**	**Refuse Utility**	**Totals**
Operating Revenues:				
Sales and service charges	$ 232,734	$ 117,872	$ 3,562,532	$ 3,913,138
Miscellaneous	182	97,878	8,007	106,067
Total Operating Revenues	**232,916**	**215,750**	**3,570,539**	**4,019,205**
Operating Expenses:				
Salaries and benefits	55,207	1,091,178	235,430	1,381,815
Supplies and services	129,812	531,846	3,279,074	3,940,732
Repairs and maintenance	9,273	3,217	-	12,490
Bad debt expense	-	-	10,056	10,056
Depreciation expense	191,228	223,138	-	414,366
Total Operating Expenses	**385,520**	**1,849,379**	**3,524,560**	**5,759,459**
Operating Income (Loss)	(152,604)	(1,633,629)	45,979	(1,740,254)
Nonoperating Revenues:				
Intergovernmental	6,327	1,929,617	46,366	1,982,310
Interest revenue and change in fair value of investments	492	1,742	9,203	11,437
Total Nonoperating Revenues (Expenses)	**6,819**	**1,931,359**	**55,569**	**1,993,747**
Income (Loss) Before Transfers	(145,785)	297,730	101,548	253,493
Transfers out	-	-	(55,000)	(55,000)
Changes in Net Position	(145,785)	297,730	46,548	198,493
Net Position:				
Beginning of Year	2,831,516	(799,381)	978,465	3,010,600
End of Fiscal Year	**$ 2,685,731**	**$ (501,651)**	**$ 1,025,013**	**$ 3,209,093**

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			
	Airport	**Transit**	**Refuse Utility**	**Totals**
Cash Flows from Operating Activities:				
Cash received from customers and users	$ 237,550	$ 117,872	$ 3,538,197	$ 3,893,619
Cash received from/(paid to) interfund service provided	182	27,887	-	28,069
Cash paid to suppliers for goods and services	(160,391)	(971,023)	(3,522,893)	(4,654,307)
Cash paid to employees for services	(40,241)	(1,141,630)	(167,910)	(1,349,781)
Cash received from others	-	-	8,007	8,007
Net Cash Provided (Used) by Operating Activities	**37,100**	**(1,966,894)**	**(144,599)**	**(2,074,393)**
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	(55,000)	(55,000)
Intergovernmental	6,327	1,929,617	46,366	1,982,310
Net Cash Provided (Used) by Non-Capital Financing Activities	**6,327**	**1,929,617**	**(8,634)**	**1,927,310**
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(471,196)	-	(471,196)
Net Cash Provided (Used) by Capital and Related Financing Activities	**-**	**(471,196)**	**-**	**(471,196)**
Cash Flows from Investing Activities:				
Collections of repayment on loan receivables	-	-	-	-
Issuance of notes and loans receivable	-	(2,499)	-	(2,499)
Interest received and change in fair value of investments	369	2,078	6,524	8,971
Net Cash Provided (Used) by Investing Activities	**369**	**(421)**	**6,524**	**6,472**
Net Increase (Decrease) in Cash and Cash Equivalents	**43,796**	**(508,894)**	**(146,709)**	**(611,807)**
Cash and Cash Equivalents at Beginning of Year	155,756	859,486	1,231,642	2,246,884
Cash and Cash Equivalents at End of Year	**$ 199,552**	**$ 350,592**	**$ 1,084,933**	**$ 1,635,077**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (152,604)	$ (1,633,629)	$ 45,979	$ (1,740,254)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	191,228	223,138	-	414,366
Bad debt expense	-	-	(10,056)	(10,056)
(Increase) decrease in accounts receivable	6,304	-	(3,165)	3,139
(Increase) decrease in due from other governments	-	(69,991)	-	(69,991)
(Increase) decrease in inventories	(16,166)	-	-	(16,166)
Increase (decrease) in accounts payable	(1,614)	(216)	(242,334)	(244,164)
Increase (decrease) in accrued liabilities	330	(3,144)	(1,485)	(4,299)
Increase (decrease) in deposits payable	(1,488)	-	(1,058)	(2,546)
Increase (decrease) in unearned revenue	(3,856)	(432,600)	-	(436,456)
Increase (decrease) in compensated absences	416	(1,586)	1,196	26
Total Adjustments	**189,704**	**(333,265)**	**(190,578)**	**(334,139)**
Net Cash Provided (Used) by Operating Activities	**$ 37,100**	**$ (1,966,894)**	**$ (144,599)**	**$ (2,074,393)**

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Assets:					
Current:					
Pooled cash and investments	$ 2,416,970	$ 487,917	$ 111,592	$ 643,131	$ 3,659,610
Receivables:					
Accounts	6,665	21,990	-	11,685	40,340
Interest	1,929	2,246	811	2,445	7,431
Due from other governments	54,031	-	-	-	54,031
Inventories	-	126,984	-	-	126,984
Total Current Assets	**2,479,595**	**639,137**	**112,403**	**657,261**	**3,888,396**
Noncurrent:					
Capital assets - net of accumulated depreciation	-	286,233	32,274	72,080	390,587
Total Noncurrent Assets	**-**	**286,233**	**32,274**	**72,080**	**390,587**
Total Assets	**2,479,595**	**925,370**	**144,677**	**729,341**	**4,278,983**
Deferred Outflows of Resources:					
Pension related outflows	95,088	116,767	136,967	519,292	868,114
Total Deferred Outflows of Resources	**95,088**	**116,767**	**136,967**	**519,292**	**868,114**
Liabilities:					
Current:					
Accounts payable	166,907	20,743	1,601	7,510	196,761
Accrued liabilities	9,479	12,399	15,722	58,726	96,326
Compensated absences	11,137	20,334	29,247	69,902	130,620
Claims and judgments	453,284	-	-	-	453,284
Total Current Liabilities	**640,807**	**53,476**	**46,570**	**136,138**	**876,991**
Noncurrent:					
Net pension liability	463,731	569,452	667,965	2,532,500	4,233,648
Compensated absences	2,852	5,207	7,489	17,898	33,446
Claims and judgments	604,405	-	-	-	604,405
Total Noncurrent Liabilities	**1,070,988**	**574,659**	**675,454**	**2,550,398**	**4,871,499**
Total Liabilities	**1,711,795**	**628,135**	**722,024**	**2,686,536**	**5,748,490**
Deferred Inflows of Resources:					
Pension related items	17,258	21,192	24,859	94,248	157,557
Total Deferred Inflows of Resources	**17,258**	**21,192**	**24,859**	**94,248**	**157,557**
Net Position:					
Investment in capital assets	-	286,233	32,274	72,080	390,587
Unrestricted	845,630	106,577	(497,513)	(1,604,231)	(1,149,537)
Total Net Position	**$ 845,630**	**$ 392,810**	**$ (465,239)**	**$ (1,532,151)**	**$ (758,950)**

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Operating Revenues:					
Sales and service charges	$ 1,574,610	$ 1,066,558	$ 529,896	$ 2,323,822	$ 5,494,886
Miscellaneous	60,429	37,785	272	-	98,486
Total Operating Revenues	**1,635,039**	**1,104,343**	**530,168**	**2,323,822**	**5,593,372**
Operating Expenses:					
Salaries and benefits	222,402	326,642	435,914	1,811,090	2,796,048
Supplies and services	1,029,060	538,476	57,080	628,055	2,252,671
Repairs and maintenance	2,006	122,881	109,885	45,658	280,430
Insurance premiums	868,923	-	-	-	868,923
Depreciation expense	-	8,414	12,434	11,778	32,626
Total Operating Expenses	**2,122,391**	**996,413**	**615,313**	**2,496,581**	**6,230,698**
Operating Income (Loss)	(487,352)	107,930	(85,145)	(172,759)	(637,326)
Nonoperating Revenues:					
Interest revenue and change in fair value	(1,014)	3,650	896	3,563	7,095
Total Nonoperating Revenues (Expenses)	**(1,014)**	**3,650**	**896**	**3,563**	**7,095**
Changes in Net Position	(488,366)	111,580	(84,249)	(169,196)	(630,231)
Net Position:					
Beginning of Year	1,333,996	281,230	(380,990)	(1,362,955)	(128,719)
End of Fiscal Year	**$ 845,630**	**$ 392,810**	**$ (465,239)**	**$ (1,532,151)**	**$ (758,950)**

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	$ 1,574,889	$ 1,067,158	$ 530,269	$ 2,322,056	$ 5,494,372
Cash received from interfund service provided	55,210	37,833	272	-	93,315
Cash paid to suppliers for goods and services	(2,195,058)	(752,440)	(161,126)	(681,768)	(3,790,392)
Cash paid to employees for services	(261,855)	(403,177)	(366,086)	(1,582,079)	(2,613,197)
Net Cash Provided (Used) by Operating Activities	**(826,814)**	**(50,626)**	**3,329**	**58,209**	**(815,902)**
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	(10,452)	-	(79,685)	(90,137)
Net Cash Provided (Used) by Capital and Related Financing Activities	**-**	**(10,452)**	**-**	**(79,685)**	**(90,137)**
Cash Flows from Investing Activities:					
Interest received	431	2,584	461	2,056	5,532
Net Cash Provided (Used) by Investing Activities	**431**	**2,584**	**461**	**2,056**	**5,532**
Net Increase (Decrease) in Cash and Cash Equivalents	**(826,383)**	**(58,494)**	**3,790**	**(19,420)**	**(900,507)**
Cash and Cash Equivalents at Beginning of Year	3,243,353	546,411	107,802	662,551	4,560,117
Cash and Cash Equivalents at End of Year	**$ 2,416,970**	**$ 487,917**	**$ 111,592**	**$ 643,131**	**$ 3,659,610**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	$ (487,352)	$ 107,930	$ (85,145)	$ (172,759)	$ (637,326)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	-	8,414	12,434	11,778	32,626
(Increase) decrease in accounts receivable	279	600	373	(1,766)	(514)
(Increase) decrease in due from other governments	(5,219)	48	-	-	(5,171)
(Increase) decrease in inventories	-	(78,007)	-	-	(78,007)
Increase (decrease) in accounts payable	112,822	(9,750)	(1,661)	(8,055)	93,356
Increase (decrease) in accrued liabilities	3,128	(3,326)	7,500	3,605	10,907
Increase (decrease) in employee salary/benefit obligations	(32,974)	(74,826)	64,411	213,254	169,865
Increase (decrease) in claims and judgments	(411,019)	-	-	-	(411,019)
Increase (decrease) in compensated absences	(6,479)	(1,709)	5,417	12,152	9,381
Total Adjustments	**(339,462)**	**(158,556)**	**88,474**	**230,968**	**(178,576)**
Net Cash Provided (Used) by Operating Activities	**$ (826,814)**	**$ (50,626)**	**$ 3,329**	**$ 58,209**	**$ (815,902)**

CITY OF BANNING

COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2018

	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	$ 35,631	$ 73,673	$ 54,845	$ 153,420	$ 46,579	$ 364,148
Receivables:						
Accounts	-	-	-	2,951	-	2,951
Interest	150	311	255	522	197	1,435
Due from other governments	-	-	-	2,925	-	2,925
Cash and investments with fiscal agents	-	-	-	225,908	-	225,908
Total Assets	**$ 35,781**	**$ 73,984**	**$ 55,100**	**$ 385,726**	**$ 46,776**	**$ 597,367**
Liabilities:						
Accounts payable	$ -	$ -	$ 2,082	$ -	$ -	$ 2,082
Deposits payable	-	19,958	-	17,656	40,000	77,614
Due to bondholders	35,781	54,026	53,018	368,070	6,776	517,671
Total Liabilities	**$ 35,781**	**$ 73,984**	**$ 55,100**	**$ 385,726**	**$ 46,776**	**$ 597,367**

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Sun Lake CFD 86-1				
Assets:				
Pooled cash and investments	$ 35,413	$ 218	$ -	$ 35,631
Receivables:				
Interest	78	312	240	150
Total Assets	**$ 35,491**	**$ 530**	**$ 240**	**$ 35,781**
Liabilities:				
Due to bondholders	$ 35,491	$ 433	$ 143	$ 35,781
Total Liabilities	**$ 35,491**	**$ 433**	**$ 143**	**$ 35,781**
Special AD 91-1				
Assets:				
Pooled cash and investments	$ 73,222	$ 666	$ 215	$ 73,673
Receivables:				
Interest	153	645	487	311
Total Assets	**$ 73,375**	**$ 1,311**	**$ 702**	**$ 73,984**
Liabilities:				
Deposits payable	$ 19,958	$ -	$ -	$ 19,958
Due to bondholders	53,417	895	286	54,026
Total Liabilities	**$ 73,375**	**$ 895**	**$ 286**	**$ 73,984**
Area Police Computer				
Assets:				
Pooled cash and investments	$ 50,704	$ 50,938	$ 46,797	$ 54,845
Receivables:				
Interest	106	489	340	255
Prepaid costs	25,774	-	25,774	-
Due from other governments	-	25,960	25,960	-
Total Assets	**$ 76,584**	**$ 77,387**	**$ 98,871**	**$ 55,100**
Liabilities:				
Accounts payable	$ 29,994	$ 11,607	$ 39,519	$ 2,082
Due to bondholders	46,590	51,138	44,710	53,018
Total Liabilities	**$ 76,584**	**$ 62,745**	**$ 84,229**	**$ 55,100**

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Fair Oaks AD 2004-1				
Assets:				
Pooled cash and investments	$ 173,977	$ 197,672	$ 218,229	$ 153,420
Receivables:				
Accounts	-	2,951	-	2,951
Interest	285	1,043	806	522
Due from other governments	3,735	2,925	3,735	2,925
Restricted assets:				
Cash and investments with fiscal agents	225,649	431	172	225,908
Total Assets	**$ 403,646**	**$ 205,022**	**$ 222,942**	**$ 385,726**
Liabilities:				
Accounts payable	$ 769	$ 9,330	$ 10,099	$ -
Deposits payable	17,656	-	-	17,656
Due to bondholders	385,221	197,198	214,349	368,070
Total Liabilities	**$ 403,646**	**$ 206,528**	**$ 224,448**	**$ 385,726**
Cameo Homes				
Assets:				
Pooled cash and investments	$ 46,294	$ 421	$ 136	$ 46,579
Receivables:				
Interest	102	408	313	197
Total Assets	**$ 46,396**	**$ 829**	**$ 449**	**$ 46,776**
Liabilities:				
Deposits payable	$ 40,000	$ -	$ -	$ 40,000
Due to bondholders	6,396	566	186	6,776
Total Liabilities	**$ 46,396**	**$ 566**	**$ 186**	**$ 46,776**
Totals - All Agency Funds				
Assets:				
Pooled cash and investments	$ 379,610	$ 249,915	$ 265,377	$ 364,148
Receivables:				
Accounts	-	2,951	-	2,951
Interest	724	2,897	2,186	1,435
Prepaid costs	25,774		25,774	-
Due from other governments	3,735	28,885	29,695	2,925
Cash and investments with fiscal agents	225,649	431	172	225,908
Total Assets	**$ 635,492**	**$ 285,079**	**$ 323,204**	**$ 597,367**
Liabilities:				
Accounts payable	$ 30,763	$ 20,937	$ 49,618	$ 2,082
Deposits payable	77,614	-	-	77,614
Due to bondholders	527,115	250,230	259,674	517,671
Total Liabilities	**$ 635,492**	**$ 271,167**	**$ 309,292**	**$ 597,367**