



CITY OF BANNING, CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning, California, as of June 30, 2019, 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 schedule for the general fund, the schedule of changes in net pension liability and related ratios (Miscellaneous rate Plan), the schedules of plan contributions, the schedule of proportionate share of the net pension liability (Safety Rate Plan) 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.



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 February 13, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 & Lingham, LLP

Brea, California
February 13, 2020

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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, 2019 (FY 2019). 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, 2019 (FY 2019).

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 Auditors' 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 Fund statements by requiring the two presentations, traditional Fund 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, 2019, 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 \$200.77 million, an increase of \$0.36 million over June 30, 2018.
- ❖ At the close of the fiscal year, the Unrestricted portion of the Net Position, that which may be used to meet on-going obligations due to creditors, is \$50.74 million, a decrease of \$3.63 million over the prior fiscal year. The Net Investment in Capital Assets, another component of Net Position, was \$122.11 a decrease of \$2.55 million over June 30, 2018. The Restricted portion of the Net Position amounted to \$27.92 million, an increase of \$6.53 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, 2019, the total Net Pension Liability for the City of Banning, government-wide, was \$40.09 million, an increase of \$0.01 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, net expenses over revenues, increased by \$0.36 million to \$200.77 million from the prior fiscal year.

The City's Net Position from Governmental Activities is \$78.37 million, a decrease of \$4.91 million, which was mainly due to a \$0.46 million increase in Public Safety, \$0.66 million increase in General Government activities and \$0.78 million increase in Transportation activities.

The City's Net Position from Business-Type Activities is \$122.40 million, an increase of \$5.28 million. Program and General Revenues amounted to \$53.27 million, an increase of \$1.77 million, mainly due to an increase in interest and charges for services, while expenses totaled \$49.99 million, an increase from last year's \$49.59 million.

ASSETS AND DEFERRED OUTFLOWS

The City's Total Assets decreased \$1.35 million to \$301.74 million. Deferred outflows decreased \$2.88 million to \$10.44 million. Total Assets and Deferred outflows are \$312.18 million.

LIABILITIES AND DEFERRED INFLOWS

The City's Total Liabilities decreased \$4.25 million to \$110.40 million. Deferred inflows decreased \$0.33 million to \$1.01 million. Total Liabilities and Deferred inflows are \$111.41.

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 FY2019 is \$200.77 million, an increase of \$0.36 million, or 0.2% over the June 30, 2018 balance. Total assets decreased by \$2.88 million while total liabilities also showed a decrease by \$4.25 million. Corresponding analysis of the causes of these changes are reflected in the following paragraphs.

The *Net investment in Capital Assets* of \$122.11 million represents 60.82% 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 FY2019.

The portion of the City's Net Position subject to *external restrictions* in how they may be used is \$27.92 million (13.91% of the Total Net Position). The Restricted Net Position includes Community Development Projects, Public Safety, Parks and Recreation, Public Works, Capital Projects, and Debt Service.

The remaining *Unrestricted Net Position* balance of \$50.74 million (25.27% 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 \$26.18 million and \$13.90 million respectively. Additional information can be found in the Notes to Financial Statements.

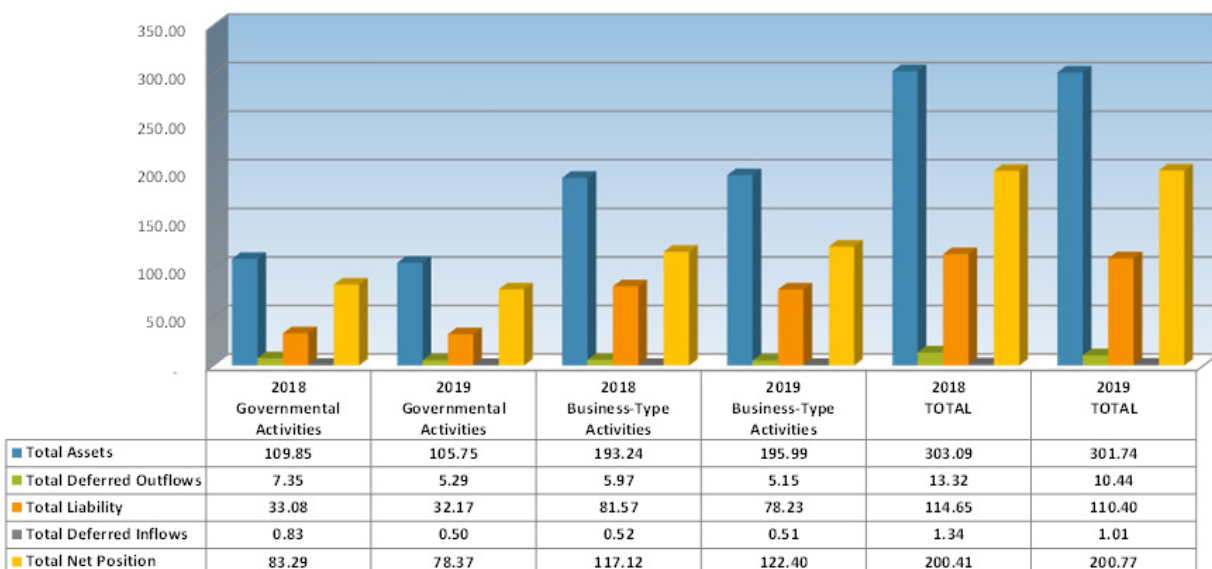
Table 1 summarizes the Statement of Net Position of the City and provides a comparison.

Table 1 - Summary of Net Position (In Millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals		
	2018	2019	2018	2019	2018	2019	% CHG
Assets:							
Current and other assets	38.74	38.44	79.49	83.85	118.22	122.28	3.4%
Capital assets	71.12	67.31	113.76	112.14	184.87	179.45	2.9%
TOTAL ASSETS	\$ 109.85	\$ 105.75	\$ 193.24	\$ 195.99	\$ 303.09	\$ 301.74	0.4%
Deferred outflows on refunding	-	-	3.13	2.94	3.13	2.94	6.1%
Deferred pension related items	7.35	5.29	2.84	2.21	10.19	7.50	26.4%
TOTAL DEFERRED OUTFLOWS	\$ 7.35	\$ 5.29	\$ 5.97	\$ 5.15	\$ 13.32	\$ 10.44	21.6%
Liabilities:							
Current and other liabilities	5.23	5.44	7.55	7.25	12.78	12.70	0.6%
Long-term liabilities*	27.85	26.73	74.02	70.97	101.87	97.70	4.1%
TOTAL LIABILITIES	\$ 33.08	\$ 32.17	\$ 81.57	\$ 78.23	\$ 114.65	\$ 110.40	3.7%
Deferred inflows on refunding	-	-	-	-	-	-	0.0%
Deferred pension related items	0.83	0.50	0.52	0.51	1.34	1.01	24.6%
TOTAL DEFERRED INFLOWS	\$ 0.83	\$ 0.50	\$ 0.52	\$ 0.51	\$ 1.34	\$ 1.01	24.6%
Net Position:							
Net investment in capital assets	70.01	66.69	54.65	55.42	124.66	122.11	2.0%
Restricted for:							
Community Development Projects	2.58	2.65	-	-	2.58	2.65	2.7%
Public Safety	0.29	0.31	-	-	0.29	0.31	6.9%
Culture and Leisure	0.04	0.04	-	-	0.04	0.04	0.0%
Transportation	3.31	3.86	-	-	3.31	3.86	16.6%
Capital Projects	8.30	8.16	6.87	6.91	15.17	15.07	0.7%
Debt Service	-	-	-	-	-	-	0.0%
SCPPA Projects	-	-	-	2.03	-	2.03	0.0%
SCPPA Project Stabilization Fund	-	-	-	3.96	-	3.96	0.0%
Unrestricted	(1.23)	(3.34)	55.60	54.08	54.37	50.74	6.7%
TOTAL NET POSITION	\$ 83.29	\$ 78.37	\$ 117.12	\$ 122.40	\$ 200.41	\$ 200.77	0.2%

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

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



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

STATEMENT OF ACTIVITIES

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

Table 2 - Statement of Activities (In Millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2019	2018	2019	2018	2019
Revenues						
Program Revenues:						
Charges for Services	3.04	4.93	47.86	49.66	50.90	54.59
Operating Contributions and Grants	2.01	0.88	2.59	1.84	4.60	2.72
Capital Contributions and Grants	0.56	0.20	-	-	0.56	0.20
Subtotal Program Revenues	5.61	6.01	50.45	51.50	56.06	57.51
General Revenues:						
Property Taxes	4.96	5.22	-	-	4.96	5.22
Sales Taxes	4.19	4.47	-	-	4.19	4.47
Business Licenses Taxes	0.18	0.17	-	-	0.18	0.17
Franchise Taxes	0.87	0.90	-	-	0.87	0.90
Transient Occupancy Taxes	0.85	0.90	-	-	0.85	0.90
Other Taxes	0.54	1.20	-	-	0.54	1.20
Motor Vehicle In-Lieu	0.02	0.02	-	-	0.02	0.02
Use of Money and Property	0.74	1.13	0.64	1.59	1.38	2.72
Other	0.51	0.55	0.41	0.27	0.91	0.83
Gain on sale of capital asset	-	-	-	-	-	-
Subtotal General Revenues	12.86	14.56	1.05	1.86	13.90	16.42
TOTAL REVENUES	18.47	20.57	51.50	53.36	69.96	73.93
Expenses						
General Government	2.46	3.12	-	-	2.46	3.12
Public Safety	13.12	13.58	-	-	13.12	13.58
Community Development	1.62	2.01	-	-	1.62	2.01
Culture and Leisure	1.44	1.61	-	-	1.44	1.61
Transportation	4.97	5.75	-	-	4.97	5.75
Interest on Long-term debt	0.06	0.04	-	-	0.06	0.04
Airport	-	-	0.39	0.35	0.39	0.35
Transit	-	-	1.87	2.32	1.87	2.32
Electric Utility	-	-	32.72	31.02	32.73	31.01
BUA Water	-	-	8.14	8.32	8.14	8.32
BUA Wastewater	-	-	2.94	3.50	2.94	3.50
Refuse	-	-	3.53	4.48	3.53	4.48
TOTAL EXPENSES	23.67	26.11	49.59	49.99	73.27	76.10
Increase/(Decrease) in Net Position						
Before Transfers and Special Items	(5.21)	(5.55)	1.91	3.38	(3.30)	(2.17)
Transfers	0.72	0.64	(0.72)	(0.64)	-	-
Increase/(Decrease) in Net Position	(4.49)	(4.91)	1.19	2.74	(3.30)	(2.17)
Net Position at Beginning of Year	87.77	83.29	115.94	117.12	203.71	200.41
Restatement of Net Position	-	-	-	2.54	-	2.54
Net Position at End of Year	83.29	78.37	117.12	122.40	200.41	200.77

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

GOVERNMENT-WIDE REVENUES AND EXPENSES

In the following two paragraphs, refer to Table 2 for Government-wide Revenues and Expenses. Net Revenues over Expenses increased the City's Net Position by \$0.36 million.

The total Government-Wide revenues for FY2019 were \$73.93 million, \$20.57 million from Governmental Activities, and \$53.36 million from Business-Type Activities. City-wide total revenues increased by \$3.97 million, or 5.67%, from \$69.96 million in FY 2018.

Total Government-Wide expenses for FY2019 are \$76.10 million, an increase of \$2.83 million or 3.86% over FY 2018. City-wide total expenses supporting Governmental Activities was \$26.11 million or 34.31%, and Business-Type Activities, \$49.99 million, or 65.69%.

GOVERNMENTAL ACTIVITIES

Net Position for Governmental Activities was \$78.37 million, a decrease of \$4.91 million or 5.90% from FY 2018.

REVENUES

Total Revenues for Governmental Activities were \$20.57 million.

Charges for Services amounted to \$4.93 million for the current year which represents approximately 23.97% of the total revenues in the Governmental Activities category.

Revenues from overall tax sources increased 10.96% in FY2019. The two largest taxes sources were Property Taxes and Sales Taxes, increasing to \$5.22 million and \$4.47 million, respectively. In comparison to the FY2018 levels, Property Taxes moderately increased 5.24% from \$4.96 million and Sales Taxes increased 6.68% from \$4.19 million.

EXPENSES

Total Expenses for Governmental Activities were \$26.11 million.

Governmental Activities expenses increased 10.31% to \$26.11 million, \$2.44 million more than last year. The breakdown by governmental activity follows; General Government expenses increased \$663,342, Public Safety increased \$451,412, Community Development increased \$390,824 Culture and Leisure increased \$171,193. Public Works/Transportation expenses increased \$776,862, and Interest on long-term debt decreased \$19,086.

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 expenses, 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)		
	2018	2019	% Chg	2018	2019	% Chg	2018	2019	% Chg
General Government	2,209,262	3,786,420	71%	2,461,098	3,124,340	27%	(251,836)	662,080	363%
Public Safety	1,048,327	189,348	82%	13,123,891	13,575,303	3%	(12,075,564)	(13,385,955)	11%
Community Development	917,717	1,074,912	-	1,621,737	2,012,561	24%	(704,020)	(937,649)	33%
Culture & Leisure	350,901	304,561	13%	1,441,115	1,612,308	12%	(1,090,214)	(1,307,747)	20%
Transportation	1,085,236	650,467	40%	4,970,388	5,747,250	16%	(3,885,152)	(5,096,783)	31%
Interest on long-term debt	-	-	-	55,195	36,109	35%	(55,195)	(36,109)	35%
Government Subtotal	5,611,443	6,005,708	7%	23,673,424	26,107,871	10%	(18,061,981)	(20,102,163)	11%
General Revenues*	12,856,897	14,550,677	13%	-	-	-	12,856,897	14,550,677	13%
Transfers	724,000	638,759	12%	-	-	-	724,000	638,759	12%
TOTAL	19,192,340	21,195,144	10%	23,673,424	26,107,871	10%	(4,481,084)	(4,912,727)	10%

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

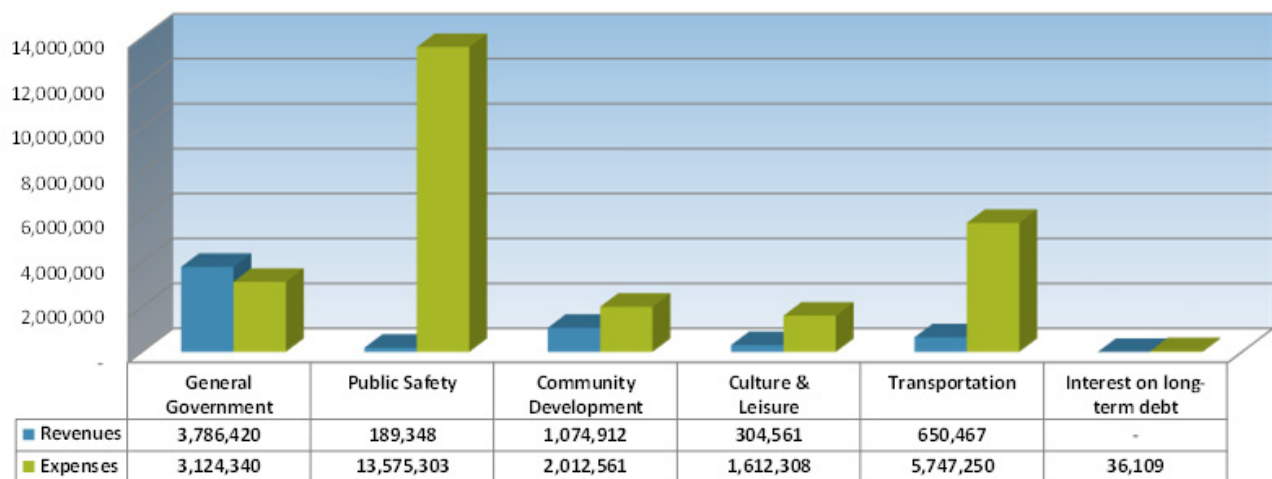


Chart 3: Details can be found in the "Statement of Activities"

BUSINESS-TYPE ACTIVITIES

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

Table 4 - Program Net Cost: Business-Type Activities

	Program Revenues			Total Cost of Services			Net Revenues (Expenses)		
	2018	2019	% Chg	2018	2019	% Chg	2018	2019	% Chg
Airport	239,061	199,253	17%	391,245	353,205	10%	(152,184)	(153,952)	1%
Transit	2,047,489	1,674,948	18%	1,866,561	2,315,554	24%	180,928	(640,606)	454%
BUA Water Utility	10,143,235	9,893,198	2%	8,139,411	8,316,156	2%	2,003,824	1,577,042	21%
Electric Utility	31,061,605	31,498,810	1%	32,726,577	31,020,023	5%	(1,664,972)	478,787	129%
BUA Wastewater Utility	3,345,508	3,673,850	10%	2,936,846	3,502,698	19%	408,662	171,152	58%
Refuse Utility	3,608,898	4,562,696	26%	3,526,288	4,483,427	27%	82,610	79,269	4%
Business Subtotal	50,445,796	51,502,755	2%	49,586,928	49,991,063	1%	858,868	1,511,692	76%
General Revenues	1,047,596	1,867,330	78%	-	-	-	1,047,596	1,867,330	78%
SUBTOTAL	51,493,392	53,370,085	4%	49,586,928	49,991,063	1%	1,906,464	3,379,022	77%
Transfers	-	-	-	724,000	638,759	-	(724,000)	(638,759)	12%
TOTAL	51,493,392	53,370,085	4%	50,310,928	50,629,822	1%	1,182,464	2,740,263	132%

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 \$122.40 million (see Table 2).
- Business-type activities increased Net Position by \$5.28 million (see Table 2).
- All Business-type activities contributed to the Increase in Net Position. The FY 2019 results of Net Revenues (Expenses) was \$2,740,263, including non-operating revenue of \$1,867,330 as shown in Table 4.
- Net increases (decreases) by program operations are detailed in Table 4; Airport (\$153,952), Transit (\$640,606), Water \$1,577,042, Electric \$478,787, Wastewater \$171,152, and Refuse \$79,269.

FUNDS FINANCIAL STATEMENTS

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

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

The Fund Financial Statements are divided into three fund types:

- **Governmental funds statements** tell how general government services such as police, fire, public works and special revenue funds were financed in the short-term as well as what remains for future spending. Property taxes, sales tax, transient occupancy tax, interest income, franchise fees, grants, contributions from other agencies, and other revenues fund these activities. The General Fund is reported as a major fund; all other Governmental funds are non-major.
- **Proprietary funds statements** offer short-term and long-term financial information of the City's utilities, the major proprietary funds, water, wastewater and electric, as well as airport, transit and refuse collection services. These funds require the use of full accrual accounting.
- **Internal Service funds statements** are reported with Governmental activities.
- **Fiduciary funds statements** provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of other governmental units, private organizations, or individuals to whom the resources belong. The Successor Agency, assessment districts and other non-City funds are accounted for in these fund types.

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

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

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

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

GOVERNMENTAL FUNDS

Governmental Funds only focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The Fund Financial Statements include the General Fund, the major fund of the governmental funds, and Other Governmental Funds, which are the total of the non-major governmental funds.

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

GOVERNMENTAL FUNDS HIGHLIGHTS

- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$29.99 million, an increase of \$1.20 million, 4.17% compared to last fiscal year.
- ❖ GASB 54 requires governments to classify fund balances according to the spending constraints defined by GASB 54. For the General Fund, \$3.27 of the \$13.11 million fund balance is Unassigned, that is, those funds do not have restrictions. However, the remaining \$9.84 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 2018-19, with comparative amounts from the prior year. Fiscal Year 2018-19 Revenues were \$20,940,004, an increase of \$2,588,500 compared to the previous fiscal year.

Table 5 - Comparison of Governmental Revenues

	2017-18	% of Total Revenues	2018-19	% of Total Revenues	\$ Increase / (Decrease)	% Change
Taxes	11,596,387	63.19%	12,849,432	61.36%	1,253,045	10.81%
Licenses & Permits	799,517	4.36%	925,340	4.42%	125,823	15.74%
Intergovernmental	2,310,871	12.59%	1,429,852	6.83%	(881,019)	38.12%
Charges for Services	1,842,536	10.04%	3,519,930	16.81%	1,677,394	91.04%
Use of Money & Property	730,369	3.98%	1,006,328	4.81%	275,959	37.78%
Fines and Forfeitures	248,336	1.35%	233,389	1.11%	(14,947)	6.02%
Contributions	26,157	0.14%	15,448	0.07%	(10,709)	40.94%
Successor Agency Admin	250,000	1.36%	250,000	1.19%	-	0.00%
Miscellaneous	547,331	2.98%	710,285	3.39%	162,954	29.77%
TOTAL	18,351,504	100.00%	20,940,004	100.00%	2,588,500	14.11%

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 2017-18 and 2018-19, with related percent of total expenditures for each fiscal year. Expenditures for FY2019 were \$20,373,965, an increase of \$546,102 from FY2018.

Table 6 - Comparison of Governmental Expenditures

	2017-18	% of Total Expenditures	2018-19	% of Total Expenditures	\$ Increase / (Decrease)	% Change
General Government	2,346,949	11.84%	2,664,332	13.08%	317,383	13.52%
Public Safety	10,944,961	55.20%	11,153,944	54.75%	208,983	1.91%
Community Development	1,595,580	8.05%	1,931,189	9.48%	335,609	21.03%
Parks and Recreation	1,106,051	5.58%	1,192,937	5.86%	86,886	7.86%
Public Works/Transportation	1,379,680	6.96%	1,285,522	6.31%	(94,158)	-6.82%
Operating Expenditures	17,373,221	87.62%	18,227,924	89.47%	854,703	4.92%
Capital Outlay	1,936,697	9.77%	1,628,584	7.99%	(308,113)	-15.91%
Debt Service	517,945	2.61%	517,457	2.54%	(488)	-0.09%
TOTAL	19,827,863	100.00%	20,373,965	100.00%	546,102	2.75%

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

BALANCE SHEETS OF GOVERNMENTAL FUNDS

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

FIDUCIARY FUNDS

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

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

As a result of AB 1X 26, a law enacted by the State in 2012 dissolving the Redevelopment Agencies, Successor Agency Trust Fund receives trust revenues based on ROP's approved by CA Department of Finance. In FY 2018-19, the Successor Agency received \$2.50 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 Enterprise Funds \$124.62 million. The major funds, the total of City Utilities make up \$121.89 million.

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

OPERATING INCOME (LOSS)

All three major enterprise funds have positive results of operation; Water’s operating income was \$2,738,464; Electric’s was \$2,484,886 and Wastewater’s was \$532,052.

GENERAL FUND HIGHLIGHTS

The General Fund Balance is \$13.11 million, with \$3.27 identified as Unassigned and the balance of \$9.84 million classified within one of the other four classifications applicable under the GASB 54 constraints. (see Balance Sheet - Governmental Funds) The balance of the fund, City Council commit as an emergency contingency in the General Fund as 25% of the operating budget, \$4.78 million. Funds classified as Non-spendable total \$0.05 million for prepaid costs and employee loans. Funds classified as Assigned total \$4.99 million which account for capital replacement, future compensated absences, litigation, Gas Tax, PEG, police reward, mining tax, 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 2016-17, 2017-18 and 2018-19.

Table 7 - General Fund Revenues

	2016-17	2017-18	2018-19	% of Total	\$ Increase / (Decrease) to Last Year	% Change
Property Tax	4,731,744	4,959,588	5,223,775	27.91%	264,187	5.33%
Sales Tax	3,213,574	3,624,871	3,815,606	20.38%	190,735	5.26%
Transient Occupancy Tax	861,221	854,928	895,887	4.79%	40,959	4.79%
Franchise	839,395	871,107	895,534	4.78%	24,427	2.80%
Other Taxes	406,225	403,944	656,829	3.51%	252,885	62.60%
License & Permits	605,809	799,517	925,340	4.94%	125,823	15.74%
Intergovernmental	148,988	162,862	128,088	0.68%	(34,774)	-21.35%
Charges for Services	3,396,761	1,842,536	3,519,930	18.80%	1,677,394	91.04%
Use of Money & Property	534,527	640,264	794,228	4.24%	153,964	24.05%
Fines & Forfeitures	252,114	248,336	233,389	1.25%	(14,947)	-6.02%
Transfers In	724,000	724,000	734,759	3.93%	10,759	1.49%
Contributions*	106,182	266,734	253,479	1.35%	(13,255)	-4.97%
Miscellaneous	487,078	490,042	642,066	3.43%	152,024	31.02%
TOTALS	16,307,618	15,888,729	18,718,910	100.00%	2,830,181	17.81%

* Category did not exist prior to fiscal year 2013

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

For Fiscal Year 2018-19, General Fund revenues were \$18,718,910, an increase of \$2,830,181 over FY 2017-18. Key elements of this year's activity versus last fiscal year are as follows:

- Property Tax Revenues, \$5,223,775 increased by \$264,187, a 5.33% increase over FY2018.
- Licenses & Permits, \$925,340 increased 15.74%, as a result of an increase in commercial development activity, from \$799,517 in FY2018.
- Other Tax revenues, \$656,829 increased by \$252,885, a 62.6% increase over FY2018.
- Revenues from Charges for Services, \$3,519,930, increased 91.04% from FY2018. This includes the Electric Department's 10% administrative service transfer to the General Fund, which was decreased by from the adopted 10% to 4.5% at mid-year for FY 2019 and by increased fee revenues arising from 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 2016-17, 2017-18 and 2018-19.

Table 8 - General Fund Expenditures

	2016-17	2017-18	2018-19	% of Total	\$ Increase / (Decrease) to Last Year	% Change
General Government*	2,306,156	2,344,116	2,664,332	14.93%	320,216	13.66%
Public Safety	9,606,638	10,439,183	11,041,240	61.85%	602,057	5.77%
Community Development	1,428,239	1,502,312	1,898,360	10.63%	396,048	26.36%
Culture & Leisure	1,045,776	1,106,051	1,192,937	6.68%	86,886	7.86%
Public Works *	-	-	-	0.00%	-	0.00%
Capital Outlay	24,063	363,629	124,183	0.70%	(239,446)	-65.85%
Debt Service	657,536	517,945	517,457	2.90%	(488)	-0.09%
Transfers Out	164,325	694,278	412,369	2.31%	(281,909)	-40.60%
TOTALS	15,232,733	16,967,514	17,850,878	100.00%	883,364	5.21%

* 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, 2018 and 2019.

Total General Fund expenditures were \$17,850,878 a 5.21% increase over the previous year. The largest changes occurred in the following areas:

- General Government expenditures of \$2,664,332, increased by \$320,216, or 13.66%.
- Public Safety expenditures of \$11,041,240, increased by \$602,057, or 5.77%.
- Culture & Leisure expenditures of \$1,192,937 increased by \$86,886, or 7.86%.
- Capital Outlay expenditures of \$124,183, decreased by \$239,446, or -65.85%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original FY2019 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 \$18.72 million were \$0.41 million less than the final budgeted revenues of \$19.13 million (please refer to Budgetary Comparison Schedule-General Fund). This is mainly due to less revenue from lower Inter-fund charges and Other Permits.

The General Fund actual ending expenditures of \$17.85 million were \$2.12 million lower than the final budget of \$19.97 million. The majority of the difference is accounted for by salary savings due to vacancies in several departments, and the unused contingency account in Central Services. Overall, the City's General Fund showed a net increase in fund balance of \$1.71 million as a result of 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, 2019, is \$179,455,784 (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		
	2018	2019	% Chg	2018	2019	% Chg	2018	2019	% Chg
Land	4,391,449	4,391,449	0%	1,184,229	4,703,988	297%	5,575,678	9,095,437	63%
Construction in Progress	1,169,711	2,102,749	80%	7,176,554	5,747,115	20%	8,346,265	7,849,864	6%
Building and Structures*	9,449,811	8,992,650	5%	86,918	79,802	8%	9,536,729	9,072,452	5%
Land Improvements*	3,357,310	3,130,800	7%	1,985,565	1,822,830	8%	5,342,875	4,953,630	7%
Machinery and Equipment*	642,997	458,444	29%	-	2,517	-	642,997	460,961	28%
Vehicles*	339,242	301,956	11%	-	-	-	339,242	301,956	11%
Utility Plant	-	-	-	103,323,914	99,784,502	3%	103,323,914	99,784,502	3%
Infrastructure*	51,767,757	47,936,982	7%	-	-	-	51,767,757	47,936,982	7%
TOTAL	71,118,277	67,315,030	5%	113,757,180	112,140,754	1%	184,875,457	179,455,784	3%

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, 2019, 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 \$106,552,124 at June 30, 2018 and \$103,336,289 at June 30, 2019.

At year June 30, 2019, the City's Governmental Activities had long term debt in the amount of \$29,063,835 including Net Pension Liability of \$26,182,645. 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 17 of the notes to the Financial Statements.

Long-term debt in the Business-Type Activities amounted to \$74,272,454 including Net Pension Liability of \$13,907,267. 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 12 of the Notes to the Financial Statements.

Table 10 - Long Term Debt/Liability Recap

	Governmental Activities			Business-Type Activities			Totals		
	2018	2019	% Chg	2018	2019	% Chg	2018	2019	% Chg
Compensated Absences	988,305	997,789	1%	667,447	705,325	6%	1,655,752	1,703,114	3%
Refunding Lease	1,029,684	628,572	39%	-	-	-	1,029,684	628,572	39%
Vehicle Lease	77,723	-	0%	-	-	0%	77,723	-	0%
Revenue Bonds	-	-	-	56,345,000	54,325,012	4%	56,345,000	54,325,012	4%
Claims & Judgements	1,468,708	1,254,829	15%	-	-	-	1,468,708	1,254,829	15%
Loans	-	-	-	867,377	585,640	32%	867,377	585,640	32%
SUBTOTAL	3,564,420	2,881,190	19%	57,879,824	55,615,977	4%	61,444,244	58,497,167	5%
Less:									
Unamortized original issue premium				5,096,937	4,818,781	5%	5,096,937	4,818,781	5%
Unamortized original issue discount				(73,788)	(69,571)	6%	(73,788)	(69,571)	6%
Net Business-Type Activities				62,902,973	60,365,187	4%	66,467,393	63,246,377	5%
Net Pension Liability	26,235,268	26,182,645	0%	13,849,463	13,907,267	0%	40,084,731	40,089,912	0%
TOTAL	29,799,688	29,063,835	2%	76,752,436	74,272,454	3%	106,552,124	103,336,289	3%

Note: Details can be found in Note 8 (Long Term Debt) and in Note 12 (City Employees Retirement Plan)

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF BANNING

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 24,026,358	\$ 60,977,290	\$ 85,003,648
Receivables:			
Accounts	926,253	7,884,823	8,811,076
Loans	806,205	8,131	814,336
Interest	183,932	477,667	661,599
Internal balances	1,831,399	(1,831,399)	-
Prepaid costs	30,121	1,897,868	1,927,989
Deposits	-	113,744	113,744
Due from other governments	2,184,344	-	2,184,344
Inventories	99,096	2,763,790	2,862,886
Restricted assets:			
Cash and investments	-	2,279,429	2,279,429
Cash with fiscal agent	8,349,035	6,906,937	15,255,972
Investment in SCPPA Project Stabilization Fund	-	2,367,890	2,367,890
Capital assets not being depreciated	6,494,198	10,451,103	16,945,301
Capital assets, net of depreciation	60,820,832	101,689,651	162,510,483
Total Assets	105,751,773	195,986,924	301,738,697
Deferred Outflows of Resources:			
Deferred charge on refunding	-	2,937,862	2,937,862
Deferred pension related items	5,295,302	2,211,571	7,506,873
Total Deferred Outflows of Resources	5,295,302	5,149,433	10,444,735
Liabilities:			
Accounts payable	1,579,496	2,335,658	3,915,154
Accrued liabilities	384,563	311,138	695,701
Accrued interest	3,938	319,754	323,692
Unearned revenue	358,050	228,708	586,758
Deposits payable	779,312	757,546	1,536,858
Compensated absences - due in one year	680,233	502,825	1,183,058
Claims payable - due in one year	1,237,986	-	1,237,986
Long term liabilities - due in one year	416,295	2,594,063	3,010,358
Noncurrent liabilities:			
Compensated absences - due in more than one year	317,556	202,500	520,056
Claims payable - due in more than one year	16,843	-	16,843
Long term liabilities - due in more than one year	212,277	57,065,798	57,278,075
Net pension liability	26,182,645	13,907,267	40,089,912
Total Liabilities	32,169,194	78,225,257	110,394,451
Deferred Inflows of Resources:			
Deferred pension related items	505,034	508,720	1,013,754
Total Deferred Inflows of Resources	505,034	508,720	1,013,754
Net Position:			
Net investment in capital assets	66,686,458	55,418,755	122,105,213
Restricted for:			
Community development projects	2,649,539	-	2,649,539
Public safety	314,589	-	314,589
Culture and leisure	40,865	-	40,865
Transportation	3,857,512	-	3,857,512
Capital projects	8,163,390	6,906,844	15,070,234
Debt service	-	93	93
SCPPA Projects	-	2,031,133	2,031,133
SCPPA Stabilization Fund	-	3,962,458	3,962,458
Unrestricted	(3,339,506)	54,083,097	50,743,591
Total Net Position	\$ 78,372,847	\$ 122,402,380	\$ 200,775,227

CITY OF BANNING

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 3,124,340	\$ 3,522,951	\$ 263,469	\$ -
Public safety	13,575,303	60,608	128,740	-
Community development	2,012,561	1,074,183	-	729
Culture and leisure	1,612,308	107,551	1,979	195,031
Transportation	5,747,250	162,294	488,173	-
Interest on long-term debt	36,109	-	-	-
Total Governmental Activities	26,107,871	4,927,587	882,361	195,760
Business-Type Activities:				
Airport	353,205	199,253	-	-
Transit	2,315,554	111,068	1,563,880	-
Banning Utility Authority Water	8,316,156	9,681,733	211,465	-
Electric Utility	31,020,023	31,485,295	13,515	-
Banning Utility Authority Wastewater	3,502,698	3,672,200	1,650	-
Refuse Utility	4,483,427	4,513,331	49,365	-
Total Business-Type Activities	49,991,063	49,662,880	1,839,875	-
Total Primary Government	\$ 76,098,934	\$ 54,590,467	\$ 2,722,236	\$ 195,760

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Gain on sale of capital asset

Transfers**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 662,080	\$ -	\$ 662,080
(13,385,955)	-	(13,385,955)
(937,649)	-	(937,649)
(1,307,747)	-	(1,307,747)
(5,096,783)	-	(5,096,783)
(36,109)	-	(36,109)
(20,102,163)	-	(20,102,163)
-	(153,952)	(153,952)
-	(640,606)	(640,606)
-	1,577,042	1,577,042
-	478,787	478,787
-	171,152	171,152
-	79,269	79,269
-	1,511,692	1,511,692
(20,102,163)	1,511,692	(18,590,471)
5,223,775	-	5,223,775
895,887	-	895,887
4,466,545	-	4,466,545
895,534	-	895,534
170,560	-	170,560
1,197,131	-	1,197,131
15,016	-	15,016
1,128,236	1,593,722	2,721,958
554,860	272,773	827,633
3,133	835	3,968
638,759	(638,759)	-
15,189,436	1,228,571	16,418,007
(4,912,727)	2,740,263	(2,172,464)
83,285,574	117,124,192	200,409,766
-	2,537,925	2,537,925
\$ 78,372,847	\$ 122,402,380	\$ 200,775,227

CITY OF BANNING

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 12,922,370	\$ 8,861,387	\$ 21,783,757
Receivables:			
Accounts, net	865,281	4,929	870,210
Loans	-	806,205	806,205
Interest	125,298	56,208	181,506
Prepaid costs	19,945	-	19,945
Due from other governments	1,076,012	1,108,082	2,184,094
Due from other funds	654,141	-	654,141
Restricted assets:			
Cash and investments with fiscal agents	-	8,349,035	8,349,035
Total Assets	\$ 15,663,047	\$ 19,185,846	\$ 34,848,893
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,097,272	\$ 256,568	\$ 1,353,840
Accrued liabilities	279,420	25,050	304,470
Unearned revenues	68,550	289,500	358,050
Deposits payable	677,326	101,986	779,312
Due to other funds	-	654,141	654,141
Advances from other funds	394,118	-	394,118
Total Liabilities	2,516,686	1,327,245	3,843,931
Deferred Inflows of Resources:			
Unavailable revenues	38,762	966,780	1,005,542
Total Deferred Inflows of Resources	38,762	966,780	1,005,542
Fund Balances:			
Nonspendable:			
Prepaid costs	19,945	-	19,945
Employee loans	34,607	-	34,607
Restricted for:			
Community development projects	-	2,649,539	2,649,539
Public safety	-	314,589	314,589
Culture and leisure	-	40,865	40,865
Transportation	-	3,857,512	3,857,512
Capital Projects	-	8,163,390	8,163,390
Committed to:			
Emergency Contingency	4,785,065	-	4,785,065
Assigned to:			
Public safety	375,530	-	375,530
Culture and leisure	397,341	-	397,341
Transportation	114,349	-	114,349
Capital Replacement	1,500,000	2,565,078	4,065,078
General government	132,447	-	132,447
Future compensated absences	862,301	-	862,301
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	614,896	-	614,896
Unassigned	3,269,500	(699,152)	2,570,348
Total Fund Balances	13,107,599	16,891,821	29,999,420
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,663,047	\$ 19,185,846	\$ 34,848,893

CITY OF BANNING

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund balances of governmental funds		\$	29,999,420
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.			66,936,622
Deferred outflows related to pension items:			
Safety plan			3,871,250
Miscellaneous plan			1,010,384
Long-term debt, compensated absences and net pension liability that have not been included in the governmental fund activity:			
Bonds payable	\$	(628,572)	
Compensated Absences		(862,301)	
Net pension liability			
Safety plan		(15,962,108)	
Miscellaneous plan		(5,969,218)	
			(23,422,199)
Deferred inflows related to pension items:			
Safety plan			(332,367)
Miscellaneous plan			(52,606)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.			(3,938)
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.			1,005,542
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.			(639,261)
Net Position of Governmental Activities		\$	78,372,847

CITY OF BANNING

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 11,487,631	\$ 1,361,801	\$ 12,849,432
Licenses and permits	925,340	-	925,340
Intergovernmental	128,088	1,301,764	1,429,852
Charges for services	3,519,930	-	3,519,930
Use of money and property	794,228	212,100	1,006,328
Fines and forfeitures	233,389	-	233,389
Contributions	3,479	11,969	15,448
Contribution from Successor Agency	250,000	-	250,000
Miscellaneous	642,066	68,219	710,285
Total Revenues	17,984,151	2,955,853	20,940,004
Expenditures:			
Current:			
General government	2,664,332	-	2,664,332
Public safety	11,041,240	112,704	11,153,944
Community development	1,898,360	32,829	1,931,189
Culture and leisure	1,192,937	-	1,192,937
Transportation	-	1,285,522	1,285,522
Capital outlay	124,183	1,504,401	1,628,584
Debt service:			
Principal retirement	478,835	-	478,835
Interest and fiscal charges	38,622	-	38,622
Total Expenditures	17,438,509	2,935,456	20,373,965
Excess (Deficiency) of Revenues Over (Under) Expenditures	545,642	20,397	566,039
Other Financing Sources (Uses):			
Transfers in	734,759	316,369	1,051,128
Transfers out	(412,369)	-	(412,369)
Total Other Financing Sources (Uses)	322,390	316,369	638,759
Net Change in Fund Balances	868,032	336,766	1,204,798
Fund Balances, Beginning of Year	12,239,567	16,555,055	28,794,622
Fund Balances, End of Year	\$ 13,107,599	\$ 16,891,821	\$ 29,999,420

CITY OF BANNING

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Net change in fund balances - total governmental funds \$ 1,204,798

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

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

Capital outlay	\$ 1,520,044	
Depreciation	<u>(5,311,112)</u>	(3,791,068)

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		478,835
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Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

2,513

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.

(38,062)

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

Safety plan	(1,177,129)	
Miscellaneous plan	<u>(64,714)</u>	(1,241,843)

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.

(508,660)

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.

(1,019,240)

Change in Net Position of Governmental Activities

\$ (4,912,727)

CITY OF BANNING

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Assets:			
Current:			
Pooled cash and investments	\$ 20,744,411	\$ 19,467,003	\$ 19,227,647
Receivables:			
Accounts, net	1,851,725	4,765,922	611,204
Loans	-	4,935	-
Interest	152,407	168,100	146,649
Prepaid costs	-	1,897,868	-
Deposits	-	113,744	-
Due from other governments	-	-	-
Inventories	443,590	2,310,406	-
Restricted:			
Cash and investments	-	2,279,429	-
Cash with fiscal agent	846,225	2,788,087	3,272,625
Investment in SCPPA Project Stabilization Fund	-	2,367,890	-
Total Current Assets	24,038,358	36,163,384	23,258,125
Noncurrent:			
Advances to other funds	-	394,118	-
Capital assets - net of accumulated depreciation	47,455,366	48,808,603	12,711,099
Total Noncurrent Assets	47,455,366	49,202,721	12,711,099
Total Assets	71,493,724	85,366,105	35,969,224
Deferred Outflows of Resources:			
Deferred charge on refunding	807,807	2,117,290	12,765
Deferred pension related items	394,827	1,187,031	189,416
Total Deferred Outflows of Resources	1,202,634	3,304,321	202,181
Total Assets and Deferred Outflows of Resources	\$ 72,696,358	\$ 88,670,426	\$ 36,171,405
Liabilities, Deferred Inflow of Resources and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 269,147	\$ 1,680,404	\$ 96,508
Accrued liabilities	68,103	171,403	26,297
Accrued interest	168,844	105,962	44,948
Unearned revenues	-	-	-
Deposits payable	160,685	403,656	84,758
Compensated absences	120,130	267,356	54,629
Claims and judgments	-	-	-
Bonds, notes, and capital leases	970,000	1,150,000	474,063
Total Current Liabilities	1,756,909	3,778,781	781,203
Noncurrent:			
Net Pension Liability	2,620,280	7,877,728	1,257,059
Compensated absences	48,380	107,670	22,000
Claims and judgments	-	-	-
Bonds, notes, and capital leases	23,588,099	28,850,693	4,627,006
Total Noncurrent Liabilities	26,256,759	36,836,091	5,906,065
Total Liabilities	28,013,668	40,614,872	6,687,268
Deferred Inflows of Resources:			
Deferred pension related items	73,997	222,472	35,470
Total Deferred Inflows of Resources	73,997	222,472	35,470
Net Position:			
Net investment in capital assets	23,705,074	20,925,200	7,622,795
Restricted for capital projects	846,225	2,788,087	3,272,532
Restricted for debt service	-	-	93
Restricted for SCPPA Projects	-	2,031,133	-
Restricted for SCPPA Stabilization Fund	-	3,962,458	-
Unrestricted	20,057,394	18,126,204	18,553,247
Total Net Position	44,608,693	47,833,082	29,448,667
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 72,696,358	\$ 88,670,426	\$ 36,171,405

Net Position per Statement of Net Position - Proprietary Funds

Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds.

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

Net Position per Statement of Net Position

CITY OF BANNING

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Assets:			
Current:			
Pooled cash and investments	\$ 1,538,229	\$ 60,977,290	\$ 2,242,601
Receivables:			
Accounts, net	655,972	7,884,823	56,043
Loans	3,196	8,131	-
Interest	10,511	477,667	2,426
Prepaid costs	-	1,897,868	10,176
Deposits	-	113,744	-
Due from other governments	-	-	250
Inventories	9,794	2,763,790	99,096
Restricted:			
Cash and investments	-	2,279,429	-
Cash with fiscal agent	-	6,906,937	-
Investment in SCPPA Project Stabilization Fund	-	2,367,890	-
Total Current Assets	2,217,702	85,677,569	2,410,592
Noncurrent:			
Advances to other funds	-	394,118	-
Capital assets - net of accumulated depreciation	3,165,686	112,140,754	378,408
Total Noncurrent Assets	3,165,686	112,534,872	378,408
Total Assets	5,383,388	198,212,441	2,789,000
Deferred Outflows of Resources:			
Deferred charge on refunding	-	2,937,862	-
Deferred pension related items	440,297	2,211,571	413,668
Total Deferred Outflows of Resources	440,297	5,149,433	413,668
Total Assets and Deferred Outflows of Resources	\$ 5,823,685	\$ 203,361,874	\$ 3,202,668
Liabilities, Deferred Inflow of Resources and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 289,599	\$ 2,335,658	\$ 225,656
Accrued liabilities	45,335	311,138	80,093
Accrued interest	-	319,754	-
Unearned revenues	228,708	228,708	-
Deposits payable	108,447	757,546	-
Compensated absences	60,710	502,825	123,641
Claims and judgments	-	-	1,237,986
Bonds, notes, and capital leases	-	2,594,063	-
Total Current Liabilities	732,799	7,049,692	1,667,376
Noncurrent:			
Net Pension Liability	2,152,200	13,907,267	4,251,319
Compensated absences	24,450	202,500	11,847
Claims and judgments	-	-	16,843
Bonds, notes, and capital leases	-	57,065,798	-
Total Noncurrent Liabilities	2,176,650	71,175,565	4,280,009
Total Liabilities	2,909,449	78,225,257	5,947,385
Deferred Inflows of Resources:			
Deferred pension related items	176,781	508,720	120,061
Total Deferred Inflows of Resources	176,781	508,720	120,061
Net Position:			
Net investment in capital assets	3,165,686	55,418,755	378,408
Restricted for capital projects	-	6,906,844	-
Restricted for debt service	-	93	-
Restricted for SCPPA Projects	-	2,031,133	-
Restricted for SCPPA Stabilization Fund	-	3,962,458	-
Unrestricted	(428,231)	56,308,614	(3,243,186)
Total Net Position	2,737,455	124,627,897	(2,864,778)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,823,685	\$ 203,361,874	\$ 3,202,668
		\$ 124,627,897	
		(1,138,929)	
		(1,086,588)	
		\$ 122,402,380	

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Operating Revenues:			
Sales and service charges	\$ 9,681,733	\$ 31,485,295	\$ 3,672,200
Miscellaneous	75,961	158,171	5,572
Total Operating Revenues	9,757,694	31,643,466	3,677,772
Operating Expenses:			
Salaries and benefits	2,138,739	5,337,456	988,662
Supplies and services	3,562,053	5,541,309	1,545,768
Repairs and maintenance	33,768	32,838	46,328
Street lighting costs	-	144,287	-
Power purchased	-	16,753,417	-
Bad debt expense	21,097	65,291	9,277
Insurance premiums	-	-	-
Depreciation expense	1,263,573	1,283,982	555,685
Total Operating Expenses	7,019,230	29,158,580	3,145,720
Operating Income (Loss)	2,738,464	2,484,886	532,052
Nonoperating Revenues (Expenses):			
Intergovernmental	211,465	13,515	1,650
Interest revenue and change in fair value of investments	468,061	645,906	448,529
Interest expense	(950,355)	(1,289,017)	(262,929)
Gain (loss) on disposal of capital assets	-	(92,738)	-
Total Nonoperating Revenues (Expenses)	(270,829)	(722,334)	187,250
Income (Loss) Before Transfers	2,467,635	1,762,552	719,302
Transfers in	-	-	-
Transfers out	(470,000)	-	(181,000)
Changes in Net Position	1,997,635	1,762,552	538,302
Net Position:			
Beginning of Year, as previously reported	41,334,122	44,809,541	28,910,365
Restatements	1,276,936	1,260,989	-
Beginning of Fiscal Year, as restated	42,611,058	46,070,530	28,910,365
End of Fiscal Year	\$ 44,608,693	\$ 47,833,082	\$ 29,448,667

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

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

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

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

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Operating Revenues:			
Sales and service charges	\$ 4,823,652	\$ 49,662,880	\$ 5,685,138
Miscellaneous	33,069	272,773	152,857
Total Operating Revenues	4,856,721	49,935,653	5,837,995
Operating Expenses:			
Salaries and benefits	1,427,205	9,892,062	2,828,889
Supplies and services	5,087,144	15,736,274	3,714,245
Repairs and maintenance	28,719	141,653	378,484
Street lighting costs	-	144,287	-
Power purchased	-	16,753,417	-
Bad debt expense	8,662	104,327	-
Insurance premiums	-	-	1,116,441
Depreciation expense	434,176	3,537,416	30,805
Total Operating Expenses	6,985,906	46,309,436	8,068,864
Operating Income (Loss)	(2,129,185)	3,626,217	(2,230,869)
Nonoperating Revenues (Expenses):			
Intergovernmental	1,613,245	1,839,875	-
Interest revenue and change in fair value of investments	31,226	1,593,722	121,908
Interest expense	-	(2,502,301)	-
Gain (loss) on disposal of capital assets	835	(91,903)	3,133
Total Nonoperating Revenues (Expenses)	1,645,306	839,393	125,041
Income (Loss) Before Transfers	(483,879)	4,465,610	(2,105,828)
Transfers in	96,000	96,000	-
Transfers out	(83,759)	(734,759)	-
Changes in Net Position	(471,638)	3,826,851	(2,105,828)
Net Position:			
Beginning of Year, as previously reported	3,209,093	118,263,121	(758,950)
Restatements	-	2,537,925	-
Beginning of Fiscal Year, as restated	3,209,093	120,801,046	(758,950)
End of Fiscal Year	\$ 2,737,455	\$ 124,627,897	\$ (2,864,778)
		\$ 3,826,851	
		(1,086,588)	
		\$ 2,740,263	

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	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	\$ 9,576,850	\$ 31,240,676	\$ 3,599,876
Cash received from interfund services provided	75,961	158,171	5,572
Cash paid to suppliers for goods and services	(3,710,970)	(23,235,878)	(1,589,364)
Cash paid to employees for services	(2,008,171)	(4,839,559)	(930,454)
Cash received from others	-	-	-
Net Cash Provided (Used) by Operating Activities	3,933,670	3,323,410	1,085,630
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	-	-	-
Cash transfers out	(470,000)	-	(181,000)
Intergovernmental	211,465	13,515	1,650
Cash received (paid to) other enterprise funds	1,276,936	(1,276,936)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,018,401	(1,263,421)	(179,350)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(623,957)	(1,339,465)	-
Principal paid on capital debt	(744,989)	(1,095,000)	(461,737)
Interest paid on capital debt	(1,031,702)	(1,304,711)	(239,302)
Proceeds from sales of capital assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,400,648)	(3,739,176)	(701,039)
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	-	(3,923)	-
Issuance of notes and loans receivable	-	-	-
Payments made to SCPA Project Stabilization Fund	-	(1,594,568)	-
Interest received	399,001	584,493	380,853
Net Cash Provided (Used) by Investing Activities	399,001	(1,013,998)	380,853
Net Increase (Decrease) in Cash and Cash Equivalents	2,950,424	(2,693,185)	586,094
Cash and Cash Equivalents at Beginning of Year	18,640,212	27,227,704	21,914,178
Cash and Cash Equivalents at End of Year	\$ 21,590,636	\$ 24,534,519	\$ 22,500,272
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 2,738,464	\$ 2,484,886	\$ 532,052
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:			
Depreciation	1,263,573	1,283,982	555,685
Bad debt expense	21,097	65,291	9,277
(Increase) decrease in accounts receivable	(214,677)	(211,837)	(74,527)
(Increase) decrease in deposits receivable	-	(2,352)	-
(Increase) decrease in due from other governments	102,305	-	-
(Increase) decrease in prepaid expense	-	(124,111)	-
(Increase) decrease in inventories	17,551	4,045	-
Increase (decrease) in accounts payable	(109,308)	(641,609)	13,198
Increase (decrease) in accrued liabilities	(2,295)	42,412	(1,189)
Increase (decrease) in deposits payable	(13,608)	(32,782)	(7,074)
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in employee salary/benefit obligations	128,010	384,853	61,382
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	2,558	70,632	(3,174)
Total Adjustments	1,195,206	838,524	553,578
Net Cash Provided (Used) by Operating Activities	\$ 3,933,670	\$ 3,323,410	\$ 1,085,630
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	\$ 125,339	\$ 152,817	\$ (4,216)
Amortization of Gain/Loss on Defeasance	(48,958)	(117,627)	25,531

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 4,739,798	\$ 49,157,200	\$ 5,669,435
Cash received from interfund services provided	82,622	322,326	206,638
Cash paid to suppliers for goods and services	(5,184,120)	(33,720,332)	(4,969,391)
Cash paid to employees for services	(1,354,201)	(9,132,385)	(2,435,111)
Cash received from others	20,438	20,438	-
Net Cash Provided (Used) by Operating Activities	(1,695,463)	6,647,247	(1,528,429)
Cash Flows from Non-Capital Financing Activities:			
Cash transfers in	96,000	96,000	-
Cash transfers out	(83,759)	(734,759)	-
Intergovernmental	1,697,004	1,923,634	-
Cash received (paid to) other enterprise funds	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,709,245	1,284,875	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(139,655)	(2,103,077)	(18,626)
Principal paid on capital debt	-	(2,301,726)	-
Interest paid on capital debt	-	(2,575,715)	-
Proceeds from sales of capital assets	835	835	3,133
Net Cash Provided (Used) by Capital and Related Financing Activities	(138,820)	(6,979,683)	(15,493)
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	-	(3,923)	-
Issuance of notes and loans receivable	485	485	-
Payments made to SCPA Project Stabilization Fund	-	(1,594,568)	-
Interest received	27,705	1,392,052	126,913
Net Cash Provided (Used) by Investing Activities	28,190	(205,954)	126,913
Net Increase (Decrease) in Cash and Cash Equivalents	(96,848)	746,485	(1,417,009)
Cash and Cash Equivalents at Beginning of Year	1,635,077	69,417,171	3,659,610
Cash and Cash Equivalents at End of Year	\$ 1,538,229	\$ 70,163,656	\$ 2,242,601
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (2,129,185)	\$ 3,626,217	\$ (2,230,869)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:			
Depreciation	434,176	3,537,416	30,805
Bad debt expense	(8,662)	87,003	-
(Increase) decrease in accounts receivable	(57,495)	(558,536)	(15,703)
(Increase) decrease in deposits receivable	-	(2,352)	-
(Increase) decrease in due from other governments	69,991	172,296	53,781
(Increase) decrease in prepaid expense	-	(124,111)	-
(Increase) decrease in inventories	23,847	45,443	27,888
Increase (decrease) in accounts payable	32,744	(704,975)	18,719
Increase (decrease) in accrued liabilities	3,900	42,828	(16,233)
Increase (decrease) in deposits payable	(9,035)	(62,499)	-
Increase (decrease) in unearned revenue	(128,748)	(128,748)	-
Increase (decrease) in employee salary/benefit obligations	105,142	679,387	434,621
Increase (decrease) in claims and judgments	-	-	197,140
Increase (decrease) in compensated absences	(32,138)	37,878	(28,578)
Total Adjustments	433,722	3,021,030	702,440
Net Cash Provided (Used) by Operating Activities	\$ (1,695,463)	\$ 6,647,247	\$ (1,528,429)
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	\$ -	\$ 273,940	\$ -
Amortization of Gain/Loss on Defeasance	-	(141,054)	-

CITY OF BANNING

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Pooled cash and investments	\$ 358,144	\$ 617,544
Receivables:		
Accounts	2,951	10,000
Notes and loans	-	2,020,780
Interest	1,539	444
Prepaid costs	-	238,295
Due from other governments	27,548	-
Land held for resale	-	4,675,555
Restricted assets:		
Cash and investments with fiscal agents	226,639	-
Capital assets:		
Capital assets, not being depreciated	-	3,241,788
Capital assets, net of accumulated depreciation	-	4,512,794
Total Assets	\$ 616,821	15,317,200
Deferred Outflows of Resources:		
Deferred charge on refunding		783,414
Total Deferred Outflows of Resources		783,414
Liabilities and Net Position:		
Liabilities:		
Accounts payable	\$ 2,087	-
Accrued interest	-	327,116
Deposits payable	77,614	-
Due to bondholders	537,120	-
Long-term liabilities:		
Bonds and loans payable due in one year	-	1,515,240
Bonds and loans payable due in more than one year	-	29,167,175
Total Liabilities	\$ 616,821	31,009,531
Net Position:		
Held in trust for other purposes		(14,908,917)
Total Net Position		(14,908,917)
Total Liabilities and Net Position		\$ 16,100,614

CITY OF BANNING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions:	
Taxes	\$ 2,506,684
Interest and change in fair value of investments	12,495
Total Additions	2,519,179
Deductions:	
Administrative expenses	250,000
Contractual services	249
Interest expense	999,948
Amortization expense	74,611
Depreciation expense	224,439
Forgiven loan expense	634,350
Total Deductions	2,183,597
Changes in Net Position	335,582
Net Position - Beginning of the Year	(15,244,499)
Net Position - End of the Year	\$ (14,908,917)

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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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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 non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

The noncurrent portion of receivables related to revenue is set up as unavailable revenue and recognized as revenue when the receivables become current. The noncurrent portion of loans and other receivables are offset by fund balance non-spendable accounts. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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

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

Inventories and Prepaid Items

Inventories of materials and supplies (if material) are carried at cost on a first-in, first-out (FIFO) basis. The City uses the consumption method of accounting for inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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

The second item is in relation to the net pension obligation reported in the statement of net position. These inflows are the results of 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.

The City Manager receives 48 hours 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.

General and Utility employees may cash out 80 hours of compensatory time, or vacation, or any combination thereof, annually in excess of 40 hours. Non-exempt and Exempt Management employees may cash out 60 hours of compensatory time per year. Police employees may elect to cash out 80 hours of personal leave per year. The City Manager and Department Directors may cash out 48 and 98 hours, respectively, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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

Sick Leave

Accrues to employees in the following manner:

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

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

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

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

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

The City Manager shall accrue sick leave to a maximum of 480 hours and may receive an annual sick leave pay off of up to 96 hours, in excess of 40 hours. Upon separation, the City Manager shall receive payment for all sick hours accrued.

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

Police Management employees will accrue sick leave up to a cap of 320 hours. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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

Police Management employees will accrue sick leave up to a cap of 320 hours. 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 accrues at a rate of 3.38 per pay period to a maximum of 160 hours and can be cashed out to a maximum of 88 hours per year. At termination, holiday leave is 100% paid out and after 1 year of continuous full-time service, employees shall be paid for 100% of accrued vacation 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 480 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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

320 hours for vacation and an unlimited amount of hours for holiday, after six months of service. The cash value of holiday hours (for Management employees) in the unique bank will remain at the employee's July 2013 pay rate.

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

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

Vacation hour cash outs are maximum per year in excess of 80 hours of accrued vacation time.

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 prorate 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

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 non-spendable 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
Gas Tax Street - Special Revenue	\$ 85,409
Community Development Block Grant - Special Revenue	999
Sunset Grade Separation - Capital Projects	612,744
Transit Fund	970,273
Self Insurance	618,166
Information Services	526,408
Utility Billing Services	1,981,012

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2019

II. DETAILED NOTES ON ALL FUNDS

Note 2: Cash and Investments

As of June 30, 2019, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 32,375,393
Business-type activities	72,531,546
Fiduciary funds	<u>1,202,327</u>
Total Cash and Investments	<u>\$ 106,109,266</u>
Petty Cash	\$ 3,655
Deposits with financial institutes	19,903,166
Investments	83,834,555
Investment in SCPPA Rate Stabilization Fund	<u>2,367,890</u>
Total Cash and Investments	<u>\$ 106,109,266</u>

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

Deposits

At June 30, 2019, the carrying amount of the City's deposits was \$19,903,166 and the bank balance was \$18,736,421. The \$1,166,745 difference represents outstanding checks, deposits and other reconciling items.

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

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2019

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.

Investment in SCPPA Project Stabilization Fund

The City has investments held with the Southern California Public Power Authority, a Joint Powers Authority, in a Project Stabilization Fund for future joint projects. At June 30, 2019 the balance held by SCPPA in the Project Stabilization Fund was \$2,367,890.

CITY OF BANNING

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 2: Cash and Investments (Continued)

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, 2019, 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, 2019, 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, 2019, the City's investments in external investment pools are unrated.

Custodial Credit Risk

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

As of June 30, 2019, 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 Statement No. 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, 2019, 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, 2019, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Remaining Investment Maturities</u>				<u>Fair Value</u>
	<u>1 year or less</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>More than 5 years</u>	
Federal Agency Securities	\$ 8,980,980	\$ 15,791,630	\$ -	\$ -	\$ 24,772,610
Local Agency Investment	41,461,617	-	-	-	41,461,617
Money Market	2,117,717	-	-	-	2,117,717
Cash with Fiscal Agents:					
Money Market	15,482,611	-	-	-	15,482,611
Total	\$ 68,042,925	\$ 15,791,630	\$ -	\$ -	\$ 83,834,555

CITY OF BANNING

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 2: Cash and Investments (Continued)

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, 2019:

Investments by fair value level	Totals	Level			
		Uncategorized	1	2	3
Federal Agency Securities	\$ 24,772,610	\$ -	\$ -	\$ 24,772,610	\$ -
Local Agency Investment	41,461,617	41,461,617	-	-	-
Money Market Funds	2,117,717	2,117,717	-	-	-
Held by Fiscal Agent:					
Money Market Mutual Funds	15,482,611	15,482,611	-	-	-
Total Investments	<u>\$ 83,834,555</u>	<u>\$ 59,061,945</u>	<u>\$ -</u>	<u>\$ 24,772,610</u>	<u>\$ -</u>

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

Note 3: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

Funds	Due to Other Funds	
	Nonmajor Governmental Funds	Total
Due from Other Funds:		
General Fund	\$ 654,141	\$ 654,141
Total	<u>\$ 654,141</u>	<u>\$ 654,141</u>

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

Advances To/From Other Funds

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

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**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, 2019, principal owed on those loans was \$394,118.

Interfund Transfers

Funds	Transfers Out:				Totals
	General Fund	Other Enterprise Funds	BUA Water Fund	BUA Wastewater Fund	
Transfers In:					
General Fund	\$ -	\$ 83,759	\$ 470,000	\$ 181,000	\$ 734,759
Other Enterprise Funds	96,000	-	-	-	96,000
Nonmajor Governmental Funds	316,369	-	-	-	316,369
Totals	<u>\$ 412,369</u>	<u>\$ 83,759</u>	<u>\$ 470,000</u>	<u>\$ 181,000</u>	<u>\$ 1,147,128</u>

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, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 4,391,449	\$ -	\$ -	\$ -	\$ 4,391,449
Construction-in-progress	1,169,711	1,458,569	-	(525,531)	2,102,749
Total Capital Assets, Not Being Depreciated	<u>5,561,160</u>	<u>1,458,569</u>	<u>-</u>	<u>(525,531)</u>	<u>6,494,198</u>
Capital assets, being depreciated:					
Buildings and structures	26,420,632	-	-	421,078	26,841,710
Land improvements	7,968,727	-	-	104,453	8,073,180
Machinery and equipment	6,957,325	-	693	-	6,956,632
Vehicles	4,296,171	80,101	258,205	-	4,118,067
Infrastructure	119,914,805	-	-	-	119,914,805
Total Capital Assets, Being Depreciated	<u>165,557,660</u>	<u>80,101</u>	<u>258,898</u>	<u>525,531</u>	<u>165,904,394</u>
Less accumulated depreciation:					
Buildings and structures	16,970,821	878,239	-	-	17,849,060
Land improvements	4,611,417	330,963	-	-	4,942,380
Machinery and equipment	6,314,328	184,553	693	-	6,498,188
Vehicles	3,956,929	117,387	258,205	-	3,816,111
Infrastructure	68,147,048	3,830,775	-	-	71,977,823
Total Accumulated Depreciation	<u>100,000,543</u>	<u>5,341,917</u>	<u>258,898</u>	<u>-</u>	<u>105,083,562</u>
Total Capital Assets, Being Depreciated, Net	<u>65,557,117</u>	<u>(5,261,816)</u>	<u>-</u>	<u>525,531</u>	<u>60,820,832</u>
Governmental Activities Capital Assets, Net	<u>\$ 71,118,277</u>	<u>\$ (3,803,247)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,315,030</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**Note 4: Changes in Capital Assets (Continued)**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 66,092
Public safety	892,175
Public works	3,830,775
Transportation	117,595
Community Development	65,905
Parks and Recreation	338,570
Internal Service Funds	30,805
Total Depreciation Expense - Governmental Activities	<u>\$ 5,341,917</u>

	Beginning Balance	Balance Adjustments	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:							
Capital assets, not being depreciated:							
Land	\$ 1,184,229	\$ 3,041,559	\$ 4,225,788	\$ 478,200	\$ -	\$ -	\$ 4,703,988
Construction-in-progress	7,176,554	(52,517)	7,124,037	845,330	-	(2,222,252)	5,747,115
Total Capital Assets, Not Being Depreciated	8,360,783	2,989,042	11,349,825	1,323,530	-	(2,222,252)	10,451,103
Capital assets, being depreciated:							
Airport master plan	38,875	-	38,875	-	-	-	38,875
Buildings and structures	519,247	-	519,247	-	-	-	519,247
Land improvements	4,554,137	-	4,554,137	-	-	-	4,554,137
Machinery and equipment	29,109	-	29,109	2,517	-	-	31,626
Utility plant	182,259,167	(3,079,042)	179,180,125	777,030	216,723	2,222,252	181,962,684
Total Capital Assets, Being Depreciated	187,400,535	(3,079,042)	184,321,493	779,547	216,723	2,222,252	187,106,569
Less accumulated depreciation:							
Airport master plan	38,875	-	38,875	-	-	-	38,875
Buildings and structures	432,329	-	432,329	7,116	-	-	439,445
Land improvements	2,568,572	-	2,568,572	162,735	-	-	2,731,307
Machinery and equipment	29,109	-	29,109	-	-	-	29,109
Utility plant	78,935,253	(650)	78,934,603	3,367,565	123,986	-	82,178,182
Total Accumulated Depreciation	82,004,138	(650)	82,003,488	3,537,416	123,986	-	85,416,918
Total Capital Assets, Being Depreciated, Net	105,396,397	(3,078,392)	102,318,005	(2,757,869)	92,737	2,222,252	101,689,651
Business-Type Activities Capital Assets, Net	<u>\$ 113,757,180</u>	<u>\$ (89,350)</u>	<u>\$ 113,667,830</u>	<u>\$ (1,434,339)</u>	<u>\$ 92,737</u>	<u>\$ -</u>	<u>\$ 112,140,754</u>

CITY OF BANNING

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 4: Changes in Capital Assets (Continued)

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

Business-Type Activities:

Banning Utility Authority Water	\$ 1,263,573
Electric Utility	1,283,982
Banning Utility Authority Wastewater	555,685
Airport	169,851
Transit	264,325
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,537,416</u>

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	\$ 973,559	\$ (108,278)	\$ 865,281
Nonmajor Governmental	4,929	-	4,929
Internal Service Funds	56,043	-	56,043
Water	1,895,741	(44,016)	1,851,725
Electric	4,852,674	(86,752)	4,765,922
Wastewater	624,174	(12,970)	611,204
Nonmajor Proprietary Funds	671,334	(15,362)	655,972
	<u>\$ 9,078,454</u>	<u>\$ (267,378)</u>	<u>\$ 8,811,076</u>

Note 6: Loans Receivable

The City has entered into various loan agreements relating to owner's participation agreements, developer loans, the first-time home buyer loan program, the rehabilitation loan program, and various other loans receivable. The owners' participation agreements have repayment terms between 6 and 55 years. The following summarizes the loans outstanding at June 30, 2019:

Description	Balance at June 30, 2019
Owners participation loans	\$ 500,000
First time home buyer down payment assistance loans	280,000
Rehabilitation loans	26,205
Other loans	8,131
Total loans receivable at June 30, 2019	<u>\$ 814,336</u>

CITY OF BANNING

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019, amounted to \$2,279,429.

Note 8: Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2019:

	Balance at June 30, 2018	Incurred	Retired	Balance at June 30, 2019	Due Within One Year
Governmental Activities:					
Direct borrowing:					
2011 Refunding Lease	\$ 1,029,684	\$ -	\$ 401,112	\$ 628,572	\$ 416,295
Ford Motor Credit Vehicle Lease	77,723	-	77,723	-	-
Total	<u>\$ 1,107,407</u>	<u>\$ -</u>	<u>\$ 478,835</u>	<u>\$ 628,572</u>	<u>\$ 416,295</u>
Business-Type Activities:					
Direct borrowing:					
Loans Payable	\$ 867,377	\$ -	\$ 281,737	\$ 585,640	\$ 289,063
Bonds Payable:					
2005 Wastewater Revenue Bond	4,765,000	-	180,000	4,585,000	185,000
2015 Electric Refunding Bond	28,345,000	-	1,095,000	27,250,000	1,150,000
2015 Water Revenue Bond	23,235,000	-	744,989	22,490,011	970,000
Total	<u>\$ 57,212,377</u>	<u>\$ -</u>	<u>\$ 2,301,726</u>	<u>54,910,651</u>	<u>\$ 2,594,063</u>
Less:					
Unamortized original issue premium				4,818,781	
Unamortized original issue discount				(69,571)	
Net Business-Type Activities				<u>\$ 59,659,861</u>	

a. 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, 2019, the outstanding balance on the refunding lease agreement is \$628,572.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 416,295	\$ 19,705	\$ 436,000
2021	212,277	3,980	216,257
Total	<u>\$ 628,572</u>	<u>\$ 23,685</u>	<u>\$ 652,257</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 8: Long-Term Debt (Continued)**b. 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, 2018 through 2019. At June 30, 2019, the lease was paid in full.

c. 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, 2019, amounted to \$4,585,000.

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

Year Ending June 30,	Principal	Interest	Total
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	220,000	-	220,000
2025 - 2029	1,260,000	-	1,260,000
2030 - 2034	1,580,000	-	1,580,000
2035 - 2036	735,000	-	735,000
Total	<u>\$ 4,585,000</u>	<u>\$ 71,456</u>	<u>\$ 4,656,456</u>

CITY OF BANNING

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 8: Long-Term Debt (Continued)

Pledged Revenue

The City pledged, as security for bonds issued, the net wastewater revenues to the payment of the bonds. This is calculated by deducting gross wastewater revenues in each fiscal year the amounts required for operation and maintenance of the wastewater enterprise. For the current year, revenue recognized for the payment of indebtedness incurred was \$1,545,543.

The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the bonds.

d. 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, 2019, of the debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,185,000	773,688	1,958,688
2025 - 2029	6,835,000	2,939,888	9,774,888
2030 - 2034	8,385,000	1,377,494	9,762,494
2035	1,890,011	47,250	1,937,261
Total	<u>\$ 22,490,011</u>	<u>\$ 8,784,447</u>	<u>\$ 31,274,458</u>

Pledged Revenue

The City pledged, as security for bonds issued, the net water revenues to the payment of the bonds. This is calculated by deducting gross water revenues in each fiscal year the amounts required for operation and maintenance of the water enterprise. For the current year, revenue recognized for the payment of indebtedness incurred was \$4,491,195.

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 8: Long-Term Debt (Continued)

The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the bonds.

e. 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, 2019, was \$585,640. The loan is recorded in the BUA Wastewater Utility Enterprise Fund.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Service Charge</u>	<u>Total</u>
2020	\$ 289,063	\$ 15,227	\$ 304,290
2021	296,577	7,711	304,288
Total	<u>\$ 585,640</u>	<u>\$ 22,938</u>	<u>\$ 608,578</u>

f. 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, 2019, of the debt service payments are as follows:

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**Note 8: Long-Term Debt (Continued)**

Year Ending June 30,	Principal	Interest	Total
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	1,089,794	2,424,794
2024	1,400,000	1,023,044	2,423,044
2025 - 2029	8,095,000	4,024,188	12,119,188
2030 - 2034	8,155,000	2,294,475	10,449,475
2035 - 2037	4,630,000	470,500	5,100,500
Total	<u>\$ 27,250,000</u>	<u>\$ 12,541,133</u>	<u>\$ 39,791,133</u>

Pledged Revenue

The City pledged, as security for bonds issued, the net electric revenues to the payment of the bonds. This is calculated by deducting gross electric revenues in each fiscal year the amounts required for operation and maintenance of the electric enterprise. For the current year, revenue recognized for the payment of indebtedness incurred was \$21,344,738.

The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the bonds.

Note 9: Compensated Absences

As described in Note 1, under certain circumstances and accordingly to the negotiated labor agreements, City employees are allowed to accumulate annual leave. The annual leave amount is accrued and accounted for as compensated absences in the government-wide and proprietary fund statements.

As shown in the table below, for governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2019, was \$997,789, which includes \$135,488 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 \$705,325.

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities	<u>\$ 988,305</u>	<u>\$ 687,175</u>	<u>\$ 677,691</u>	<u>\$ 997,789</u>	<u>\$ 680,233</u>	<u>\$ 317,556</u>
Business-Type Activities	<u>\$ 667,447</u>	<u>\$ 513,699</u>	<u>\$ 475,821</u>	<u>\$ 705,325</u>	<u>\$ 502,825</u>	<u>\$ 202,500</u>

CITY OF BANNING

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 10: 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, 2019
AD 2004-1	\$ 2,898,000	\$ 2,037,500

Note 11: 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, 2019.

Note 12: 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 12: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Plan Description – City Safety Plan

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

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, 2019, are summarized as follows:

Miscellaneous Plan		
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.00% to 2.50%	1.1% to 2.00%
Required employee contribution rates	7.582%	6.250%
Required employer contribution rates	26.961%	26.961%

* 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	22.346%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 12: 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, 2019, City contributions totaling \$3,462,445 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2017 and the June 30, 2018 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	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 12: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

All other actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumption

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 12: 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: 6/30/2018 (Reporting Date) (1)	\$ 72,242,384	\$ 48,214,865	\$ 24,027,519
Changes Recognized for the Measurement Period:			
Service Cost	1,475,045	-	1,475,045
Interest on the Total Pension Liability	5,086,725	-	5,086,725
Change of Assumptions	(653,917)	-	(653,917)
Difference between Expected and Actual Experience	733,536	-	733,536
Plan to Plan Resource Movement	-	(119)	119
Contribution from the Employer	-	2,011,248	(2,011,248)
Contributions from Employees	-	670,531	(670,531)
Net Investment Income (2)	-	4,077,253	(4,077,253)
Benefit Payments including Refunds of Employee Contributions	(3,833,044)	(3,833,044)	-
Administrative Expense	-	(75,132)	75,132
Other Miscellaneous Income/(Expense)	-	(142,677)	142,677
Net Changes During 2018-19	2,808,345	2,708,060	100,285
Balance at: 6/30/2019 (Reporting Date) (1)	\$ 75,050,729	\$ 50,922,925	\$ 24,127,804

(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, 2019, the City reported a \$24,127,804 net pension liability for its proportionate share of the pooled net pension liability.

CITY OF BANNING

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 12: 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, 2018, 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, 2017, rolled forward to June 30, 2018, 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, 2017 and 2018 was as follows:

Safety Plan	
Proportion - June 30, 2017	0.16191%
Proportion - June 30, 2018	0.16713%
Change - Increase (Decrease)	0.0052%

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)	\$ 33,880,861	\$ 24,127,804	\$ 16,030,404
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Safety Plan's Net Pension Liability/(Assets)	\$ 23,277,543	\$ 15,962,108	\$ 9,968,418

Pension Plan Fiduciary Net Position

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

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 12: 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, 2019, the City of Banning incurred a pension expense of \$3,331,764 for the Plan. At June 30, 2019, 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	\$ 2,153,041	\$ -
Difference between Expected and Actual Experience	480,593	(252,959)
Change in Assumptions	916,134	(428,428)
Net Difference between Projected and Actual Earnings on Pension Plan		
Investments	85,855	-
Total	\$ 3,635,623	\$ (681,387)

The \$2,153,041 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, 2020. 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
2020	\$ 1,285,249
2021	153,253
2022	(499,124)
2023	(138,183)
	\$ 801,195

Safety Plan

For the year ended June 30, 2019, the City of Banning incurred a pension expense of \$3,007,214 for the Plan. At June 30, 2019, 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	\$ 1,830,085	\$ -
Difference between Expected and Actual Experience	303,359	(1,151)
Change in Assumptions	1,385,272	(186,898)
Net Difference between Projected and Actual Earnings on Pension Plan		
Investments	95,589	-
Adjustment due to Difference in Proportions	63,198	(144,318)
Difference in Proportionate Share	193,747	-
Total	\$ 3,871,250	\$ (332,367)

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 12: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

The \$1,830,085 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, 2020. 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
2020	\$ 1,362,990
2021	788,003
2022	(344,405)
2023	(97,790)
	<u>\$ 1,708,798</u>

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 \$20,456 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was \$272,748.

Note 13: 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 14: 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, 2019, the amount of these liabilities was \$1,254,829. The amount represents an estimate of \$649,712 for reported claims through June 30, 2019, and \$605,117 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, 2019, 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
2018	\$ 1,468,708	\$ 218,411	\$ 629,430	\$ 1,057,689
2019	1,057,689	1,240,632	1,043,492	1,254,829

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 15: 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, 2019:

Project Name	Contract Amount	Expenditures to date as of June 30, 2019	Remaining Commitments
Design of Well C8	\$ 738,383	\$ 55,876	\$ 682,507
	<u>\$ 738,383</u>	<u>\$ 55,876</u>	<u>\$ 682,507</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 16: 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, 2019, the Electric Utility Fund made payments totaling \$6,268,601 on these contracts. SCPPA membership consists of 10 Southern California cities and one public irrigation district of the State of California, which serves the electric power needs of its Southern California electricity customers. SCPPA, a public entity organized under the laws of the State of California, was formed by a joint powers agreement dated November 1, 1980, pursuant to the Joint Exercise of Powers Act of the State of California. SCPPA was created for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The joint power agreement has a term of 50 years.

For the year ended June 30, 2019, 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%.

CITY OF BANNING

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 16: 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, 2019, are shown below:

	City of Banning portion	City of Banning share of bonds	City of Banning obligation relating to total debt service
Mead-Phoenix	1.00%	\$ 106,450	\$ 110,754
Mead-Adelanto	1.35%	478,806	499,410
		\$ 585,256	\$ 610,164

Note 17: 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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

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

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

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

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	\$ 617,544
	<u>\$ 617,544</u>

b. Loans Receivable

The former redevelopment agency had entered into various loan agreements relating to owners' participation agreements and various other loans receivable. The owners' participation agreements have repayment terms between 6 and 55 years. The following summarizes the loans outstanding at June 30, 2019:

Description	Balance at June 30, 2019
Owners participation loans	<u>\$ 2,020,780</u>
Total loans receivable at June 30, 2019	<u>\$ 2,020,780</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

During the Fiscal Year ending June 30, 2019, 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.

c. Capital Assets

An analysis of capital assets as of June 30, 2019, follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Nondepreciable Assets:				
Construction-in-progress	\$ 3,152,553	\$ 89,235	\$ -	\$ 3,241,788
Total nondepreciable assets	3,152,553	89,235	-	3,241,788
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	1,007,708	97,882	-	1,105,590
Building and Structures	249,844	26,612	-	276,456
Machinery and Equipment	28,378	-	-	28,378
Infrastructure	863,395	99,945	-	963,340
Total Accumulated Depreciation	2,149,325	224,439	-	2,373,764
Total depreciable assets, net	4,737,233	(224,439)	-	4,512,794
Capital Assets	\$ 7,889,786	\$ (135,204)	\$ -	\$ 7,754,582

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2019, follows:

	Balance June 30, 2018	Additions	Repayments	Balance June 30, 2019	Due Within One Year
Fiduciary Funds:					
2016 Tax Allocation					
Refunding Bonds	\$ 31,180,000	\$ -	\$ 1,205,000	\$ 29,975,000	\$ 1,220,000
SERAF loan	968,415	-	261,000	707,415	295,240
Total Fiduciary Funds	\$ 32,148,415	\$ -	\$ 1,466,000	\$ 30,682,415	\$ 1,515,240

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**e. 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, 2018, 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, 2019, and the remaining debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,320,000	865,057	2,185,057
2025 - 2029	7,170,000	3,736,351	10,906,351
2030 - 2034	8,460,000	2,399,763	10,859,763
2035 - 2038	8,010,000	645,537	8,655,537
Total	<u>\$ 29,975,000</u>	<u>\$ 11,389,380</u>	<u>\$ 41,364,380</u>

f. 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 amount of the loan outstanding at June 30, 2019, totaled \$707,415.

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**g. 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 \$41,364,380 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 \$2,506,684 and the debt service obligation on the bonds was \$2,191,404.

h. 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.

i. Commitments and Contingencies

At June 30, 2019, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

Note 18: Restatement

	<u>Banning Utility Water</u>	<u>Electric Fund</u>
Net Position, as previously reported	\$41,334,122	\$44,809,541
Item A	1,276,936	(1,276,936)
Item B	0	1,764,603
Item C	0	773,322
Net Position, as restated	\$42,611,058	\$46,070,530

- A. From May 2014 to May 2016, the Electric Fund had overcharged the Banning Utility Water Fund on six electrical utility accounts. As a result of the incorrect rate coding, the Electric Fund was overstated in revenues of an accumulated amount of \$1,276,936. This reflected in a restatement in the financial statements for fiscal year 2019.
- B. The City had over billing from the SCPPA for various projects with the joint powers authority, which was used as credits toward current year projects with SCPPA. The prior years accumulated over billings were \$202,898 and \$1,561,705 for San Juan Unit 3 project which ceased operations in December 2017 and distributed back to the City.
- C. The City transferred \$773,322 from prior year over billings to the SCPPA Project Stabilization Fund, which was incorrectly reported as an expense. This was corrected to show the proper investment held by SCPPA for the City in a Project Stabilization Fund.

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	2019
TOTAL PENSION LIABILITY					
Service Cost	\$ 1,309,205	\$ 1,237,963	\$ 1,068,763	\$ 1,380,599	\$ 1,475,045
Interest	4,417,332	4,647,945	4,783,405	4,880,944	5,086,725
Difference Between Expected and Actual Experience	-	(48,685)	(1,098,175)	(1,096,153)	733,536
Changes in Assumptions	-	(1,116,894)	-	3,969,912	(653,917)
Benefit Payments, Including Refunds of employee Contributions	(2,569,019)	(2,762,291)	(3,102,523)	(3,187,613)	(3,833,044)
Net Change in Total Pension Liability	3,157,518	1,958,038	1,651,470	5,947,689	2,808,345
Total Pension Liability - Beginning	59,527,669	62,685,187	64,643,225	66,294,695	72,242,384
Total Pension Liability - Ending (a)	62,685,187	64,643,225	66,294,695	72,242,384	75,050,729
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	1,511,733	1,479,527	1,579,886	2,059,833	2,011,248
Contribution - Employee	608,478	566,122	445,598	674,451	670,531
Plan to Plan Resource Movement	-	9,303	-	-	(119)
Net Investment Income	6,586,288	1,020,136	221,312	4,904,903	4,077,253
Benefit Payments, Including Refunds of Employee Contributions	(2,569,019)	(2,762,291)	(3,102,523)	(3,187,613)	(3,833,044)
Administrative Expense	-	(50,336)	(27,249)	(64,709)	(75,132)
Other Miscellaneous Income/(Expense)	-	-	-	-	(142,677)
Net Change in Fiduciary Net Position	6,137,480	262,461	(882,976)	4,386,865	2,708,060
Plan Fiduciary Net Position - Beginning	38,311,035	44,448,515	44,710,976	43,828,000	48,214,865
Plan Fiduciary Net Position - Ending (b)	44,448,515	44,710,976	43,828,000	48,214,865	50,922,925
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 18,236,672	\$ 19,932,249	\$ 22,466,695	\$ 24,027,519	\$ 24,127,804
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	69.17%	66.11%	66.74%	67.85%
Covered Payroll	\$ 7,427,270	\$ 6,992,494	\$ 7,149,518	\$ 5,903,926	\$ 8,719,354
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	245.54%	285.05%	314.24%	406.98%	276.72%

(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 five 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, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

(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 five years are shown.

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	2019
Proportion of the Net Pension Liability	0.28259%	0.17340%	0.16650%	0.16191%	0.16713%
Proportionate Share of the Net Pension Liability	\$ 10,599,884	\$ 11,900,560	\$ 14,407,636	\$ 16,057,212	\$ 15,962,108
Covered Payroll	\$ 2,399,596	\$ 2,184,008	\$ 2,205,720	\$ 1,581,595	\$ 2,439,376
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	441.74%	544.90%	653.19%	1015.25%	654.35%
Plan Fiduciary Net Position	\$ 33,631,871	\$ 32,989,395	\$ 32,521,518	\$ 35,284,479	\$ 37,103,510
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	72.69%	71.74%	73.39%

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, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

(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 five 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	2019
Actuarially Determined Contribution	\$ 1,349,103	\$ 1,483,525	\$ 1,829,173	\$ 1,862,651	\$ 2,153,041
Contribution in Relation to the Actuarially Determined Contribution	(1,349,103)	(1,483,525)	(1,829,173)	(1,862,651)	(2,153,041)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,992,494	\$ 7,149,518	\$ 5,903,926	\$ 8,719,354	\$ 9,781,645
Contributions as a Percentage of Covered Payroll	19.29%	20.75%	30.98%	21.36%	22.01%

(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 five years are shown.

Note to Schedule:

Valuation Date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Discount Rate	7.15% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age,.
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	7.35% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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	2019
Actuarially Determined Contribution	\$ 1,034,818	\$ 1,329,187	\$ 1,481,661	\$ 1,599,794	\$ 1,830,085
Contribution in Relation to the Actuarially Determined Contribution	(1,034,818)	(1,329,187)	(1,481,661)	(1,599,794)	(1,830,085)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,184,008	\$ 2,205,720	\$ 1,581,595	\$ 2,439,376	\$ 2,608,731
Contributions as a Percentage of Covered Payroll	47.38%	60.26%	93.68%	65.58%	70.15%

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

Note to Schedule:

Valuation Date: June 30, 2016

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	7.15% (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	7.35% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 12,239,567	\$ 12,239,567	\$ 12,239,567	\$ -
Resources (Inflows):				
Taxes:				
Sales and use	3,677,378	3,677,378	3,815,606	138,228
Property	5,161,558	5,161,558	5,223,775	62,217
Franchise	850,480	850,480	895,534	45,054
Transient occupancy	878,446	878,446	895,887	17,441
Other	723,916	723,916	656,829	(67,087)
Subtotal	11,291,778	11,291,778	11,487,631	195,853
Licenses and permits:				
Building permits	165,930	165,930	109,965	(55,965)
Other permits	810,744	951,991	815,375	(136,616)
Subtotal	976,674	1,117,921	925,340	(192,581)
Intergovernmental:				
State motor vehicle in-lieu fees	17,000	17,000	15,016	(1,984)
Other intergovernmental revenues	159,977	170,421	113,072	(57,349)
Subtotal	176,977	187,421	128,088	(59,333)
Charges for services:				
Engineering, police, fire and other fees	186,626	232,502	231,306	(1,196)
Recreation fees	97,800	97,800	92,694	(5,106)
Interfund charges	3,885,915	3,885,915	3,195,930	(689,985)
Subtotal	4,170,341	4,216,217	3,519,930	(696,287)
Use of money and property:				
Interest and rents	553,320	553,320	794,228	240,908
Subtotal	553,320	553,320	794,228	240,908
Fines and forfeitures				
Parking fines	26,418	29,218	38,385	9,167
Court fines and other fines	275,623	272,823	195,004	(77,819)
Subtotal	302,041	302,041	233,389	(68,652)
Contributions	22,434	22,434	3,479	(18,955)
Contribution from Successor Agency	250,000	250,000	250,000	-
Miscellaneous	540,858	540,858	642,066	101,208
Transfers in	651,000	651,000	734,759	83,759
Subtotal	1,464,292	1,464,292	1,630,304	166,012
Total Resources (inflows)	18,935,423	19,132,990	18,718,910	(414,080)
Amounts Available for Appropriations	31,174,990	31,372,557	30,958,477	(414,080)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Charges to Appropriations (Outflow):				
General government				
City council	107,289	111,705	102,256	9,449
City manager	223,883	228,927	236,719	(7,792)
Personnel	147,684	180,736	142,372	38,364
City clerk	160,403	163,003	147,555	15,448
Elections	87,000	84,400	29,044	55,356
City attorney	243,247	243,247	414,004	(170,757)
Finance	364,856	439,397	337,170	102,227
Economic Development	249,318	252,566	203,578	48,988
Community enhancement	126,844	126,844	113,765	13,079
Central services	819,586	897,433	742,340	155,093
Building maintenance	154,569	302,110	195,529	106,581
Subtotal	<u>2,684,679</u>	<u>3,030,368</u>	<u>2,664,332</u>	<u>366,036</u>
Public safety				
Police	7,255,118	7,337,132	6,814,205	522,927
Animal control	204,372	204,372	194,477	9,895
Fire	3,340,244	3,340,654	3,072,325	268,329
Dispatch	1,029,931	1,029,935	960,233	69,702
Subtotal	<u>11,829,665</u>	<u>11,912,093</u>	<u>11,041,240</u>	<u>870,853</u>
Community development				
TV government access	111,424	111,424	81,631	29,793
Building safety	493,677	495,930	424,947	70,983
Code enforcement	336,038	383,614	312,605	71,009
Planning	1,056,623	1,171,413	699,154	472,259
Engineering	261,729	737,279	293,606	443,673
Community enhancement	76,500	85,598	86,417	(819)
Subtotal	<u>2,335,991</u>	<u>2,985,258</u>	<u>1,898,360</u>	<u>1,086,898</u>
Culture and leisure				
Parks	424,907	496,238	431,528	64,710
Recreation	377,769	420,420	503,985	(83,565)
Aquatics	190,972	173,483	162,813	10,670
Senior Center	118,208	118,863	94,611	24,252
Subtotal	<u>1,111,856</u>	<u>1,209,004</u>	<u>1,192,937</u>	<u>16,067</u>
Capital outlay	-	149,849	124,183	25,666
Debt service:				
Principal retirement	483,831	479,751	478,835	916
Interest and fiscal charges	34,972	39,052	38,622	430
Transfers out	165,825	165,825	412,369	(246,544)
Subtotal	<u>684,628</u>	<u>834,477</u>	<u>1,054,009</u>	<u>(219,532)</u>
Total Charges to Appropriations	<u>18,646,819</u>	<u>19,971,200</u>	<u>17,850,878</u>	<u>2,120,322</u>
Budgetary Fund Balance, June 30	<u>\$ 12,528,171</u>	<u>\$ 11,401,357</u>	<u>\$ 13,107,599</u>	<u>\$ 1,706,242</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

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 Asset Forfeiture Special Revenue Fund, State Park Bond Act Special Revenue Fund, Animal Control Reserve Special Revenue Fund, Police Facilities Development Capital Projects Fund, Capital Improvement Capital Project Fund and the Sunset Grade Separation Capital Project Fund. Budgeted revenue and expenditure amounts shown represent the City's originally adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP).

b. Excess Expenditures Over Appropriations

General Fund	Actual	Budget	Excess
General Government			
City Manager	\$ 236,719	\$ 228,927	\$ 7,792
City Attorney	414,004	243,247	170,757
Community Development			
Community Enhancement	86,417	85,598	819
Culture and Leisure			
Recreation	503,985	420,420	83,565
Transfers	412,369	165,825	246,544

CITY OF BANNING

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Community Development Block Grant
Assets:				
Pooled cash and investments	\$ 129,016	\$ 2,144,884	\$ 73,806	\$ -
Receivables:				
Accounts	100	-	-	-
Loans	-	-	-	-
Interest	-	15,860	556	-
Due from other governments	165,855	106,573	-	1,000
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 294,971	\$ 2,267,317	\$ 74,362	\$ 1,000
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 99,794	\$ 33,448	\$ -	\$ -
Accrued liabilities	25,050	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	95,961	-	-	-
Due to other funds	-	-	-	999
Total Liabilities	220,805	33,448	-	999
Deferred Inflows of Resources:				
Unavailable revenues	159,575	-	-	1,000
Total Deferred Inflows of Resources	159,575	-	-	1,000
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	2,233,869	74,362	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	(85,409)	-	-	(999)
Total Fund Balances	(85,409)	2,233,869	74,362	(999)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 294,971	\$ 2,267,317	\$ 74,362	\$ 1,000

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture	Supplemental Law Enforcement
Assets:				
Pooled cash and investments	\$ 360,704	\$ 148,083	\$ 285,208	\$ 356,760
Receivables:				
Accounts	28	-	-	-
Loans	-	-	-	-
Interest	2,876	1,061	2,147	2,540
Due from other governments	1,784	10,519	12,555	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 365,392	\$ 159,663	\$ 299,910	\$ 359,300
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 6,665	\$ -	\$ -	\$ 60,248
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	289,500
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	6,665	-	-	349,748
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	159,663	-	-
Public safety	-	-	299,910	9,552
Culture and leisure	-	-	-	-
Transportation	358,727	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	358,727	159,663	299,910	9,552
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 365,392	\$ 159,663	\$ 299,910	\$ 359,300

CITY OF BANNING

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds			
	State Park Bond Act	Special Donations	Senior Center Activities	Animal Control Reserve
Assets:				
Pooled cash and investments	\$ 969	\$ 33,369	\$ 40,578	\$ 5,089
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	7	-	305	38
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 976	\$ 33,369	\$ 40,883	\$ 5,127
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 18	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	6,025	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	6,025	18	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	27,344	-	-
Public safety	-	-	-	5,127
Culture and leisure	-	-	40,865	-
Transportation	-	-	-	-
Capital Projects	976	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	976	27,344	40,865	5,127
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 976	\$ 33,369	\$ 40,883	\$ 5,127

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement	Banning Housing Authority
Assets:				
Pooled cash and investments	\$ 1,059	\$ 83,712	\$ 391,716	\$ 1,741,835
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	806,205
Interest	-	630	2,949	12,327
Due from other governments	-	-	-	707,415
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,059	\$ 84,342	\$ 394,665	\$ 3,267,782
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 104	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	104	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	806,205
Total Deferred Inflows of Resources	-	-	-	806,205
Fund Balances:				
Restricted for:				
Community development projects	955	-	-	2,461,577
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	84,342	394,665	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	955	84,342	394,665	2,461,577
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,059	\$ 84,342	\$ 394,665	\$ 3,267,782

CITY OF BANNING

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds	Capital Projects Funds		
	SB1	Police Facilities Development	Fire Facilities Development	Traffic Control Facilities
Assets:				
Pooled cash and investments	\$ 613,124	\$ 23,456	\$ 1,007,346	\$ 470,530
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	-	177	7,584	3,543
Due from other governments	102,381	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 715,505	\$ 23,633	\$ 1,014,930	\$ 474,073
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 3,958	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	3,958	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	711,547	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	23,633	1,014,930	474,073
Unassigned	-	-	-	-
Total Fund Balances	711,547	23,633	1,014,930	474,073
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 715,505	\$ 23,633	\$ 1,014,930	\$ 474,073

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Capital Projects Funds			
	General Facilities	Park Development	Capital Improvement	Sunset Grade Separation
Assets:				
Pooled cash and investments	\$ 267,455	\$ 136,617	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	2,545	1,063	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	674,320	-
Total Assets	\$ 270,000	\$ 137,680	\$ 674,320	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 8,587	\$ 1,700	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	19,271	612,744
Total Liabilities	8,587	1,700	19,271	612,744
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	261,413	135,980	655,049	-
Unassigned	-	-	-	(612,744)
Total Fund Balances	261,413	135,980	655,049	(612,744)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 270,000	\$ 137,680	\$ 674,320	\$ -

CITY OF BANNING

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Capital Projects Funds		Total
	BEA Low/Mod Capital Project Fund	BEA Capital Project Fund	Governmental Funds
Assets:			
Pooled cash and investments	\$ 546,071	\$ -	\$ 8,861,387
Receivables:			
Accounts	-	4,801	4,929
Loans	-	-	806,205
Interest	-	-	56,208
Due from other governments	-	-	1,108,082
Restricted assets:			
Cash and investments with fiscal agents	-	7,674,715	8,349,035
Total Assets	\$ 546,071	\$ 7,679,516	\$ 19,185,846
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 42,046	\$ 256,568
Accrued liabilities	-	-	25,050
Unearned revenues	-	-	289,500
Deposits payable	-	-	101,986
Due to other funds	-	21,127	654,141
Total Liabilities	-	63,173	1,327,245
Deferred Inflows of Resources:			
Unavailable revenues	-	-	966,780
Total Deferred Inflows of Resources	-	-	966,780
Fund Balances:			
Restricted for:			
Community development projects	-	-	2,649,539
Public safety	-	-	314,589
Culture and leisure	-	-	40,865
Transportation	-	-	3,857,512
Capital Projects	546,071	7,616,343	8,163,390
Assigned to:			
Capital Projects	-	-	2,565,078
Unassigned	-	-	(699,152)
Total Fund Balances	546,071	7,616,343	16,891,821
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 546,071	\$ 7,679,516	\$ 19,185,846

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CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ 650,939	\$ -	\$ -
Intergovernmental	927,697	-	-	195,031
Use of money and property	22	50,495	1,676	-
Contributions	-	-	-	-
Miscellaneous	13,146	-	-	-
Total Revenues	940,865	701,434	1,676	195,031
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	1,129,490	-	-	-
Capital outlay	211,653	669,079	-	175,046
Total Expenditures	1,341,143	669,079	-	175,046
Excess (Deficiency) of Revenues Over (Under) Expenditures	(400,278)	32,355	1,676	19,985
Other Financing Sources (Uses):				
Transfers in	314,869	-	-	-
Total Other Financing Sources (Uses)	314,869	-	-	-
Net Change in Fund Balances	(85,409)	32,355	1,676	19,985
Fund Balances, Beginning of Year	-	2,201,514	72,686	(20,984)
Fund Balances, End of Year	\$ (85,409)	\$ 2,233,869	\$ 74,362	\$ (999)

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture	Supplemental Law Enforcement
Revenues:				
Taxes	\$ 137,207	\$ -	\$ -	\$ -
Intergovernmental	-	40,575	16,036	112,704
Use of money and property	8,407	2,974	5,811	7,241
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	145,614	43,549	21,847	119,945
Expenditures:				
Current:				
Public safety	-	-	-	112,704
Community development	-	3,000	-	-
Transportation	156,032	-	-	-
Capital outlay	14,153	-	-	-
Total Expenditures	170,185	3,000	-	112,704
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,571)	40,549	21,847	7,241
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(24,571)	40,549	21,847	7,241
Fund Balances, Beginning of Year	383,298	119,114	278,063	2,311
Fund Balances, End of Year	\$ 358,727	\$ 159,663	\$ 299,910	\$ 9,552

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	State Park Bond Act	Special Donations	Senior Center Activities	Animal Control Reserve
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Use of money and property	21	-	899	115
Contributions	-	9,990	1,979	-
Miscellaneous	-	-	5,272	-
Total Revenues	21	9,990	8,150	115
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	9,834	5,272	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	9,834	5,272	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	21	156	2,878	115
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	21	156	2,878	115
Fund Balances, Beginning of Year	955	27,188	37,987	5,012
Fund Balances, End of Year	\$ 976	\$ 27,344	\$ 40,865	\$ 5,127

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement	Banning Housing Authority
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	729
Use of money and property	-	1,900	8,893	37,919
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	1,900	8,893	38,648
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	780	-	-	13,943
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	780	-	-	13,943
Excess (Deficiency) of Revenues Over (Under) Expenditures	(780)	1,900	8,893	24,705
Other Financing Sources (Uses):				
Transfers in	1,500	-	-	-
Total Other Financing Sources (Uses)	1,500	-	-	-
Net Change in Fund Balances	720	1,900	8,893	24,705
Fund Balances, Beginning of Year	235	82,442	385,772	2,436,872
Fund Balances, End of Year	\$ 955	\$ 84,342	\$ 394,665	\$ 2,461,577

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds		
	SB1	Police Facilities Development	Fire Facilities Development	Traffic Control Facilities
Revenues:				
Taxes	\$ 573,655	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Use of money and property	-	509	22,833	10,676
Contributions	-	-	-	-
Miscellaneous	35,278	2,469	4,005	750
Total Revenues	608,933	2,978	26,838	11,426
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	-	-	-	-
Capital outlay	79,157	-	-	-
Total Expenditures	79,157	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	529,776	2,978	26,838	11,426
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	529,776	2,978	26,838	11,426
Fund Balances, Beginning of Year	181,771	20,655	988,092	462,647
Fund Balances, End of Year	\$ 711,547	\$ 23,633	\$ 1,014,930	\$ 474,073

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Capital Projects Funds			
	General Facilities	Park Development	Capital Improvement	Sunset Grade Separation
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	8,992	-	-
Use of money and property	8,902	3,135	11,631	-
Contributions	-	-	-	-
Miscellaneous	1,434	5,865	-	-
Total Revenues	10,336	17,992	11,631	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	-	-	-	-
Capital outlay	174,588	15,836	-	-
Total Expenditures	174,588	15,836	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(164,252)	2,156	11,631	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(164,252)	2,156	11,631	-
Fund Balances, Beginning of Year	425,665	133,824	643,418	(612,744)
Fund Balances, End of Year	\$ 261,413	\$ 135,980	\$ 655,049	\$ (612,744)

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Capital Projects Funds		Total
	BEA Low/Mod Capital Project Fund	BEA Capital Project Fund	Governmental Funds
Revenues:			
Taxes	\$ -	\$ -	\$ 1,361,801
Intergovernmental	-	-	1,301,764
Use of money and property	4,273	23,768	212,100
Contributions	-	-	11,969
Miscellaneous	-	-	68,219
Total Revenues	4,273	23,768	2,955,853
Expenditures:			
Current:			
Public safety	-	-	112,704
Community development	-	-	32,829
Transportation	-	-	1,285,522
Capital outlay	-	164,889	1,504,401
Total Expenditures	-	164,889	2,935,456
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,273	(141,121)	20,397
Other Financing Sources (Uses):			
Transfers in	-	-	316,369
Total Other Financing Sources (Uses)	-	-	316,369
Net Change in Fund Balances	4,273	(141,121)	336,766
Fund Balances, Beginning of Year	541,798	7,757,464	16,555,055
Fund Balances, End of Year	\$ 546,071	\$ 7,616,343	\$ 16,891,821

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GAS TAX STREET
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	897,008	1,124,654	927,697	(196,957)
Use of money and property	600	12,100	22	(12,078)
Miscellaneous	2,000,000	2,000,790	13,146	(1,987,644)
Transfers in	164,325	164,325	314,869	150,544
Amounts Available for Appropriations	3,061,933	3,301,869	1,255,734	(2,046,135)
Charges to Appropriations (Outflow):				
Transportation	1,256,888	1,343,051	1,129,490	213,561
Capital outlay	-	3,183,086	211,653	2,971,433
Total Charges to Appropriations	1,256,888	4,526,137	1,341,143	3,184,994
Budgetary Fund Balance, June 30	\$ 1,805,045	\$ (1,224,268)	\$ (85,409)	\$ 1,138,859

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 MEASURE A
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,201,514	\$ 2,201,514	\$ 2,201,514	\$ -
Resources (Inflows):				
Taxes	586,000	586,000	650,939	64,939
Use of money and property	6,500	6,500	50,495	43,995
Amounts Available for Appropriations	2,794,014	2,794,014	2,902,948	108,934
Charges to Appropriations (Outflow):				
Capital outlay	-	3,071,919	669,079	2,402,840
Total Charges to Appropriations	-	3,071,919	669,079	2,402,840
Budgetary Fund Balance, June 30	\$ 2,794,014	\$ (277,905)	\$ 2,233,869	\$ 2,511,774

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SB 300 STREET
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 72,686	\$ 72,686	\$ 72,686	\$ -
Resources (Inflows):				
Use of money and property	-	-	1,676	1,676
Amounts Available for Appropriations	72,686	72,686	74,362	1,676
Budgetary Fund Balance, June 30	\$ 72,686	\$ 72,686	\$ 74,362	\$ 1,676

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (20,984)	\$ (20,984)	\$ (20,984)	\$ -
Resources (Inflows):				
Intergovernmental	179,476	335,455	195,031	(140,424)
Amounts Available for Appropriations	158,492	314,471	174,047	(140,424)
Charges to Appropriations (Outflow):				
Capital outlay	179,476	510,501	175,046	335,455
Total Charges to Appropriations	179,476	510,501	175,046	335,455
Budgetary Fund Balance, June 30	\$ (20,984)	\$ (196,030)	\$ (999)	\$ 195,031

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 383,298	\$ 383,298	\$ 383,298	\$ -
Resources (Inflows):				
Taxes	138,543	139,293	137,207	(2,086)
Use of money and property	1,250	2,850	8,407	5,557
Amounts Available for Appropriations	523,091	525,441	528,912	3,471
Charges to Appropriations (Outflow):				
Transportation	129,650	234,139	156,032	78,107
Capital outlay	-	14,153	14,153	-
Total Charges to Appropriations	129,650	248,292	170,185	78,107
Budgetary Fund Balance, June 30	\$ 393,441	\$ 277,149	\$ 358,727	\$ 81,578

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
AQMD AIR POLLUTION PROGRAM
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 119,114	\$ 119,114	\$ 119,114	\$ -
Resources (Inflows):				
Intergovernmental	39,000	39,000	40,575	1,575
Use of money and property	250	950	2,974	2,024
Amounts Available for Appropriations	158,364	159,064	162,663	3,599
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	\$ 155,364	\$ 156,064	\$ 159,663	\$ 3,599

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1,	\$ 2,311	\$ 2,311	\$ 2,311	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	112,704	12,704
Use of money and property	-	-	7,241	7,241
Amounts Available for Appropriations	102,311	102,311	122,256	19,945
Charges to Appropriations (Outflow):				
Public safety	100,000	198,668	112,704	85,964
Capital outlay	-	10,354	-	10,354
Total Charges to Appropriations	100,000	209,022	112,704	96,318
Budgetary Fund Balance, June 30	\$ 2,311	\$ (106,711)	\$ 9,552	\$ 116,263

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DONATIONS
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 27,188	\$ 27,188	\$ 27,188	\$ -
Resources (Inflows):				
Contributions	8,000	8,000	9,990	1,990
Amounts Available for Appropriations	35,188	35,188	37,178	1,990
Charges to Appropriations (Outflow):				
Community development	8,000	9,800	9,834	(34)
Total Charges to Appropriations	8,000	9,800	9,834	(34)
Budgetary Fund Balance, June 30	\$ 27,188	\$ 25,388	\$ 27,344	\$ 1,956

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 SENIOR CENTER ACTIVITIES
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 37,987	\$ 37,987	\$ 37,987	\$ -
Resources (Inflows):				
Use of money and property	150	150	899	749
Contributions	2,500	2,500	1,979	(521)
Miscellaneous	5,650	5,650	5,272	(378)
Amounts Available for Appropriations	46,287	46,287	46,137	(150)
Charges to Appropriations (Outflow):				
Community development	8,300	8,300	5,272	3,028
Total Charges to Appropriations	8,300	8,300	5,272	3,028
Budgetary Fund Balance, June 30	\$ 37,987	\$ 37,987	\$ 40,865	\$ 2,878

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 POLICE VOLUNTEER
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 235	\$ 235	\$ 235	\$ -
Resources (Inflows):				
Transfers in	1,500	1,500	1,500	-
Amounts Available for Appropriations	1,735	1,735	1,735	-
Charges to Appropriations (Outflow):				
Community development	1,500	2,142	780	1,362
Total Charges to Appropriations	1,500	2,142	780	1,362
Budgetary Fund Balance, June 30	\$ 235	\$ (407)	\$ 955	\$ 1,362

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 RAMSEY/HIGHLAND HOME SIGNAL
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 82,442	\$ 82,442	\$ 82,442	\$ -
Resources (Inflows):				
Use of money and property	300	651	1,900	1,249
Amounts Available for Appropriations	82,742	83,093	84,342	1,249
Budgetary Fund Balance, June 30	\$ 82,742	\$ 83,093	\$ 84,342	\$ 1,249

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
WILSON MEDIAN IMPROVEMENT
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 385,772	\$ 385,772	\$ 385,772	\$ -
Resources (Inflows):				
Use of money and property	1,450	3,043	8,893	5,850
Amounts Available for Appropriations	387,222	388,815	394,665	5,850
Budgetary Fund Balance, June 30	\$ 387,222	\$ 388,815	\$ 394,665	\$ 5,850

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 BANNING HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,436,872	\$ 2,436,872	\$ 2,436,872	\$ -
Resources (Inflows):				
Intergovernmental	-	-	729	729
Use of money and property	3,825	-	37,919	37,919
Amounts Available for Appropriations	2,440,697	2,436,872	2,475,520	38,648
Charges to Appropriation (Outflow):				
Community development	3,825	385,115	13,943	371,172
Total Charges to Appropriations	3,825	385,115	13,943	371,172
Budgetary Fund Balance, June 30	\$ 2,436,872	\$ 2,051,757	\$ 2,461,577	\$ 409,820

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SB1
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 181,771	\$ 181,771	\$ 181,771	\$ -
Resources (Inflows):				
Taxes	515,917	515,917	573,655	57,738
Miscellaneous	-	-	35,278	35,278
Amounts Available for Appropriations	697,688	697,688	790,704	93,016
Charges to Appropriation (Outflow):				
Capital outlay	-	515,917	79,157	436,760
Total Charges to Appropriations	-	515,917	79,157	436,760
Budgetary Fund Balance, June 30	\$ 697,688	\$ 181,771	\$ 711,547	\$ 529,776

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 FIRE FACILITIES DEVELOPMENT
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 988,092	\$ 988,092	\$ 988,092	\$ -
Resources (Inflows):				
Use of money and property	3,000	3,000	22,833	19,833
Miscellaneous	-	-	4,005	4,005
Amounts Available for Appropriations	991,092	991,092	1,014,930	23,838
Budgetary Fund Balance, June 30	\$ 991,092	\$ 991,092	\$ 1,014,930	\$ 23,838

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
TRAFFIC CONTROL FACILITIES
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 462,647	\$ 462,647	\$ 462,647	\$ -
Resources (Inflows):				
Use of money and property	1,500	3,650	10,676	7,026
Miscellaneous	500	500	750	250
Amounts Available for Appropriations	464,647	466,797	474,073	7,276
Budgetary Fund Balance, June 30	\$ 464,647	\$ 466,797	\$ 474,073	\$ 7,276

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FACILITIES
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 425,665	\$ 425,665	\$ 425,665	\$ -
Resources (Inflows):				
Use of money and property	1,400	1,400	8,902	7,502
Miscellaneous	-	-	1,434	1,434
Amounts Available for Appropriations	427,065	427,065	436,001	8,936
Charges to Appropriations (Outflow):				
General government	200,000	201,183	-	201,183
Capital outlay	-	202,845	174,588	28,257
Total Charges to Appropriations	200,000	404,028	174,588	229,440
Budgetary Fund Balance, June 30	\$ 227,065	\$ 23,037	\$ 261,413	\$ 238,376

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT
 YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 133,824	\$ 133,824	\$ 133,824	\$ -
Resources (Inflows):				
Intergovernmental	-	-	8,992	8,992
Use of money and property	-	-	3,135	3,135
Miscellaneous	-	-	5,865	5,865
Amounts Available for Appropriations	133,824	133,824	151,816	17,992
Charges to Appropriations (Outflow):				
Capital outlay	-	44,540	15,836	28,704
Total Charges to Appropriations	-	44,540	15,836	28,704
Budgetary Fund Balance, June 30	\$ 133,824	\$ 89,284	\$ 135,980	\$ 46,696

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
BEA LOW/MOD CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 541,798	\$ 541,798	\$ 541,798	\$ -
Resources (Inflows):				
Use of money and property	2,000	2,000	4,273	2,273
Amounts Available for Appropriations	543,798	543,798	546,071	2,273
Budgetary Fund Balance, June 30	\$ 543,798	\$ 543,798	\$ 546,071	\$ 2,273

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
BEA CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 7,757,464	\$ 7,757,464	\$ 7,757,464	\$ -
Resources (Inflows):				
Use of money and property	9,000	9,000	23,768	14,768
Amounts Available for Appropriations	7,766,464	7,766,464	7,781,232	14,768
Charges to Appropriation (Outflow):				
Capital outlay	-	5,926,960	164,889	5,762,071
Total Charges to Appropriations	-	5,926,960	164,889	5,762,071
Budgetary Fund Balance, June 30	\$ 7,766,464	\$ 1,839,504	\$ 7,616,343	\$ 5,776,839

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Assets:				
Current:				
Cash and investments	\$ 261,116	\$ 107,511	\$ 1,169,602	\$ 1,538,229
Receivables:				
Accounts	4,559	-	651,413	655,972
Notes and loans	-	3,196	-	3,196
Interest	88	1,175	9,248	10,511
Inventories	9,794	-	-	9,794
Total Current Assets	275,557	111,882	1,830,263	2,217,702
Noncurrent:				
Capital assets - net of accumulated depreciation	2,409,034	756,652	-	3,165,686
Total Noncurrent Assets	2,409,034	756,652	-	3,165,686
Total Assets	2,684,591	868,534	1,830,263	5,383,388
Deferred Outflows of Resources:				
Pension related items	17,815	374,129	48,353	440,297
Total Deferred Outflows of Resources	17,815	374,129	48,353	440,297
Liabilities:				
Current:				
Accounts payable	1,545	14,228	273,826	289,599
Accrued liabilities	1,469	39,126	4,740	45,335
Unearned revenues	4,024	224,684	-	228,708
Deposits payable	20,338	-	88,109	108,447
Compensated absences	3,409	40,952	16,349	60,710
Total Current Liabilities	30,785	318,990	383,024	732,799
Noncurrent:				
Compensated absences	1,373	16,493	6,584	24,450
Net Pension Liability	118,226	1,713,074	320,900	2,152,200
Total Noncurrent Liabilities	119,599	1,729,567	327,484	2,176,650
Total Liabilities	150,384	2,048,557	710,508	2,909,449
Deferred Inflows of Resources:				
Pension related items	3,340	164,379	9,062	176,781
Total Deferred Inflows of Resources	3,340	164,379	9,062	176,781
Net Position:				
Investment in capital assets	2,409,034	756,652	-	3,165,686
Unrestricted	139,648	(1,726,925)	1,159,046	(428,231)
Total Net Position	\$ 2,548,682	\$ (970,273)	\$ 1,159,046	\$ 2,737,455

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Operating Revenues:				
Sales and service charges	\$ 199,253	\$ 111,068	\$ 4,513,331	\$ 4,823,652
Miscellaneous	149	12,482	20,438	33,069
Total Operating Revenues	199,402	123,550	4,533,769	4,856,721
Operating Expenses:				
Salaries and benefits	53,682	1,214,067	159,456	1,427,205
Supplies and services	102,908	673,488	4,310,748	5,087,144
Repairs and maintenance	10,382	18,337	-	28,719
Bad debt expense	-	-	8,662	8,662
Depreciation expense	169,851	264,325	-	434,176
Total Operating Expenses	336,823	2,170,217	4,478,866	6,985,906
Operating Income (Loss)	(137,421)	(2,046,667)	54,903	(2,129,185)
Nonoperating Revenues:				
Intergovernmental	-	1,563,880	49,365	1,613,245
Interest revenue and change in fair value of investments	372	1,089	29,765	31,226
Gain (loss) on disposal of capital assets	-	835	-	835
Total Nonoperating Revenues (Expenses)	372	1,565,804	79,130	1,645,306
Income (Loss) Before Transfers	(137,049)	(480,863)	134,033	(483,879)
Transfers in	-	96,000	-	96,000
Transfers out	-	(83,759)	-	(83,759)
Changes in Net Position	(137,049)	(468,622)	134,033	(471,638)
Net Position:				
Beginning of Year	2,685,731	(501,651)	1,025,013	3,209,093
End of Fiscal Year	\$ 2,548,682	\$ (970,273)	\$ 1,159,046	\$ 2,737,455

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 195,926	\$ 111,068	\$ 4,432,804	\$ 4,739,798
Cash received from/(paid to) interfund service provided	149	82,473	-	82,622
Cash paid to suppliers for goods and services	(88,654)	(802,414)	(4,293,052)	(5,184,120)
Cash paid to employees for services	(46,302)	(1,157,291)	(150,608)	(1,354,201)
Cash received from others	-	-	20,438	20,438
Net Cash Provided (Used) by Operating Activities	61,119	(1,766,164)	9,582	(1,695,463)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	96,000	-	96,000
Cash transfers out	-	(83,759)	-	(83,759)
Intergovernmental	-	1,647,639	49,365	1,697,004
Net Cash Provided (Used) by Non-Capital Financing Activities	-	1,659,880	49,365	1,709,245
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(139,655)	-	(139,655)
Proceeds from sales of capital assets	-	835	-	835
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(138,820)	-	(138,820)
Cash Flows from Investing Activities:				
Issuance of notes and loans receivable	-	485	-	485
Interest received and change in fair value of investments	445	1,538	25,722	27,705
Net Cash Provided (Used) by Investing Activities	445	2,023	25,722	28,190
Net Increase (Decrease) in Cash and Cash Equivalents	61,564	(243,081)	84,669	(96,848)
Cash and Cash Equivalents at Beginning of Year	199,552	350,592	1,084,933	1,635,077
Cash and Cash Equivalents at End of Year	\$ 261,116	\$ 107,511	\$ 1,169,602	\$ 1,538,229
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (137,421)	\$ (2,046,667)	\$ 54,903	\$ (2,129,185)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:				
Depreciation	169,851	264,325	-	434,176
Bad debt expense	-	-	(8,662)	(8,662)
(Increase) decrease in accounts receivable	(2,086)	-	(55,409)	(57,495)
(Increase) decrease in due from other governments	-	69,991	-	69,991
(Increase) decrease in inventories	23,847	-	-	23,847
Increase (decrease) in accounts payable	996	14,060	17,688	32,744
Increase (decrease) in accrued liabilities	12	3,880	8	3,900
Increase (decrease) in deposits payable	(1,241)	-	(7,794)	(9,035)
Increase (decrease) in unearned revenue	(219)	(128,529)	-	(128,748)
Increase (decrease) in employee salary/benefit obligations	5,776	83,689	15,677	105,142
Increase (decrease) in compensated absences	1,604	(26,913)	(6,829)	(32,138)
Total Adjustments	198,540	280,503	(45,321)	433,722
Net Cash Provided (Used) by Operating Activities	\$ 61,119	\$ (1,766,164)	\$ 9,582	\$ (1,695,463)

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Assets:					
Current:					
Pooled cash and investments	\$ 1,216,805	\$ 422,503	\$ 69,568	\$ 533,725	\$ 2,242,601
Receivables:					
Accounts	6,580	37,073	-	12,390	56,043
Interest	-	845	-	1,581	2,426
Prepaid costs	-	-	10,176	-	10,176
Due from other governments	-	250	-	-	250
Inventories	-	99,096	-	-	99,096
Total Current Assets	1,223,385	559,767	79,744	547,696	2,410,592
Noncurrent:					
Capital assets - net of accumulated depreciation	-	295,226	22,510	60,672	378,408
Total Noncurrent Assets	-	295,226	22,510	60,672	378,408
Total Assets	1,223,385	854,993	102,254	608,368	2,789,000
Deferred Outflows of Resources:					
Pension related outflows	70,168	86,165	101,071	156,264	413,668
Total Deferred Outflows of Resources	70,168	86,165	101,071	156,264	413,668
Liabilities:					
Current:					
Accounts payable	169,877	30,752	1,321	23,706	225,656
Accrued liabilities	5,117	19,293	9,222	46,461	80,093
Compensated absences	2,809	38,626	26,915	55,291	123,641
Claims and judgments	1,237,986	-	-	-	1,237,986
Total Current Liabilities	1,415,789	88,671	37,458	125,458	1,667,376
Noncurrent:					
Net pension liability	465,667	571,829	670,753	2,543,070	4,251,319
Compensated absences	269	3,701	2,579	5,298	11,847
Claims and judgments	16,843	-	-	-	16,843
Total Noncurrent Liabilities	482,779	575,530	673,332	2,548,368	4,280,009
Total Liabilities	1,898,568	664,201	710,790	2,673,826	5,947,385
Deferred Inflows of Resources:					
Pension related items	13,151	16,149	18,943	71,818	120,061
Total Deferred Inflows of Resources	13,151	16,149	18,943	71,818	120,061
Net Position:					
Investment in capital assets	-	295,226	22,510	60,672	378,408
Unrestricted	(618,166)	(34,418)	(548,918)	(2,041,684)	(3,243,186)
Total Net Position	\$ (618,166)	\$ 260,808	\$ (526,408)	\$ (1,981,012)	\$ (2,864,778)

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities				Totals
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	
Operating Revenues:					
Sales and service charges	\$ 1,854,981	\$ 1,322,884	\$ 463,919	\$ 2,043,354	\$ 5,685,138
Miscellaneous	143,856	9,001	-	-	152,857
Total Operating Revenues	1,998,837	1,331,885	463,919	2,043,354	5,837,995
Operating Expenses:					
Salaries and benefits	214,972	546,577	306,045	1,761,295	2,828,889
Supplies and services	2,242,337	740,249	50,517	681,142	3,714,245
Repairs and maintenance	1,657	172,020	159,176	45,631	378,484
Insurance premiums	1,116,441	-	-	-	1,116,441
Depreciation expense	-	9,633	9,764	11,408	30,805
Total Operating Expenses	3,575,407	1,468,479	525,502	2,499,476	8,068,864
Operating Income (Loss)	(1,576,570)	(136,594)	(61,583)	(456,122)	(2,230,869)
Nonoperating Revenues:					
Interest revenue and change in fair value	112,774	3,734	414	4,986	121,908
Gain (loss) on disposal of capital assets	-	858	-	2,275	3,133
Total Nonoperating Revenues (Expenses)	112,774	4,592	414	7,261	125,041
Changes in Net Position	(1,463,796)	(132,002)	(61,169)	(448,861)	(2,105,828)
Net Position:					
Beginning of Year	845,630	392,810	(465,239)	(1,532,151)	(758,950)
End of Fiscal Year	\$ (618,166)	\$ 260,808	\$ (526,408)	\$ (1,981,012)	\$ (2,864,778)

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 1,855,066	\$ 1,307,801	\$ 463,919	\$ 2,042,649	\$ 5,669,435
Cash received from interfund service provided	197,887	8,751	-	-	206,638
Cash paid to suppliers for goods and services	(3,164,687)	(867,478)	(226,649)	(710,577)	(4,969,391)
Cash paid to employees for services	(203,134)	(501,855)	(280,519)	(1,449,603)	(2,435,111)
Net Cash Provided (Used) by Operating Activities	(1,314,868)	(52,781)	(43,249)	(117,531)	(1,528,429)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	(18,626)	-	-	(18,626)
Proceeds from sales of capital assets	-	858	-	2,275	3,133
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(17,768)	-	2,275	(15,493)
Cash Flows from Investing Activities:					
Interest received	114,703	5,135	1,225	5,850	126,913
Net Cash Provided (Used) by Investing Activities	114,703	5,135	1,225	5,850	126,913
Net Increase (Decrease) in Cash and Cash Equivalents	(1,200,165)	(65,414)	(42,024)	(109,406)	(1,417,009)
Cash and Cash Equivalents at Beginning of Year	2,416,970	487,917	111,592	643,131	3,659,610
Cash and Cash Equivalents at End of Year	\$ 1,216,805	\$ 422,503	\$ 69,568	\$ 533,725	\$ 2,242,601
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (1,576,570)	\$ (136,594)	\$ (61,583)	\$ (456,122)	\$ (2,230,869)
Adjustments to Reconcile Operating Income (loss)					
Net Cash Provided (used) by Operating Activities:					
Depreciation	-	9,633	9,764	11,408	30,805
(Increase) decrease in accounts receivable	85	(15,083)	-	(705)	(15,703)
(Increase) decrease in due from other governments	54,031	(250)	-	-	53,781
(Increase) decrease in inventories	-	27,888	-	-	27,888
Increase (decrease) in accounts payable	2,970	10,009	(10,456)	16,196	18,719
Increase (decrease) in accrued liabilities	(4,362)	6,894	(6,500)	(12,265)	(16,233)
Increase (decrease) in employee salary/benefit obligation	22,749	27,936	32,768	351,168	434,621
Increase (decrease) in claims and judgments	197,140	-	-	-	197,140
Increase (decrease) in compensated absences	(10,911)	16,786	(7,242)	(27,211)	(28,578)
Total Adjustments	261,702	83,813	18,334	338,591	702,440
Net Cash Provided (Used) by Operating Activities	\$ (1,314,868)	\$ (52,781)	\$ (43,249)	\$ (117,531)	\$ (1,528,429)

CITY OF BANNING

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2019

	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	\$ 36,332	\$ 75,123	\$ 43,438	\$ 155,755	\$ 47,496	\$ 358,144
Receivables:						
Accounts	-	-	-	2,951	-	2,951
Interest	274	566	342	-	357	1,539
Due from other governments	-	-	24,578	2,970	-	27,548
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	226,639	-	226,639
Total Assets	\$ 36,606	\$ 75,689	\$ 68,358	\$ 388,315	\$ 47,853	\$ 616,821
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 2,087	\$ -	\$ -	\$ 2,087
Deposits payable	-	19,958	-	17,656	40,000	77,614
Due to bondholders	36,606	55,731	66,271	370,659	7,853	537,120
Total Liabilities	\$ 36,606	\$ 75,689	\$ 68,358	\$ 388,315	\$ 47,853	\$ 616,821

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Sun Lake CFD 86-1</u>				
Assets:				
Pooled cash and investments	\$ 35,631	\$ 701	\$ -	\$ 36,332
Receivables:				
Interest	150	575	451	274
Total Assets	\$ 35,781	\$ 1,276	\$ 451	\$ 36,606
Liabilities:				
Due to bondholders	\$ 35,781	\$ 899	\$ 74	\$ 36,606
Total Liabilities	\$ 35,781	\$ 899	\$ 74	\$ 36,606
<u>Special AD 91-1</u>				
Assets:				
Pooled cash and investments	\$ 73,673	\$ 1,450	\$ -	\$ 75,123
Receivables:				
Interest	311	1,188	933	566
Total Assets	\$ 73,984	\$ 2,638	\$ 933	\$ 75,689
Liabilities:				
Deposits payable	\$ 19,958	\$ -	\$ -	\$ 19,958
Due to bondholders	54,026	1,859	154	55,731
Total Liabilities	\$ 73,984	\$ 1,859	\$ 154	\$ 75,689
<u>Area Police Computer</u>				
Assets:				
Pooled cash and investments	\$ 54,845	\$ 26,206	\$ 37,613	\$ 43,438
Receivables:				
Interest	255	647	560	342
Due from other governments	-	24,578	-	24,578
Total Assets	\$ 55,100	\$ 51,431	\$ 38,173	\$ 68,358
Liabilities:				
Accounts payable	\$ 2,082	\$ 35,618	\$ 35,613	\$ 2,087
Due to bondholders	53,018	50,997	37,744	66,271
Total Liabilities	\$ 55,100	\$ 86,615	\$ 73,357	\$ 68,358

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Fair Oaks AD 2004-1</u>				
Assets:				
Pooled cash and investments	\$ 153,420	\$ 198,692	\$ 196,357	\$ 155,755
Receivables:				
Accounts	2,951	-	-	2,951
Interest	522	489	1,011	-
Due from other governments	2,925	2,970	2,925	2,970
Restricted assets:				
Cash and investments with fiscal agents	225,908	115,617	114,886	226,639
Total Assets	\$ 385,726	\$ 317,768	\$ 315,179	\$ 388,315
Liabilities:				
Accounts payable	\$ -	\$ 7,545	\$ 7,545	\$ -
Deposits payable	17,656	-	-	17,656
Due to bondholders	368,070	239,239	236,650	370,659
Total Liabilities	\$ 385,726	\$ 246,784	\$ 244,195	\$ 388,315
<u>Cameo Homes</u>				
Assets:				
Pooled cash and investments	\$ 46,579	\$ 917	\$ -	\$ 47,496
Receivables:				
Interest	197	751	591	357
Total Assets	\$ 46,776	\$ 1,668	\$ 591	\$ 47,853
Liabilities:				
Deposits payable	\$ 40,000	\$ -	\$ -	\$ 40,000
Due to bondholders	6,776	1,174	97	7,853
Total Liabilities	\$ 46,776	\$ 1,174	\$ 97	\$ 47,853
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 364,148	\$ 227,966	\$ 233,970	\$ 358,144
Receivables:				
Accounts	2,951	-	-	2,951
Interest	1,435	3,650	3,546	1,539
Due from other governments	2,925	27,548	2,925	27,548
Restricted assets:				
Cash and investments with fiscal agents	225,908	115,617	114,886	226,639
Total Assets	\$ 597,367	\$ 374,781	\$ 355,327	\$ 616,821
Liabilities:				
Accounts payable	\$ 2,082	\$ 43,163	\$ 43,158	\$ 2,087
Deposits payable	77,614	-	-	77,614
Due to bondholders	517,671	294,168	274,719	537,120
Total Liabilities	\$ 597,367	\$ 337,331	\$ 317,877	\$ 616,821