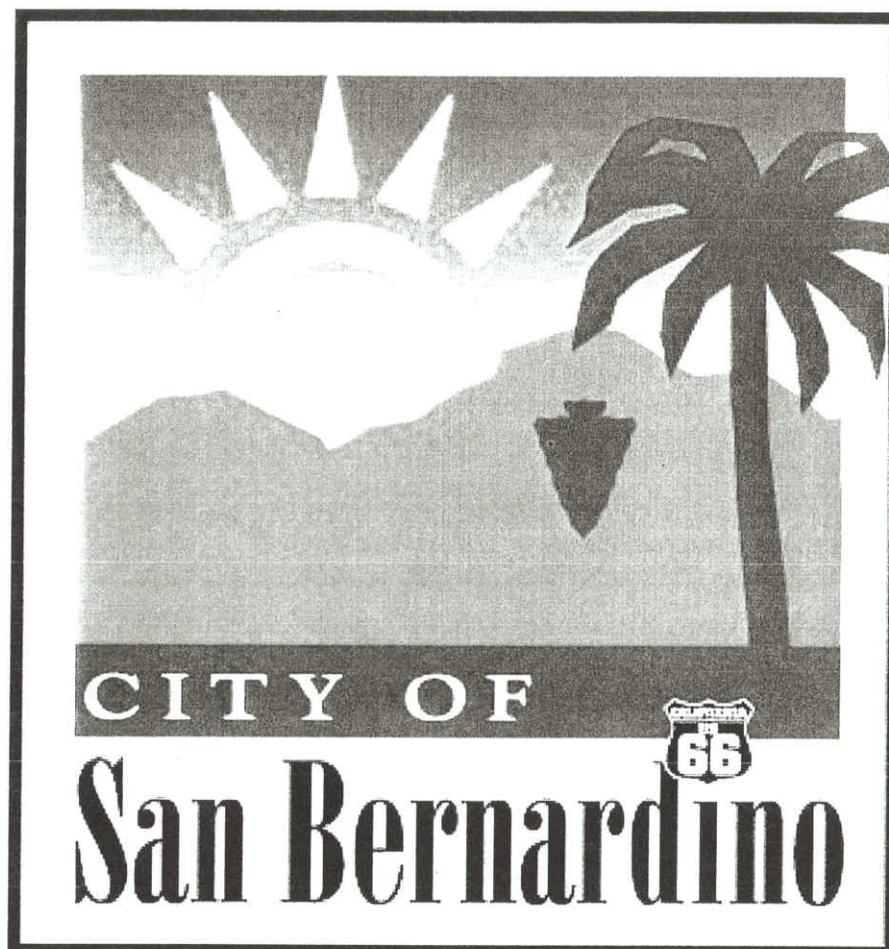


# CITY OF SAN BERNARDINO, CALIFORNIA



SM

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2004



CITY OF SAN BERNARDINO, CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2004

Prepared by

FINANCE DEPARTMENT

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CITY OF SAN BERNARDINO  
Comprehensive Annual Financial Report  
Year ended June 30, 2004

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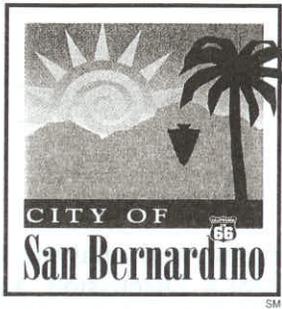
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300 North "D" Street • San Bernardino • CA 92418-0001  
[www.ci.san-bernardino.ca.us](http://www.ci.san-bernardino.ca.us)

November 1, 2004

To the Mayor, Members of the City Council and Citizens of the City of San Bernardino:

It is the policy of the City of San Bernardino to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of San Bernardino ("the City") for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by CONRAD AND ASSOCIATES, L.L.P., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon that audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2004, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

November 1, 2004

Mayor, Council Members and Citizens of the City of San Bernardino

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GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### Profile of the Government

The City of San Bernardino, incorporated as a Charter City in 1854, is located in Southern California, approximately 60 miles east of Los Angeles and 55 miles west of Palm Springs. The City has a land area of approximately 59.3 square miles and a population of approximately 194,100. The City is the County Seat of San Bernardino County, the largest county in the nation. Along with adjacent Riverside County, these two counties comprise what is called the "Inland Empire," so-named because it formerly was a vast agriculture domain (primarily citrus). This area is immediately east of the Los Angeles/Orange County metropolitan area and has one of the fastest growing populations in the United States, a trend that is expected to continue through the next decade.

The City operates under a "Strong Mayor" form of government. The Mayor is elected by the voters at large. Each of the seven members of the City Council is elected by voters in their respective wards. The Mayor and Councilmembers serve four-year terms. At the delegation of the Mayor, the City Administrator provides overall management and supervision of all City Departments. The City of San Bernardino also has an elected City Attorney, elected City Treasurer and elected City Clerk.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events. The City is financially accountable for a redevelopment agency and financing authority, both of which are reported separately within the City's financial statements. Additional information regarding all three of these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

### Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** The City currently enjoys a favorable economic environment and local indicators point to continued stability. Competitive land prices continue to draw business to the City and the region. Significant residential development has resulted in the region being one of the fastest growing in the state.

**Long-term financial planning.** The City Council continues to develop the concept of a “Lakes and Streams” project as the City’s signature development, in conjunction with the San Bernardino Valley Municipal Water District. Funding for the project will primarily come from the sale of groundwater.

Funding for additional economic development projects will be obtained from the California State Infrastructure Bank. Revenues generated by those projects will be used to repay those loans.

**Cash management policies and practices.** Cash temporarily idle during the year was invested by the City Treasurer in authorized investments including obligations of the U.S. Treasury, corporate bonds, investment contracts, and the State Treasurer’s investment pool. The maturities of the investments range from current to 5 years, with average days to maturity of 1065 at 6/30/09. The average yield on investments was 3.85 percent. Investment income includes changes in the fair value of investments. Changes in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

**Risk management.** The City of San Bernardino is self-insured for workers’ compensation and liability. The unpaid claims and judgements payable as of June 30, 2004 for these activities is \$10,672,744. Although the City has set aside \$4,232,511 to meet these obligations, prior unfunded losses in addition to unfunded claims will need to be made up with future increased charges or contributions. Third-party coverage is currently maintained from the Big Independent Cities Excess Pool (BICEP) for individual workers’ compensation claims in excess of \$300,000 with limits of \$2 million and excess liability coverage in excess of \$1 million with limits of \$25 million. Additional information on the City’s risk management activity can be found in the notes to the financial statements.

**Pension and other postemployment benefits.** The City contributes to the California Public Employees Retirement System, an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As of June 30, 2003 (the most recent year for which the calculation is available), the city of San Bernardino has succeeded in funding 88% of the present value of the projected benefits earned by employees. The remaining unfunded actuarial liability associated with employee services rendered to date is being systematically funded over 26 years as part of the annual required contribution calculated by the actuary.

Mayor, Council Members and Citizens of the City of San Bernardino

November 1, 2004

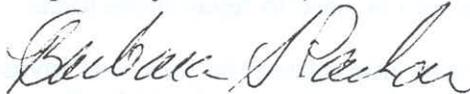
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The City also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 295 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information regarding the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department especially Gary Silvius, Accounting Manager who coordinated the preparation of this report. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Barbara S. Pachon  
Finance Director

# CITY OF SAN BERNARDINO, CALIFORNIA

## ROSTER OF CITY OFFICIALS

JUNE 30, 2004

### LEGISLATIVE OFFICIALS

Judith Valles . . . . .	Mayor*
Esther R. Estrada . . . . .	Member of Common Council-Ward 1*
Susan Lien-Longville . . . . .	Member of Common Council-Ward 2*
Gordon McGinnis . . . . .	Member of Common Council-Ward 3*
Neil Derry . . . . .	Member of Common Council-Ward 4*
Chas Kelley . . . . .	Member of Common Council-Ward 5*
Rikke Van Johnson . . . . .	Member of Common Council-Ward 6*
Wendy J. McCammack . . . . .	Member of Common Council-Ward 7*

### CHIEF ADMINISTRATIVE OFFICERS

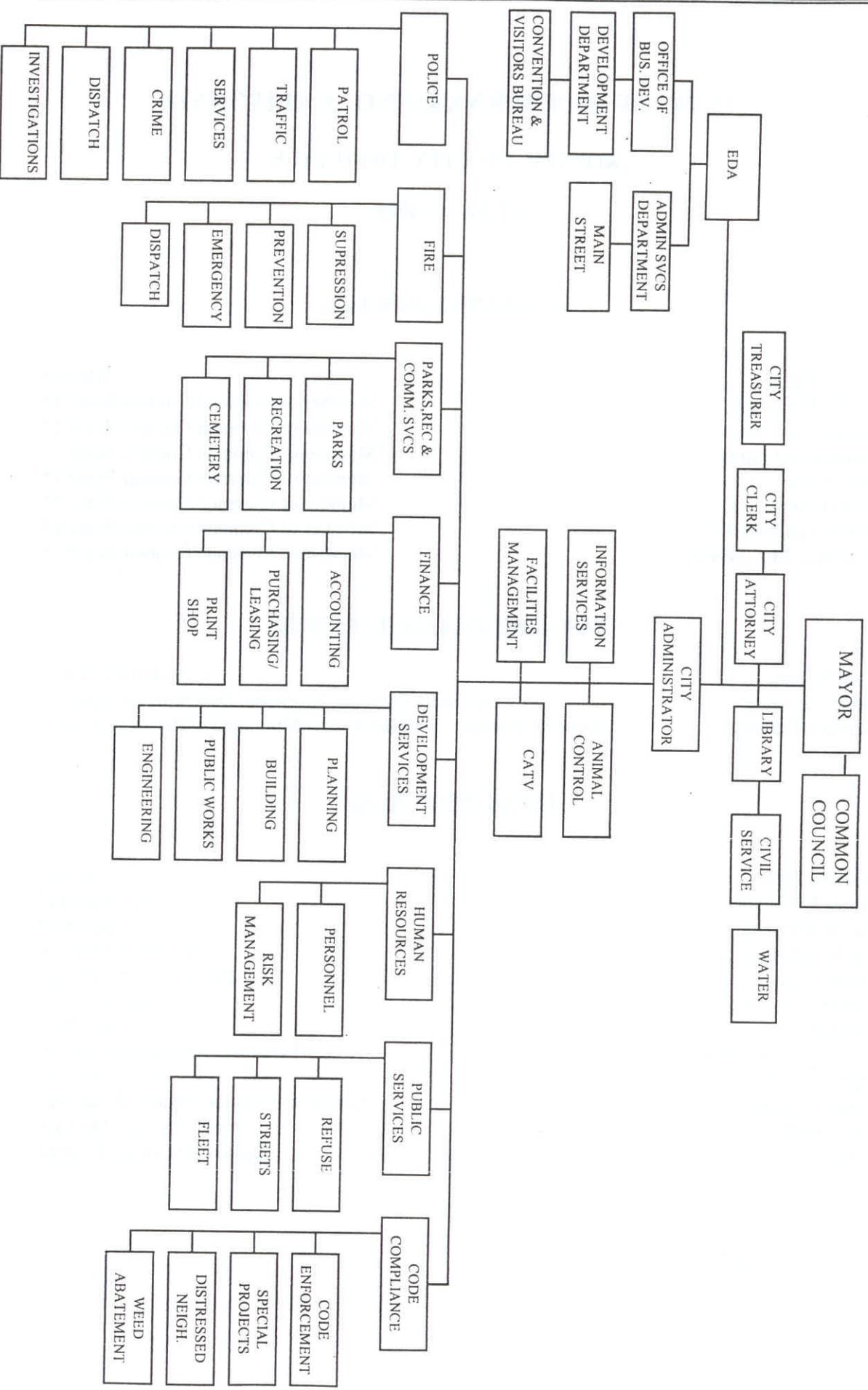
Fred Wilson . . . . .	City Administrator
Gary Van Osdel . . . . .	Executive Director, Economic Development Agency
Bernard Kersey . . . . .	General Manager, San Bernardino Municipal Water Department

### DEPARTMENT HEADS

Rachel Clark . . . . .	City Clerk*
James F. Penman . . . . .	City Attorney*
David Kennedy . . . . .	City Treasurer*
Barbara Pachon . . . . .	Director of Finance
James Funk . . . . .	Development Services
Garrett Zimmon . . . . .	Chief of Police
Larry Pitzer . . . . .	Fire Chief
Lemuel P. Randolph . . . . .	Parks and Recreation Director
Ophelia G. Roop . . . . .	City Librarian
Ernest Dowdy . . . . .	Executive Director (Federal Programs)
Lynn Merrill . . . . .	Public Services Director
Linn Livingston . . . . .	Human Resources Director

\*Elected Officials

# CITY OF SAN BERNARDINO



The Honorable Mayor and Councilmembers  
City of San Bernardino, California

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Bernardino, California, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of San Bernardino. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Mayor and Councilmembers  
City of San Bernardino, California  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Bernardino's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2004 on our consideration of the City of San Bernardino's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Conrad and Associates, L.L.P.*

November 1, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of San Bernardino (the City) provides an overview of the City's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

### Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* uses services like public safety were financed in the *short term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates like businesses, such as the water and sewer system.
  - *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provided additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1  
Major Features of the City's Government-wide and Fund Financial Statements

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City of San Bernardino as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases and decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. Sales taxes, property taxes, other taxes, state subventions, and other revenues finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for in these funds.

## Reporting the City's Most Significant Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* in a reconciliation at the bottom of the fund financial statements.

- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City’s other programs and activities.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *statement of net assets* follows:

Table 1 Net Assets June 30, 2004 and 2003 (in millions)						
	-----June 30, 2004-----			-----June 30, 2003-----		
	Governmental Activities	Business Type Activities	Total Primary Govt.	Govt. Activities	Business Type Activities	Total Primary Govt.
Current and other assets	\$156.2	\$ 73.9	\$230.1	\$159.1	\$ 60.2	\$219.3
Capital assets	<u>191.0</u>	<u>198.7</u>	<u>389.7</u>	<u>190.1</u>	<u>194.9</u>	<u>385.0</u>
Total assets	347.2	272.6	619.8	349.2	255.1	604.3
Long-term debt outstanding	214.7	72.2	286.9	218.9	68.2	287.1
Other liabilities	<u>9.5</u>	<u>11.3</u>	<u>20.8</u>	<u>9.4</u>	<u>9.2</u>	<u>18.6</u>
Total liabilities	224.2	83.5	307.7	228.3	77.4	305.7
Net assets:						
Invested in capital assets, net of debt	161.3	140.3	301.6	160.0	133.0	293.0
Restricted	96.4	12.5	108.9	44.1	8.7	52.8
Unrestricted	<u>&lt;134.7&gt;</u>	<u>36.3</u>	<u>&lt;98.4&gt;</u>	<u>&lt;83.2&gt;</u>	<u>36.0</u>	<u>&lt;47.2&gt;</u>
<b>Total net assets</b>	123.0	189.1	312.1	120.9	177.7	298.6

A summary of the government-wide *statement of activities* follows:

	-----June 30, 2004-----			-----June 30, 2003-----		
	Govt. <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>	Govt. <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 18.9	\$ 60.6	\$ 79.5	\$ 17.9	\$ 55.7	\$73.6
Federal and state grants	35.2	9.1	44.3	31.4	7.3	38.7
General revenues:						
Sales taxes	32.3		32.3	29.9		29.9
Property taxes	28.9		28.9	26.3		26.3
Other taxes	33.3		33.3	30.8		30.8
Other general revenues	<u>29.0</u>	<u>.8</u>	<u>29.8</u>	<u>28.1</u>	<u>2.4</u>	<u>30.5</u>
Total revenues	177.6	70.5	248.1	164.4	65.4	229.8
Program expenses:						
General government	21.6		21.6	10.1		10.1
Public safety	74.4		74.4	71.5		71.5
Streets	14.7		14.7	12.3		12.3
Culture & recreation	7.2		7.2	6.7		6.7
Community development	8.9		8.9	6.1		6.1
Economic development	24.5		24.5	20.3		20.3
Community service	11.4		11.4	11.1		11.1
Interest on long-term debt	14.2		14.2	13.0		13.0
Refuse		16.5	16.5		15.0	15.0
Water		21.3	21.3		18.8	18.8
Sewer		<u>19.0</u>	<u>19.0</u>		<u>19.4</u>	<u>19.4</u>
Total expenses	<u>176.9</u>	<u>56.8</u>	<u>233.7</u>	<u>151.1</u>	<u>53.2</u>	<u>204.3</u>
Excess (deficiency) before Special items and transfers	.7	13.7	14.4	13.3	12.2	25.5
Transfers	<u>2.3</u>	<u>&lt;2.3&gt;</u>	<u>233.7</u>	<u>1.6</u>	<u>&lt;1.6&gt;</u>	<u>-</u>
Increase (decrease) in net assets	3.0	11.4	14.4	14.9	10.9	25.5
Beginning net assets	<u>120.0</u>	<u>177.7</u>	<u>297.7</u>	<u>106.0</u>	<u>167.1</u>	<u>273.1</u>
Ending net assets	123.0	189.1	312.1	120.9	177.7	298.6

The increase or decrease in net assets can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Net assets of the City's governmental activities increased by 2.5 percent (\$123.0 million compared to \$120.0 million). *Unrestricted* net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$134.7 million deficit at the end of this year. The net assets of the City's business-type activities increased by 6.4 percent (\$189.1 million compared to \$177.7 million) in 2004. The net assets (financial position) of the City changed as a result of the revenue and expense fluctuations described below for the governmental and business-type activities of the City.

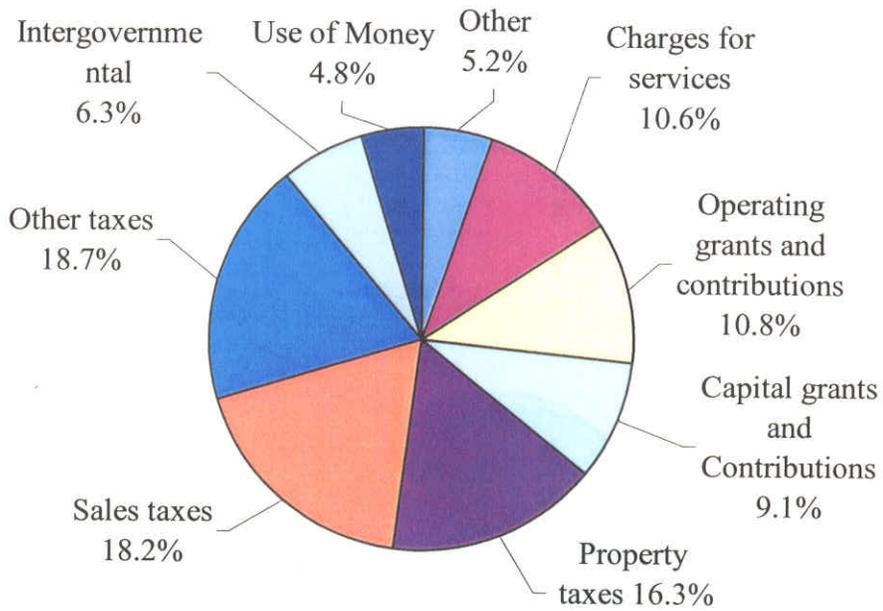
### Governmental Activities

The cost of all *governmental* activities this year was \$176.9 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$122.8 million because some of the cost was paid by those who directly benefited from the programs (\$18.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$35.2 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services were \$54.1 million. The City paid for the remaining "public benefit" portion of governmental activities with \$94.5 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

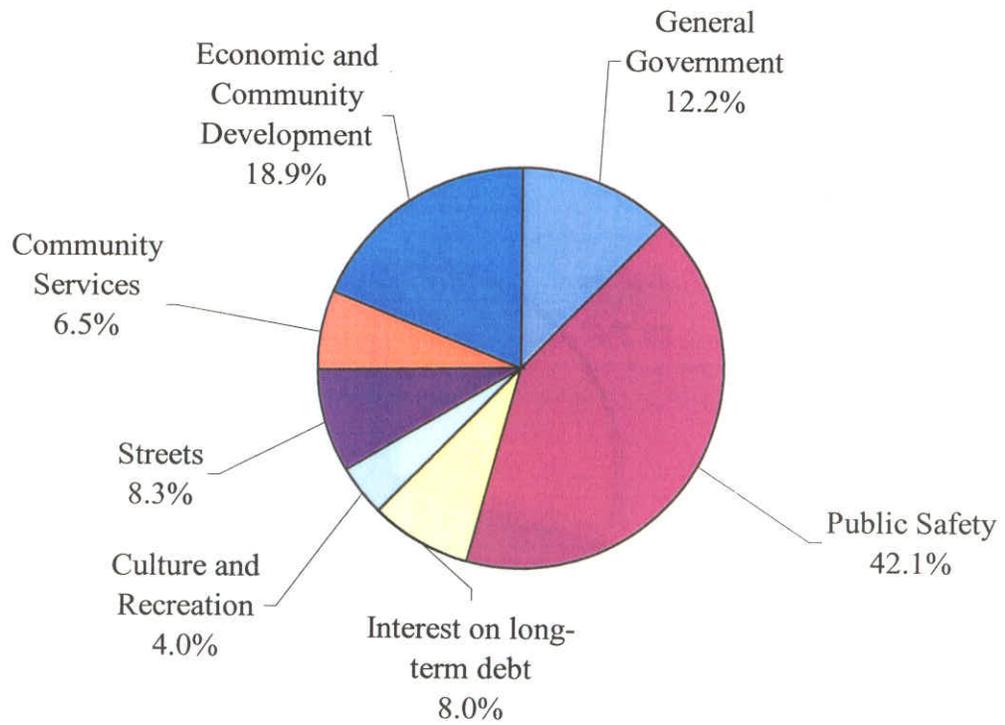
The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- Total revenues in governmental activities increases by 8.1% (\$177.6 million in 2004 vs \$164.4 million in 2003). Taxes increased \$7.5 million as a result of improving economic conditions and increase economic activity.
- The cost governmental functions/programs increased in almost every category. The largest increase was in the category of General Government, primarily in areas not related to specific functions or programs (non-departmental).
- The overall change in net assets for governmental activities was positive \$3.0 million in 2003-04 which represents a reduction of \$11.9 million from the 2002-03 net change of \$14.9 million.

Revenues by Source – Governmental Activities



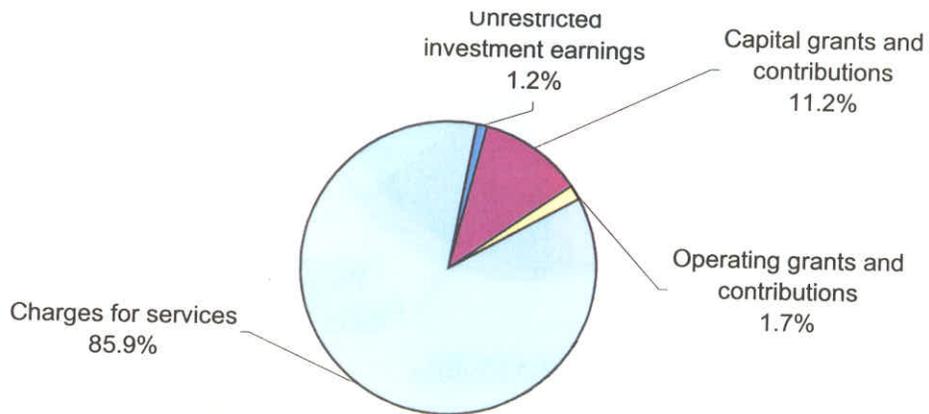
Expenses by Function – Governmental Activities



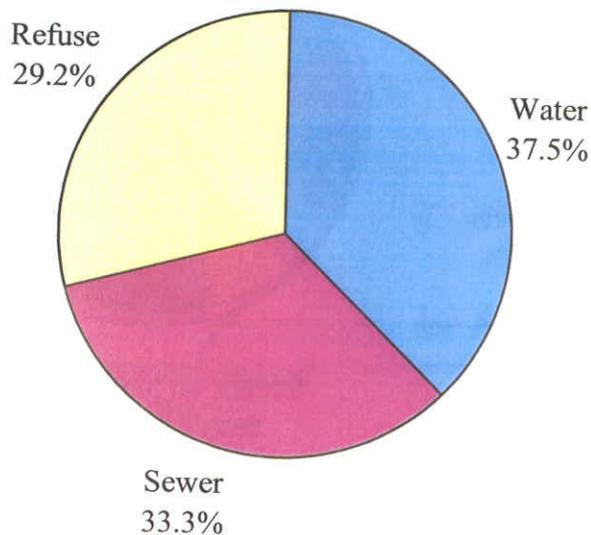
Business-Type Activities

Current years operating revenues of the City's business-type activities increased by 3.8 for Refuse, 20.1% for Water, and Sewer enterprise increased by 5.8%. Capital Contributions in Water and Sewer were equal to 15.2 and 18.8 percent of operating revenues, respectively. Net assets increased by 9.5 percent for Water and 3.4 percent for Sewer. Refuse net assets for the year increased by \$238,877 after non-operating revenues and expenses and transfers which amounted to a 8.9% increase in net assets over the prior year.

Revenues by Source – Business-type Activities



Expenses by Function – Business-type Activities



## MAJOR FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

**Major Governmental Funds.** The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6.9 million, the designated budget reserve was \$3.5 million while total fund balance fell to \$12.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.5 percent of total general fund expenditures, while total fund balance represents 11.8 percent of that same amount.

The reasons for significant changes in the revenues and expenditures of the City's' General Fund from the prior year are as follows:

- Overall General Fund revenues increased by \$5.3 million, with the largest increase in Taxes (\$5.6 million). Sales tax increased by \$2.4 million (a 8.2% increase over the prior year).
- Expenditures in the General Fund increased by \$5.6 million (5.6 percent). The largest increase was in Non-Departmental (\$3.2 million) and Public Safety (2.9 million). Expenditure increases were primarily the result of increasing personnel cost.
- The change in fund balance in the General Fund (including transfers) was a decrease of \$411,709 in 2003/04.

Total fund balance of **Other Major Funds** related to the *Economic Development Agency* increased by \$2.2 million for the year. Federal and State Programs showed a decline in fund balance of \$486,725 in the current year.

**Major Enterprise Funds.** Unrestricted net assets of the **Sewer Fund** were \$20.2 million, \$13.2 million for the **Water Fund** and \$331,292 for the **Refuse Fund**. The total growth in net assets for the funds was \$3.0 million, 8.1 million and \$238,877 for each of the three funds, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## GENERAL FUND BUDGET

Differences between the original budget and the final amended budget of the General Fund were relatively minor and can be briefly summarized as follows:

- \$2.2 million transferred in the budget from general government non-departmental to departments for salary increases
- \$1.1 million increase in the budget for encumbrance and continuing appropriations carryovers

Major deviations between the final budget of the General Fund and its actual operating results were as follows:

- Utility Users Tax was \$2.5 million greater than budget
- Total Revenues were \$3.2 million more than budget
- General Government Expenditures were \$1.5 million less than budget
- Total expenditures were \$2.0 less than budget

These deviations are did not significantly affect the City's liquidity or ability to provide future government services.

## CAPITAL ASSETS

Capital Assets (net of depreciation) June 30, 2004 and 2003 (in millions)						
	----- June 30, 2004 -----			----- June 30, 2003 -----		
	<u>Govt Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Govt Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Land	\$127.7	\$ 15.2	\$142.9	\$127.7	\$ 15.2	\$ 142.9
Infrastructure	12.3		12.3	6.3		6.3
Buildings & Improv.	34.8	94.6	129.4	36.8	96.2	133.0
Machinery & Equip	12.4	67.4	79.8	14.1	69.2	83.3
Construction in Progress	<u>3.8</u>	<u>21.5</u>	<u>25.3</u>	<u>5.3</u>	<u>14.4</u>	<u>19.6</u>
Total	191.0	198.7	389.7	190.2	195.0	385.2

The major additions to capital assets during the year ended June 30, 2004 were as follows:

- \$4.9 million of infrastructure expenditures including \$3.7 million for street improvements and \$1.2 million for parks construction.
- \$2.7 million of equipment (including \$832,205 computer equipment and \$903,050 in vehicles) purchased for governmental activities
- Water Department construction in progress increased by \$7.5million

### LONG-TERM DEBT

At the end of the current fiscal year, the City had bonded debt outstanding of \$206.7 million and additional debt of \$80.2 million. Of the bonded indebtedness \$138.1 million relates to tax allocation bonds, \$22.7 million is revenue bonds and \$45.3 million in certificates of participation and \$.6 million is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

	Outstanding Debt June 30, 2004 and 2003 (in millions)					
	-----June 30, 2004-----			-----June 30, 2003-----		
	<u>Govt Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Govt Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Tax Allocation Bonds	\$138.1	\$	\$138.1	\$142.2	\$	\$142.2
Revenue Bonds	20.2	2.5	22.7	21.5	3.6	25.1
Notes Payable	8.0	32.4	40.4	7.6	24.0	31.6
Cert. of Part.	14.1	31.2	45.3	14.5	32.8	47.3
Assmt Dist Bonds	.6		.6	.7		.7
Other	<u>33.7</u>	<u>6.1</u>	<u>39.8</u>	<u>32.4</u>	<u>7.8</u>	<u>40.2</u>
<b>Total</b>	214.7	72.2	286.9	218.9	68.2	287.1

The City's total debt decreased by \$.2 million (.1 percent) during the current fiscal year.

State statutes limit the amount of general obligation debt a city may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$164,037,185 which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in the notes to the accompanying financial statements.

#### 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's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Finance Director, City of San Bernardino at 300 N. "D" St. San Bernardino, California 92418.

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## BASIC FINANCIAL STATEMENTS

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CITY OF SAN BERNARDINO  
Statement of Net Assets  
June 30, 2004

	Governmental	Business-type	Totals	
	Activities	Activities	2004	2003
<b>ASSETS:</b>				
Cash and investments (note 2)	\$ 49,356,162	45,690,407	95,046,569	92,662,121
Cash and investments with fiscal agent (note 2)	24,444,047	3,983,442	28,427,489	28,754,260
Receivables (net of allowance for uncollectibles):				
Accounts	5,482,345	9,017,714	14,500,059	13,201,170
Interest	143,539	885,450	1,028,989	971,285
Notes	25,850,280	10,600,000	36,450,280	27,502,337
Other	988,189	-	988,189	682,328
Inventory	150,163	1,472,401	1,622,564	1,686,591
Prepaid items	58,951	27,558	86,509	159,496
Due from other governments	25,547,117	1,333,372	26,880,489	19,401,986
Land held for resale	23,618,634	-	23,618,634	32,398,259
Other assets	615,248	934,514	1,549,762	1,713,185
Capital assets, undepreciated (note 4)	131,448,669	36,738,868	168,187,537	162,625,821
Capital assets, net of accumulated depreciation (note 4)	59,526,227	161,931,364	221,457,591	222,593,959
Total assets	<u>347,229,571</u>	<u>272,615,090</u>	<u>619,844,661</u>	<u>604,352,798</u>
<b>LIABILITIES:</b>				
Accounts payable and other current liabilities	4,242,036	6,319,302	10,561,338	11,976,489
Retentions payable	175,036	-	175,036	194,272
Interfund balances	(538,597)	538,597	-	-
Deferred revenue	352,612	-	352,612	778,285
Due to other governments	1,703,732	-	1,703,732	595,311
Interest payable	3,581,266	883,977	4,465,243	3,049,756
Deposits payable	-	3,575,334	3,575,334	2,024,812
Noncurrent liabilities (notes 5 to 9):				
Due within one year	19,996,656	7,095,686	27,092,342	23,088,957
Due in more than one year	194,683,229	65,086,998	259,770,227	264,084,108
Total liabilities	<u>224,195,970</u>	<u>83,499,894</u>	<u>307,695,864</u>	<u>305,791,990</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	161,342,293	142,833,962	304,176,255	292,930,859
Restricted for:				
Streets	9,633,010	-	9,633,010	9,483,497
Economic development	81,849,403	-	81,849,403	28,473,779
Other purposes	4,945,613	12,532,379	17,477,992	14,803,705
Unrestricted	(134,736,718)	33,748,855	(100,987,863)	(47,131,032)
Total net assets	<u>\$ 123,033,601</u>	<u>189,115,196</u>	<u>312,148,797</u>	<u>298,560,808</u>

See accompanying notes to basic financial statements.

CITY OF SAN BERNARDINO  
Statement of Activities  
For the Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 21,656,283	2,738,254	718,433	-
Public safety	74,407,316	4,311,566	4,425,504	-
Streets	14,669,079	5,692,784	-	8,450,120
Culture and recreation	7,169,744	1,299,275	843,258	-
Community development	8,884,530	3,384,534	-	7,405,157
Economic development	24,495,651	-	7,230,504	225,910
Community service	11,482,351	1,468,455	5,892,156	-
Interest on long-term debt	14,163,424	-	-	-
Total governmental activities	176,928,378	18,894,868	19,109,855	16,081,187
Business-type activities:				
Refuse	16,594,002	19,149,079	-	-
Water	21,317,663	24,159,556	1,214,167	3,833,624
Sewer	18,976,067	17,339,174	-	4,108,873
Total	\$ 233,816,110	79,542,677	20,324,022	24,023,684

General revenues:

Taxes:

Sales taxes

Property taxes

Other taxes

Franchise taxes

Use of money and property

Other

Intergovernmental

Transfers

Total general revenue and transfers

Change in net assets

Net assets at beginning of year, as restated (note 17)

Net assets at end of year

Net (Expense) Revenue and  
Changes in Net Assets

Net (Expense) Revenue	Governmental Activities	Business-type Activities	Totals	
			2004	2003
(18,199,596)	(18,199,596)	-	(18,199,596)	(6,999,797)
(65,670,246)	(65,670,246)	-	(65,670,246)	(63,561,063)
(526,175)	(526,175)	-	(526,175)	996,594
(5,027,211)	(5,027,211)	-	(5,027,211)	(5,102,044)
1,905,161	1,905,161	-	1,905,161	1,528,262
(17,039,237)	(17,039,237)	-	(17,039,237)	(12,647,907)
(4,121,740)	(4,121,740)	-	(4,121,740)	(3,055,938)
(14,163,424)	(14,163,424)	-	(14,163,424)	(13,031,339)
<u>(122,842,468)</u>	<u>(122,842,468)</u>	-	<u>(122,842,468)</u>	<u>(101,873,232)</u>
2,555,077	-	2,555,077	2,555,077	3,371,958
7,889,684	-	7,889,684	7,889,684	5,532,407
<u>2,471,980</u>	-	<u>2,471,980</u>	<u>2,471,980</u>	<u>858,569</u>
<u>(109,925,727)</u>	<u>(122,842,468)</u>	<u>12,916,741</u>	<u>(109,925,727)</u>	<u>(92,110,298)</u>
	32,277,342	-	32,277,342	29,894,441
	28,965,153	-	28,965,153	26,327,504
	30,203,483	-	30,203,483	27,919,423
	3,084,720	-	3,084,720	2,878,719
	8,535,567	839,368	9,374,935	11,233,377
	9,282,701	-	9,282,701	8,140,146
	11,200,846	-	11,200,846	11,142,549
	<u>2,316,200</u>	<u>(2,316,200)</u>	<u>-</u>	<u>-</u>
	<u>125,866,012</u>	<u>(1,476,832)</u>	<u>124,389,180</u>	<u>117,536,159</u>
	3,023,544	11,439,909	14,463,453	25,425,861
	<u>120,010,057</u>	<u>177,675,287</u>	<u>297,685,344</u>	<u>273,134,947</u>
	<u>\$ 123,033,601</u>	<u>189,115,196</u>	<u>312,148,797</u>	<u>298,560,808</u>

See accompanying notes to basic financial statements.

CITY OF SAN BERNARDINO  
Governmental Funds

Balance Sheet

Year Ended June 30, 2004

		Special Revenue Funds	
	General	Federal and State Programs	Economic Development Agency
Assets:			
Cash and investments	\$ 4,967	-	14,918,729
Cash and investments with fiscal agent	-	-	250,053
Deposits	-	-	-
Receivables:			
Accounts	2,504,485	59,164	-
Interest	82,176	9,973	30,939
Taxes	-	-	-
Special assessments	-	-	-
Notes	-	-	19,880,763
Other	-	-	64,037
Inventory	35,073	-	-
Prepaid items	54,123	89	-
Due from other governmental agencies	9,404,375	9,025,296	3,505,068
Due from other funds (note 3)	4,322,270	-	-
Advances to other funds (note 3)	-	-	1,767,429
Property held for resale	-	-	4,143,988
Other assets	-	-	21,050
Total assets	\$ 16,407,469	9,094,522	44,582,056

See accompanying notes to basic financial statements.

<u>Debt Service Fund</u> Economic Development Agency	<u>Capital Projects Fund</u> Economic Development Agency	Nonmajor Governmental Funds	Totals	
			<u>2004</u>	<u>2003</u>
-	17,620,421	13,097,889	45,642,006	44,648,049
23,172,001	-	575,234	23,997,288	24,392,363
-	228,698	-	228,698	293,657
-	-	16,979	2,580,628	2,605,840
69,744	42,856	119,756	355,444	568,505
-	746,478	-	746,478	392,012
-	-	2,654,893	2,654,893	2,762,404
-	5,969,517	-	25,850,280	27,502,337
-	177,674	-	241,711	290,316
-	-	-	35,073	67,827
-	-	-	54,212	47,861
-	270,000	3,223,351	25,428,090	15,509,712
-	-	5,310,790	9,633,060	5,835,315
-	10,250,798	305,400	12,323,627	13,442,090
-	19,474,646	-	23,618,634	32,398,259
-	150,829	214,671	386,550	381,318
<u>23,241,745</u>	<u>54,931,917</u>	<u>25,518,963</u>	<u>173,776,672</u>	<u>171,137,865</u>

(Continued)

CITY OF SAN BERNARDINO  
Governmental Funds  
Balance Sheet  
(Continued)

		Special Revenue Funds	
	General	Federal and State Programs	Economic Development Agency
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 637,346	197,974	140,969
Accrued liabilities	-	-	-
Due to other funds (note 3)	-	8,509,306	-
Due to other governments	-	-	-
Deposits payable	-	-	-
Retentions payable	-	-	-
Deferred revenue	3,291,749	3,852,751	8,814,039
Advances from other funds (note 3)	-	-	8,278,528
Total liabilities	3,929,095	12,560,031	17,233,536
Fund balances (deficit):			
Reserved for:			
Encumbrances	689,200	-	-
Deposits	-	-	-
Notes receivable	-	-	19,880,763
Inventory	35,073	-	-
Prepaid items	54,123	89	-
Debt service	-	-	-
Grant restrictions	-	-	-
Advances to other funds	-	-	1,767,429
Long-term receivables	884,000	-	-
Property held for resale	-	-	4,143,988
Sewer capacity rights	-	-	21,050
Petty cash	4,925	-	-
Unreserved:			
General fund:			
Designated for continuing appropriations	430,700	-	-
Designated for budget reserve	3,469,951	-	-
Undesignated	6,910,402	-	-
Special revenue funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	(3,465,598)	1,535,290
Debt service - undesignated	-	-	-
Capital projects funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	-	-
Total fund balances (deficit)	12,478,374	(3,465,509)	27,348,520
Total liabilities and fund balances	\$ 16,407,469	9,094,522	44,582,056

See accompanying notes to basic financial statements.

<u>Debt Service Fund</u> Economic Development Agency	<u>Capital Projects Fund</u> Economic Development Agency	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>	
			<u>2004</u>	<u>2003</u>
-	92,990	1,322,909	2,392,188	4,822,624
-	329,183	-	329,183	-
-	-	2,873,099	11,382,405	8,054,010
-	1,602,672	101,060	1,703,732	-
-	7,500	37,240	44,740	13,053
-	-	175,036	175,036	194,272
-	-	2,654,893	18,613,432	14,898,033
-	<u>1,767,429</u>	<u>2,277,670</u>	<u>12,323,627</u>	<u>13,442,090</u>
-	<u>3,799,774</u>	<u>9,441,907</u>	<u>46,964,343</u>	<u>41,424,082</u>
-	-	4,340,400	5,029,600	1,656,800
-	228,698	-	228,698	293,657
-	5,969,517	-	25,850,280	27,502,337
-	-	-	35,073	67,827
-	-	-	54,212	47,861
23,241,745	-	322,293	23,564,038	24,060,417
-	-	278,145	278,145	243,631
-	10,250,798	305,400	12,323,627	13,442,090
-	-	1,925,908	2,809,908	1,820,965
-	19,474,646	-	23,618,634	32,398,259
-	150,829	214,671	386,550	381,318
-	-	2,050	6,975	7,655
-	-	-	430,700	317,300
-	-	-	3,469,951	6,761,700
-	-	-	6,910,402	4,661,916
-	-	799,300	799,300	89,600
-	-	8,079,369	6,149,061	6,310,219
-	-	(2,266,242)	(2,266,242)	(2,226,126)
-	-	99,200	99,200	241,800
-	<u>15,057,655</u>	<u>1,976,562</u>	<u>17,034,217</u>	<u>11,634,557</u>
<u>23,241,745</u>	<u>51,132,143</u>	<u>16,077,056</u>	<u>126,812,329</u>	<u>129,713,783</u>
<u>23,241,745</u>	<u>54,931,917</u>	<u>25,518,963</u>	<u>173,776,672</u>	<u>171,137,865</u>

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CITY OF SAN BERNARDINO

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets

June 30, 2004

Fund balances of governmental funds	\$ 126,812,329
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	248,528,788
Accumulated depreciation	(63,774,024)
Long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	(200,261,574)
Accrued interest payable on long-term liabilities is not due and payable in the current period and is, therefore, not reported in the funds.	(3,581,266)
Certain revenues in the governmental funds are deferred using the modified accrual basis and are recognized as revenue under the full accrual basis for reporting in the Government-wide Financial Statements.	18,260,820
Internal service funds are used by management to charge cost to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets:	
Capital assets, net of depreciation	6,220,132
Long-term liabilities	(14,418,311)
Other assets and liabilities	<u>5,246,707</u>
Net assets of governmental activities	<u>\$ 123,033,601</u>

See accompanying notes to basic financial statements.

CITY OF SAN BERNARDINO  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2004

		Special Revenue Funds	
	General	Federal and State Programs	Economic Development Agency
<b>Revenues:</b>			
Taxes	\$ 70,245,995	-	-
Licenses and permits	7,226,648	-	-
Fines and forfeits	1,073,128	-	-
Investment income	297,845	434	909,819
Intergovernmental revenues	13,160,244	17,235,063	6,686,764
Charges for services	5,166,528	-	-
Other revenues	<u>3,502,852</u>	<u>25</u>	<u>3,643,942</u>
Total revenues	<u>100,673,240</u>	<u>17,235,522</u>	<u>11,240,525</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	17,792,570	113,297	-
Public safety	69,706,070	2,441,451	-
Streets	8,011,973	-	-
Culture and recreation	5,122,323	256,021	-
Community development	1,696,552	7,933,703	6,449,415
Community service	-	6,977,775	-
Economic development	-	-	3,189,363
<b>Debt service:</b>			
Principal	660,540	-	2,212,270
Interest	33,746	-	314,663
Fiscal charges	-	-	-
Total expenditures	<u>103,023,774</u>	<u>17,722,247</u>	<u>12,165,711</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,350,534)</u>	<u>(486,725)</u>	<u>(925,186)</u>
<b>Other financing sources (uses):</b>			
Transfers in (note 3)	7,335,428	-	6,773,791
Transfers out (note 3)	(7,196,603)	-	(4,453,163)
Issuance of long-term debt	<u>1,800,000</u>	<u>-</u>	<u>170,000</u>
Total other financing sources (uses)	<u>1,938,825</u>	<u>-</u>	<u>2,490,628</u>
Net change in fund balances	(411,709)	(486,725)	1,565,442
Fund balances at beginning of year, as restated (note 17)	<u>12,890,083</u>	<u>(2,978,784)</u>	<u>25,783,078</u>
Fund balances (deficit) at end of year	<u>\$ 12,478,374</u>	<u>(3,465,509)</u>	<u>27,348,520</u>

See accompanying notes to basic financial statements.

<u>Debt Service Fund</u> Economic Development Agency	<u>Capital Projects Fund</u> Economic Development Agency	Nonmajor Governmental Funds	Totals	
			<u>2004</u>	<u>2003</u>
-	20,284,699	1,225,284	91,755,978	84,123,265
-	-	650,120	7,876,768	7,262,108
-	-	685,382	1,758,510	1,559,840
1,086,242	2,262,364	649,774	5,206,478	6,053,106
-	-	9,266,568	46,348,639	39,313,349
-	-	4,900,456	10,066,984	9,512,656
-	2,535,064	1,173,939	10,855,822	11,583,609
<u>1,086,242</u>	<u>25,082,127</u>	<u>18,551,523</u>	<u>173,869,179</u>	<u>159,407,933</u>
-	-	654,722	18,560,589	15,317,801
-	-	1,368,852	73,516,373	69,742,970
-	-	9,089,330	17,101,303	17,173,949
-	-	2,072,066	7,450,410	6,901,194
-	-	4,211,943	20,291,613	12,763,319
-	-	-	6,977,775	10,827,093
-	14,404,575	-	17,593,938	15,038,436
5,490,000	521,624	55,000	8,939,434	9,584,617
9,868,803	627,415	328,810	11,173,437	11,516,300
109,361	-	-	109,361	13,330
<u>15,468,164</u>	<u>15,553,614</u>	<u>17,780,723</u>	<u>181,714,233</u>	<u>168,879,009</u>
<u>(14,381,922)</u>	<u>9,528,513</u>	<u>770,800</u>	<u>(7,845,054)</u>	<u>(9,471,076)</u>
14,279,593	3,534,620	4,859,281	36,782,713	31,143,372
(491,035)	(17,354,882)	(4,570,830)	(34,066,513)	(28,503,926)
-	-	431,954	2,401,954	3,500,000
<u>13,788,558</u>	<u>(13,820,262)</u>	<u>720,405</u>	<u>5,118,154</u>	<u>6,139,446</u>
(593,364)	(4,291,749)	1,491,205	(2,726,900)	(3,331,630)
<u>23,835,109</u>	<u>55,423,892</u>	<u>14,585,851</u>	<u>129,539,229</u>	<u>133,045,413</u>
<u>23,241,745</u>	<u>51,132,143</u>	<u>16,077,056</u>	<u>126,812,329</u>	<u>129,713,783</u>

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CITY OF SAN BERNARDINO

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities

Year Ended June 30, 2004

Net change in fund balances - total governmental funds	\$ (2,726,900)
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 cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,025,245
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences and other related long-term debt items.	6,718,920
Accrued interest expense related to long-term liabilities, including bonds payable. This is the net change in accrued interest for the current period.	(1,267,389)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. This is the net change in deferred revenues for the current period.	960,218
Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(2,686,550)</u>
Changes in net assets of governmental activities	<u>\$ 3,023,544</u>

See accompanying notes to basic financial statements.

CITY OF SAN BERNARDINO  
Proprietary Funds

Statement of Net Assets

June 30, 2004

<u>Assets</u>	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
<b>Current assets:</b>			
Cash and investments	\$ 50	11,888,399	19,026,236
Cash and investments with fiscal agent	-	-	-
Receivables:			
Accounts	2,539,165	4,047,631	2,430,918
Interest	-	285,092	477,821
Other	-	-	-
Inventory	-	1,472,401	-
Prepaid items	4,938	13,178	9,442
Due from other governmental agencies	70,565	1,070,040	192,767
Due from other funds (note 3)	-	23,388	-
	<u>2,614,718</u>	<u>18,800,129</u>	<u>22,137,184</u>
<b>Total current assets</b>			
<b>Restricted assets:</b>			
Cash and investments:			
Restricted for capital-related fees	-	3,314,912	9,217,467
Restricted for deposits	-	2,224,512	-
Restricted for debt service	-	18,831	-
Cash and investments with fiscal agent:			
Restricted for debt service	-	443,484	3,539,958
Interest receivable	-	41,772	80,765
Note proceeds held by State	-	10,000,000	-
	<u>-</u>	<u>16,043,511</u>	<u>12,838,190</u>
<b>Total restricted assets</b>			
Notes receivable	<u>-</u>	<u>600,000</u>	<u>-</u>
<b>Capital assets (note 4):</b>			
Land and easements	-	2,709,175	12,470,740
Construction in progress	-	19,886,793	1,672,160
Capital assets being depreciated	13,889,705	99,886,333	157,186,137
Less accumulated depreciation and amortization	(7,588,301)	(42,650,895)	(58,791,615)
	<u>6,301,404</u>	<u>79,831,406</u>	<u>112,537,422</u>
<b>Total capital assets</b>			
Other assets	<u>-</u>	<u>16,753</u>	<u>917,761</u>
<b>Total assets</b>	<u>8,916,122</u>	<u>115,291,799</u>	<u>148,430,557</u>

See accompanying notes to basic financial statements.

Totals	Governmental Activities - Internal Service Funds	Totals	
		2004	2003
30,914,685	3,714,156	34,628,841	37,211,510
-	446,759	446,759	412,145
9,017,714	-	9,017,714	7,454,628
762,913	24,037	786,950	694,459
-	12,578	12,578	5,729
1,472,401	115,090	1,587,491	1,618,764
27,558	4,739	32,297	111,635
1,333,372	117,331	1,450,703	1,964,662
23,388	4,232,511	4,255,899	4,195,110
<u>43,552,031</u>	<u>8,667,201</u>	<u>52,219,232</u>	<u>53,668,642</u>
12,532,379	-	12,532,379	8,719,489
2,224,512	-	2,224,512	2,066,143
18,831	-	18,831	16,930
3,983,442	-	3,983,442	3,949,752
122,537	-	122,537	80,765
<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>
<u>28,881,701</u>	<u>-</u>	<u>28,881,701</u>	<u>14,833,079</u>
<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
15,179,915	-	15,179,915	15,172,773
21,558,953	-	21,558,953	14,420,384
270,962,175	27,915,844	298,878,019	294,310,978
<u>(109,030,811)</u>	<u>(21,695,712)</u>	<u>(130,726,523)</u>	<u>(121,413,874)</u>
<u>198,670,232</u>	<u>6,220,132</u>	<u>204,890,364</u>	<u>202,490,261</u>
<u>934,514</u>	<u>-</u>	<u>934,514</u>	<u>1,038,111</u>
<u>272,038,478</u>	<u>14,887,333</u>	<u>287,525,811</u>	<u>272,030,093</u>

CITY OF SAN BERNARDINO  
Proprietary Funds

Statement of Net Assets

(Continued)

	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	959,556	2,663,120	1,342,399
Accrued liabilities	-	624,943	262,415
Due to other funds (note 3)	538,597	-	23,388
Deposits payable	327,521	976,727	570
Claims and judgments payable, current (notes 5 and 9)	-	-	-
Compensated absences - current (notes 5, 6 and 7)	422,662	426,061	147,759
Capital leases payable - current (notes 5 and 6)	1,693,968	-	-
Notes payable - current (note 6)	-	414,147	1,728,295
Lease revenue bonds - current (note 5)	-	-	-
Other liabilities	-	437,594	29,275
Total current liabilities	<u>3,942,304</u>	<u>5,542,592</u>	<u>3,534,101</u>
Current liabilities payable from restricted assets:			
Deposits payable	-	2,270,516	-
Interest payable	-	122,267	761,710
Water bonds payable - current (note 6)	-	1,160,640	-
Certificates of participation - current (note 6)	-	-	1,705,304
Total current liabilities payable from restricted assets	<u>-</u>	<u>3,553,423</u>	<u>2,467,014</u>
Long-term liabilities:			
Claims and judgments payable (notes 5 and 9)	-	-	-
Compensated absences (notes 5, 6 and 7)	35,090	988,706	342,694
Capital leases payable (notes 5 and 6)	2,031,079	-	-
Lease revenue bonds payable (note 5)	-	-	-
Notes payable (note 6)	-	9,585,853	20,652,476
Water bonds payable (note 6)	-	1,324,524	-
Certificates of participation (note 6)	-	-	29,523,426
Total long-term liabilities	<u>2,066,169</u>	<u>11,899,083</u>	<u>50,518,596</u>
Total liabilities	<u>6,008,473</u>	<u>20,995,098</u>	<u>56,519,711</u>
<u>Net Assets</u>			
Net assets:			
Invested in capital assets, net of related debt	2,576,357	77,789,726	62,467,879
Restricted for:			
Capital-related fees	-	3,314,912	9,217,467
Unrestricted (deficit)	<u>331,292</u>	<u>13,192,063</u>	<u>20,225,500</u>
Total net assets (deficit)	<u>\$ 2,907,649</u>	<u>94,296,701</u>	<u>91,910,846</u>

See accompanying notes to basic financial statements.

<u>Totals</u>	Governmental Activities - Internal Service Funds	<u>Totals</u>	
		<u>2004</u>	<u>2003</u>
4,965,075	1,475,923	6,440,998	6,242,154
887,358	-	887,358	604,644
561,985	1,944,569	2,506,554	1,976,415
1,304,818	-	1,304,818	864,645
-	4,125,000	4,125,000	3,050,000
996,482	386,471	1,382,953	1,281,927
1,693,968	561,607	2,255,575	2,341,456
2,142,442	-	2,142,442	1,670,365
-	450,000	450,000	425,000
466,869	-	466,869	527,579
<u>13,018,997</u>	<u>8,943,570</u>	<u>21,962,567</u>	<u>18,984,185</u>
2,270,516	-	2,270,516	2,024,812
883,977	-	883,977	838,433
1,160,640	-	1,160,640	1,107,662
1,705,304	-	1,705,304	1,624,877
<u>6,020,437</u>	<u>-</u>	<u>6,020,437</u>	<u>5,595,784</u>
-	6,547,744	6,547,744	6,428,783
1,366,490	90,441	1,456,931	1,396,114
2,031,079	1,017,050	3,048,129	4,430,197
-	1,240,000	1,240,000	1,690,000
30,238,329	-	30,238,329	22,380,771
1,324,524	-	1,324,524	2,485,164
29,523,426	-	29,523,426	31,228,730
<u>64,483,848</u>	<u>8,895,235</u>	<u>73,379,083</u>	<u>70,039,759</u>
<u>83,523,282</u>	<u>17,838,805</u>	<u>101,362,087</u>	<u>94,619,728</u>
142,833,962	3,848,234	146,682,196	136,768,529
12,532,379	-	12,532,379	8,719,489
33,748,855	(6,799,706)	26,949,149	31,922,347
<u>189,115,196</u>	<u>(2,951,472)</u>	<u>186,163,724</u>	<u>177,410,365</u>

CITY OF SAN BERNARDINO  
Proprietary Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Year Ended June 30, 2004

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Refuse</u>	<u>Water</u>	<u>Sewer</u>
Operating revenues:			
Charges for services	\$ 18,295,128	19,738,868	16,782,511
Other operating revenues	<u>-</u>	<u>1,816,802</u>	<u>642,377</u>
Total operating revenues	<u>18,295,128</u>	<u>21,555,670</u>	<u>17,424,888</u>
Operating expenses:			
Cost of sales and services	13,325,075	-	-
Administration	2,103,059	6,222,878	753,354
Engineering, operations, and distribution administration	-	676,688	1,317,061
Plant operations	-	5,670,649	7,584,176
Maintenance	-	1,209,713	2,237,681
Environmental control	-	-	377,638
Distribution	-	2,881,570	-
Engineering	-	1,468,972	-
Claims expense	-	-	-
Depreciation and amortization	<u>1,065,654</u>	<u>2,817,822</u>	<u>4,274,823</u>
Total operating expenses	<u>16,493,788</u>	<u>20,948,292</u>	<u>16,544,733</u>
Operating income (loss)	<u>1,801,340</u>	<u>607,378</u>	<u>880,155</u>
Non-operating revenues (expenses):			
Investment income	383	287,475	551,893
Noncapital grant funds	-	1,214,167	-
Interest expense	(100,214)	(369,371)	(2,431,334)
Gain (loss) on sale of capital assets	-	2,488,606	(13,519)
Net increase (decrease) in investment fair value	(4,317)	-	-
Miscellaneous income (expense)	<u>857,885</u>	<u>115,280</u>	<u>(72,195)</u>
Total non-operating revenues (expenses)	<u>753,737</u>	<u>3,736,157</u>	<u>(1,965,155)</u>
Income (loss) before contributions and transfers	<u>2,555,077</u>	<u>4,343,535</u>	<u>(1,085,000)</u>
Contributions and transfers:			
Capital contributions	-	3,833,624	4,108,873
Transfers in (note 3)	65,000	-	-
Transfers out (note 3)	<u>(2,381,200)</u>	<u>-</u>	<u>-</u>
Total contributions and transfers	<u>(2,316,200)</u>	<u>3,833,624</u>	<u>4,108,873</u>
Change in net assets	238,877	8,177,159	3,023,873
Net assets (deficit) at beginning of year	<u>2,668,772</u>	<u>86,119,542</u>	<u>88,886,973</u>
Net assets (deficit) at end of year	<u>\$ 2,907,649</u>	<u>94,296,701</u>	<u>91,910,846</u>

See accompanying notes to basic financial statements.

Totals	Governmental Activities - Internal Service Funds	Totals	
		2004	2003
54,816,507	20,687,114	75,503,621	74,594,583
<u>2,459,179</u>	<u>-</u>	<u>2,459,179</u>	<u>2,204,490</u>
<u>57,275,686</u>	<u>20,687,114</u>	<u>77,962,800</u>	<u>76,799,073</u>
13,325,075	14,570,871	27,895,946	25,668,644
9,079,291	-	9,079,291	7,939,835
1,993,749	-	1,993,749	1,915,715
13,254,825	-	13,254,825	13,611,130
3,447,394	-	3,447,394	3,255,789
377,638	-	377,638	316,238
2,881,570	-	2,881,570	2,441,589
1,468,972	-	1,468,972	1,288,902
-	5,876,143	5,876,143	(768,005)
<u>8,158,299</u>	<u>2,643,866</u>	<u>10,802,165</u>	<u>10,404,252</u>
<u>53,986,813</u>	<u>23,090,880</u>	<u>77,077,693</u>	<u>66,074,089</u>
<u>3,288,873</u>	<u>(2,403,766)</u>	<u>885,107</u>	<u>10,724,984</u>
839,751	79,511	919,262	2,491,550
1,214,167	-	1,214,167	794,044
(2,900,919)	(160,736)	(3,061,655)	(3,309,844)
2,475,087	(3,724)	2,471,363	(141,904)
(4,317)	(80,211)	(84,528)	-
<u>900,970</u>	<u>282,376</u>	<u>1,183,346</u>	<u>1,098,441</u>
<u>2,524,739</u>	<u>117,216</u>	<u>2,641,955</u>	<u>932,287</u>
<u>5,813,612</u>	<u>(2,286,550)</u>	<u>3,527,062</u>	<u>11,657,271</u>
7,942,497	-	7,942,497	6,520,569
65,000	-	65,000	654,954
<u>(2,381,200)</u>	<u>(400,000)</u>	<u>(2,781,200)</u>	<u>(3,294,400)</u>
<u>5,626,297</u>	<u>(400,000)</u>	<u>5,226,297</u>	<u>3,881,123</u>
11,439,909	(2,686,550)	8,753,359	15,538,394
<u>177,675,287</u>	<u>(264,922)</u>	<u>177,410,365</u>	<u>161,871,971</u>
<u>189,115,196</u>	<u>(2,951,472)</u>	<u>186,163,724</u>	<u>177,410,365</u>

CITY OF SAN BERNARDINO  
Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2004

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Refuse</u>	<u>Water</u>	<u>Sewer</u>
Cash flows from operating activities:			
Cash received from customers	\$ 17,815,467	21,656,375	17,143,680
Cash received from user departments	-	-	-
Cash payments to suppliers for goods and services	(15,906,371)	(8,298,248)	(815,672)
Cash payments for claims	-	-	-
Cash payments to employees for services	39,318	(6,119,249)	(8,800,082)
Cash received (paid) for other activities	<u>857,885</u>	<u>2,087,618</u>	<u>(13,165)</u>
Net cash provided by (used for) operating activities	<u>2,806,299</u>	<u>9,326,496</u>	<u>7,514,761</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	65,000	-	-
Cash paid to other funds	(1,842,603)	-	-
Grant proceeds received	<u>-</u>	<u>1,214,167</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>(1,777,603)</u>	<u>1,214,167</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Cash paid for acquisition of capital assets	(658,361)	(11,808,534)	(4,802,498)
Cash received from sale of capital assets	-	-	-
Cash received from issuance of debt	5,014,266	-	-
Charges to property owners for capital projects	-	2,482,427	4,108,873
Grant proceeds received	-	1,351,197	-
Principal payments on long-term debt	(6,155,554)	(1,107,662)	(3,295,242)
Interest paid on long-term debt	<u>(100,214)</u>	<u>(285,991)</u>	<u>(2,427,046)</u>
Net cash provided by (used for) capital and related financing activities	<u>(1,899,863)</u>	<u>(9,368,563)</u>	<u>(6,415,913)</u>
Cash flows from investing activities:			
Interest received	<u>-</u>	<u>177,605</u>	<u>525,183</u>
Net cash provided by (used for) investing activities	<u>-</u>	<u>177,605</u>	<u>525,183</u>
Net increase (decrease) in cash and cash equivalents	(871,167)	1,349,705	1,624,031
Cash and cash equivalents at beginning of year	<u>871,217</u>	<u>16,540,433</u>	<u>26,685,880</u>
Cash and cash equivalents at end of year	<u>\$ 50</u>	<u>17,890,138</u>	<u>28,309,911</u>

See accompanying notes to basic financial statements.

Totals	Governmental Activities - Internal Service Funds	Totals	
		2004	2003
56,615,522	-	56,615,522	54,851,332
-	20,695,262	20,695,262	21,694,228
(25,020,291)	(10,551,361)	(35,571,652)	(30,846,488)
-	(4,562,339)	(4,562,339)	(3,837,551)
(14,880,013)	(3,796,553)	(18,676,566)	(23,463,222)
<u>2,932,338</u>	<u>282,376</u>	<u>3,214,714</u>	<u>1,148,485</u>
<u>19,647,556</u>	<u>2,067,385</u>	<u>21,714,941</u>	<u>19,546,784</u>
65,000	238,101	303,101	667,116
(1,842,603)	(707,348)	(2,549,951)	(6,124,297)
<u>1,214,167</u>	<u>-</u>	<u>1,214,167</u>	<u>794,044</u>
<u>(563,436)</u>	<u>(469,247)</u>	<u>(1,032,683)</u>	<u>(4,663,137)</u>
(17,269,393)	(1,424,003)	(18,693,396)	(12,161,203)
-	446,759	446,759	15,181
5,014,266	-	5,014,266	412,245
6,591,300	-	6,591,300	5,166,068
1,351,197	-	1,351,197	1,159,787
(10,558,458)	(1,198,420)	(11,756,878)	(7,246,410)
<u>(2,813,251)</u>	<u>(160,736)</u>	<u>(2,973,987)</u>	<u>(3,315,056)</u>
<u>(17,684,339)</u>	<u>(2,336,400)</u>	<u>(20,020,739)</u>	<u>(15,969,388)</u>
<u>702,788</u>	<u>94,488</u>	<u>797,276</u>	<u>2,411,687</u>
<u>702,788</u>	<u>94,488</u>	<u>797,276</u>	<u>2,411,687</u>
2,102,569	(643,774)	1,458,795	1,325,946
<u>44,097,530</u>	<u>4,804,689</u>	<u>48,902,219</u>	<u>47,576,273</u>
<u>46,200,099</u>	<u>4,160,915</u>	<u>50,361,014</u>	<u>48,902,219</u>

(Continued)

CITY OF SAN BERNARDINO

Proprietary Funds

Statement of Cash Flows

Year Ended June 30, 2004

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Refuse</u>	<u>Water</u>	<u>Sewer</u>
Reconciliation of cash and cash equivalents to amounts reported on the balance sheet:			
Reported on the balance sheet:			
Cash and investments	\$ 50	11,888,399	19,026,236
Restricted assets	-	6,043,511	12,838,190
Less restricted assets not meeting the definition of cash equivalents:			
Investment agreements	-	-	(3,473,750)
Interest and other receivables	-	(41,772)	(80,765)
Cash and cash equivalents at end of year	<u>\$ 50</u>	<u>17,890,138</u>	<u>28,309,911</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ 1,801,340</u>	<u>607,378</u>	<u>880,155</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,065,654	2,817,822	4,274,823
Net increase (decrease) in investment fair value	(3,934)	-	-
(Increase) decrease in accounts receivable	(513,700)	(827,269)	(214,520)
(Increase) decrease in interest receivable	-	(41,732)	(73,507)
(Increase) decrease in notes receivable	-	(600,000)	-
(Increase) decrease in other receivables	-	-	-
(Increase) decrease in inventory	-	(97,788)	-
(Increase) decrease in prepaid items	2,804	37,287	11,537
(Increase) decrease in due from other governmental agencies	(20,523)	514,264	1,901
(Increase) decrease in due from other funds	-	5,402	-
(Increase) decrease in other assets	857,885	5,618,050	2,543,807
Increase (decrease) in accounts payable	(456,584)	385,042	1,431
Increase (decrease) in due to other funds	-	-	(5,402)
Increase (decrease) in deposits payable	34,039	658,457	(6,619)
Increase (decrease) in deferred revenue	-	21,495	-
Increase (decrease) in claims and judgments payable	-	-	-
Increase (decrease) in compensated absences	39,318	228,088	101,155
Total adjustments	<u>1,004,959</u>	<u>8,719,118</u>	<u>6,634,606</u>
Net cash provided by (used for) operating activities	<u>\$ 2,806,299</u>	<u>9,326,496</u>	<u>7,514,761</u>
Noncash financing activities:			
Acquisition of fixed assets	\$ (658,361)	-	-
Issuance of capital lease	658,361	-	-
Total noncash financing activities	<u>\$ -</u>	<u>-</u>	<u>-</u>

See accompanying notes to basic financial statements.

Totals	Governmental Activities - Internal Service Funds	Totals	
		2004	2003
30,914,685	4,160,915	35,075,600	37,623,655
18,881,701	-	18,881,701	14,833,079
(3,473,750)	-	(3,473,750)	(3,473,750)
<u>(122,537)</u>	<u>-</u>	<u>(122,537)</u>	<u>(80,765)</u>
<u>46,200,099</u>	<u>4,160,915</u>	<u>50,361,014</u>	<u>48,902,219</u>
<u>3,288,873</u>	<u>(2,403,766)</u>	<u>885,107</u>	<u>10,724,984</u>
8,158,299	2,643,866	10,802,165	10,404,252
(3,934)	(80,211)	(84,145)	-
(1,555,489)	-	(1,555,489)	294,058
(115,239)	-	(115,239)	94,808
(600,000)	-	(600,000)	-
-	(6,675)	(6,675)	(1,509)
(97,788)	129,061	31,273	(129,552)
51,628	27,635	79,263	380,561
495,642	18,392	514,034	(1,209,012)
5,402	-	5,402	72,432
9,019,742	282,376	9,302,118	3,653,642
(70,111)	186,750	116,639	(380,662)
(5,402)	-	(5,402)	(69,637)
685,877	-	685,877	125,443
21,495	-	21,495	-
-	1,193,961	1,193,961	(4,735,226)
<u>368,561</u>	<u>75,996</u>	<u>444,557</u>	<u>322,202</u>
<u>16,358,683</u>	<u>4,471,151</u>	<u>20,829,834</u>	<u>8,821,800</u>
<u>19,647,556</u>	<u>2,067,385</u>	<u>21,714,941</u>	<u>19,546,784</u>
(658,361)	(446,759)	(1,105,120)	-
<u>658,361</u>	<u>446,759</u>	<u>1,105,120</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF SAN BERNARDINO  
Agency Funds

Statement of Fiduciary Assets and Liabilities

June 30, 2004

	<u>2004</u>	<u>2003</u>
<u>Assets</u>		
Cash and investments (note 2)	\$ 10,410,515	9,650,936
Cash and investments with fiscal agent (note 2)	339,621	330,090
Accounts receivable	24,034	5,090
Interest receivable	18,269	28,817
Due from other government agencies	30,483	8,596
Prepaid expense	<u>8</u>	<u>5,127</u>
Total assets	<u>\$ 10,822,930</u>	<u>10,028,656</u>
<u>Liabilities</u>		
Accounts payable	184,200	319,548
Deposits payable	7,662,616	6,786,534
Due to bondholders	<u>2,976,114</u>	<u>2,922,574</u>
Total liabilities	<u>\$ 10,822,930</u>	<u>10,028,656</u>

See accompanying notes to basic financial statements.

# CITY OF SAN BERNARDINO

## Notes to Basic Financial Statements

Year ended June 30, 2004

### (1) Summary of Significant Accounting Policies

The City of San Bernardino, California (City), was incorporated on April 13, 1854, as a Charter City. The City operates under a Mayor/Council form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, community development (planning, building and zoning), public utilities (water and sewage), and general administrative services.

#### a. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the activities of the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the organization is able to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and data from these units are combined with data of the primary government. Based on the criteria above, the City has two component units, both of which are considered to be blended component units. These component units are described as follows:

The Economic Development Agency (Agency) of the City serves all the citizens of the City and is governed by a board composed of the City's elected council. The activity of the Agency is reported as separate special revenue, debt service and capital projects funds. Complete component unit financial statements of the Agency can be obtained directly from their administrative offices: Economic Development Agency, 201 North "E" Street, Third Floor, San Bernardino, California 92401.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

a. Reporting Entity, (Continued)

The San Bernardino Joint Powers Financing Authority was established pursuant to a Joint Exercise of Powers Agreement dated August 21, 1989, by and between the City and the Agency. The Authority was created for the purpose of providing financing for redevelopment activities for the City, the Agency, or other local agencies in the State of California, the acquisition, construction or installation by the Authority of public capital improvements and/or the purchase by the Authority of public obligations within the meaning of the Marks-Roos Act. The Authority is authorized pursuant to the Marks-Roos Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, the City, the Agency, or such other local agencies to provide financing for redevelopment activities of the City or the Agency. The Authority is governed by a board composed of the City's elected council. There are no individual financial statements issued for the Authority.

b. Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as direct expenses to the various functions of the City.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Government-wide Financial Statements, (Continued)

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges for goods or services provided by one fund to another. Elimination of these would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Fund Financial Statements, (Continued)

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants 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 to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* have been recognized as revenues when all applicable eligibility requirements have been met.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Governmental Funds, (Continued)

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreased (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets.

Recognition of governmental fund type revenue represented by non-current receivables is deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such as long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

## CITY OF SAN BERNARDINO

### Notes to Basic Financial Statements

(Continued)

#### (1) Summary of Significant Accounting Policies, (Continued)

##### Proprietary and Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for the enterprise 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 non-operating revenues and expenses. Non-operating revenues, such as subsidies, taxes and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as an expenditure. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

##### Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB 34. The City reports the following major governmental funds:

*General Fund.* This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Fund Classifications, (Continued)

*Federal and State Programs Special Revenue Fund.* Combined activity of various grants awarded to the City by the Federal, State and local governments not otherwise accounted for in the General Fund or Capital Projects Funds. A detailed report by program is available under a separate report meeting the criteria of the Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations for all federal grants received by the City.

*Economic Development Agency Special Revenue Fund.* For the Low and Moderate Housing Portion of redevelopment tax increment as required by State Law as well as the Neighborhood Revitalization Program, Community Development Block Grant, Emergency Shelter Program and the Home Program administered by the Economic Development Agency.

*Economic Development Agency Debt Service Fund.* For the receipt of tax increment revenues which, per California state law regulating redevelopment agencies, must be used for repayment of debt.

*Economic Development Agency Capital Projects Fund.* For all redevelopment projects authorized under provisions of the California Community Redevelopment Law. Principal sources of funding for these projects are property tax increment, bond proceeds and developer advances.

The City reports the following major enterprise funds:

*Refuse.* For the provision of refuse collection to the residential, commercial and industrial segments of the City.

*Water Utility.* For the provision of water services to the residential, commercial and industrial segments of the City.

*Sewer Utility.* For the provision of wastewater collection and treatment to residential, commercial and industrial segments of the City.

The City's fund structure also includes the following fund types:

*Internal Service Funds.* These funds are used to account for the financing of special activities that provide services within the City. Such activities include: unemployment insurance, workers' compensation, liability insurance, self-insurance health plans, motorpool, telephone support, information systems, utility and central services.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Fund Classifications, (Continued)

*Agency Funds.* These funds are used to account for money and property held by the City as trustee or custodian. Such funds include Special Deposits, Industrial Revenue Bonds, Cemetery Perpetual Care and Payroll Trust. They are also used to account for various assessment districts for which the City acts as an agent for debt service activity, as the City is prohibited from levying additional taxes for these districts. Such funds include Assessment District #961, #977A, #977B, and #1003 and Community Facilities District #995.

c. Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

d. Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of San Bernardino. Cash equivalents have an original maturity date of three months or less from the date of purchase.

CITY OF SAN BERNARDINO

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

e. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$500 are capitalized if they have an expected useful life of three years or more. Infrastructure projects individually exceeding \$200,000 are capitalized if the project does not represent routine ordinary maintenance to keep the infrastructure assets in the condition necessary to perform its intended function, but rather improves the asset beyond its original condition or functionally, or extraordinarily extends the life of the asset beyond its original condition of functionally, or extraordinarily extends the life of the asset beyond original expectations. Generally, street slurry seals and repairs adding one inch or less of asphalt are considered to be routine maintenance regardless of the cost of the project.

Capital assets include additions to public domain (infrastructure) general fixed assets consisting of certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, and right-of-way corridors within the City. Public domain assets acquired prior to July 1, 2001 have not been included in the accompanying financial statements. The City expects to value and record all infrastructure asset data in its entirety by fiscal year June 30, 2006.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The ranges of lives used for depreciation purposes for each capital asset class are:

	<u>Years</u>
Buildings and improvements	15 to 40
Wells, pumping plants, reservoirs, and distribution system	8 to 50
Interceptor lines	50
Disposal plant	35 to 50
Leasehold improvements	5 to 25
Shops, offices, stores, and yards	10 to 20
Tools and equipment	4 to 20
Office equipment	5 to 20
Communication equipment	8 to 10
Computer equipment	5 to 10
Automotive equipment	3 to 8

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

e. Capital Assets, (Continued)

Contributed capital assets are recorded in the proprietary funds at fair market value at the time received.

f. Long-Term Receivables

Noncurrent portions of long-term receivables due to governmental fund types are reported in their respective balance sheets despite their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered available spendable resources, since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

g. Inventories

Inventories are valued on the average cost method, which approximates the first-in-first-out (FIFO) method. Inventory balances represent expendable supplies held for consumption. Reported expenditures reflecting the purchase of supplies have been restated to reflect the consumption method of recognizing inventory-related expenditures. A reserve of fund balance has been reported in the General Fund to show that inventories do not constitute "available spendable resources", even though they are a component of net current assets.

h. Property Held for Resale

Property held for resale represents land, structures, and their related improvements that were acquired for resale in accordance with the objective of the Redevelopment Project. These costs will be charged to current year project expenditures when the related land and structures are sold. Property held for resale are valued at the lower of cost or the sales price per contract with the developer. A portion of fund balance is reserved for property held for resale to indicate that a portion of fund balance is not available for future expenditures.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

i. Deferred Charges

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which materially approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as an asset, unamortized debt issuance costs. Unamortized refunding costs represent the difference between the reacquisition price of debt (outstanding principal of the debt, as well as the call premium) and its net carrying value (face value of the debt, adjusted for unamortized premiums, discounts or issuance costs). The difference is amortized over the shorter of 1) the life of the refunding debt or 2) the life of the refunded debt. The amortization is treated as an adjustment to interest expense of the current period. The remaining unamortized refunding costs are presented as a reduction of the face amount of the new debt.

j. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary funds' contributed capital represent equity through capital grants and capital contributions from developers, customers or other funds.

k. Property Taxes

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Bernardino, California, bills and collects the property taxes and remits them to the City in installments during the year.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the assessed values no more than 2%. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

l. Comparative Data

Comparative total data for the prior year have been presented in the accompanying basic financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

m. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2004 as follows:

Statement of Net Assets:	
Cash and investments	\$ 95,046,569
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	<u>10,410,515</u>
Total cash and investments	<u>\$105,457,084</u>
Statement of Net Assets:	
Cash and investments with fiscal agent	\$ 28,427,489
Statement of Fiduciary Assets and Liabilities:	
Cash and investments with fiscal agent	<u>339,621</u>
Total cash and investments with fiscal agent	<u>\$ 28,767,110</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(2) Cash and Investments. (Continued)

Cash and investments held by the City at June 30, 2004 consisted of the following:

Petty cash	\$ 13,375
Demand deposits	(2,611,679)
State of California Treasurer's investment pool (LAIF)	33,614,867
Federal agency issues	64,941,040
Corporate bonds	6,181,689
Repurchase agreements (U.S. Treasuries)	675,000
Sweep account (money market fund)	2,621,240
Money market mutual funds	<u>21,552</u>
Total cash and investments held by the City	<u>\$105,457,084</u>

Cash and investments held by fiscal agents at June 30, 2004 consisted of the following:

Money market mutual funds (government securities)	\$ 7,672,136
U.S. Government guaranteed notes	727,740
U.S. Treasury bills	45,741
U.S. Treasury notes	4,589,843
Federal Home Loan Bank	252,768
Federal National Mortgage Association Note	2,651,202
Resolution Funding Corp. Note	1,412,888
Investment contracts	<u>11,414,792</u>
Total cash and investments held by fiscal agents	<u>\$ 28,767,110</u>

The City and its component units are generally authorized under provisions of the City's investment policy and Section 53601 of the Government Code to invest in investment instruments so long as the investment is appropriate when investment objectives and policies are taken into consideration. Investment instruments may include:

CITY OF SAN BERNARDINO

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

- Securities of the U.S. Government or its agencies
- Treasury notes, bonds
- Negotiable certificates of deposit – (30% max)
- Banker’s acceptances – (40% max)
- Commercial paper – (25% max)
- Repurchase agreements
- Local Agency Investment Fund (state pool) deposits – a special fund of the California State Treasury through which local governments may pool investments.
- Money market accounts – (20% max)
- Medium term corporate notes (bonds) – (30% max)

Under the California Government Code, a financial institution is required to secure deposits made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Deposits of cities and other state or local governments are classified in three categories to give an indication of the level of custodial risk assumed by the entity. Category 1 includes deposits that are insured or collateralized with securities held by the City or its agent in the City’s name. Category 2 includes deposits collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name. Category 2 also includes deposits collateralized by an interest in an undivided collateral pool held by an authorized Agent of Depository and subject to certain regulatory requirements under State law. Category 3 includes deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name. Category 3 also includes any uncollateralized deposits:

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>
Deposits held by City:					
Demand deposits	\$232,715	2,492,552	-	2,725,267	(2,611,679)
Total deposits	<u>\$232,715</u>	<u>2,492,552</u>	<u>-</u>	<u>2,725,267</u>	<u>(2,611,679)</u>

CITY OF SAN BERNARDINO

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments of cities and other state or local governments are classified in three categories to give an indication of the level of custodial risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or the City's custodial agent (which must be a different institution other than the party through which the City purchased the securities) in the City's name. Investments held "in the City's name" include securities held in a separate custodial or fiduciary account and identified as owned by the City in the custodian's internal accounting records. Category 2 includes uninsured and unregistered investments for which the securities are held in the City's name by the dealer's agent (or by the trust department of the dealer if the dealer was a financial institution and another department of the institution purchased the securities for the City). Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer's agent but not in the City's name. Category 3 also includes all securities held by the broker-dealer agent of the City (the party that purchased the securities for the City) regardless of whether or not the securities are being held in the City's name.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

<u>Form of Investment</u>	<u>Category</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments held by City subject to categorization:				
Federal agency issues	\$58,221,967	6,719,073	-	64,941,040
Corporate bonds	6,181,689	-	-	6,181,689
Repurchase agreements	-	675,000	-	675,000
Investments held by fiscal agents subject to categorization:				
U.S. guaranteed notes	-	727,740	-	727,740
U.S. Treasury bills	-	45,741	-	45,741
U.S. Treasury notes	-	4,523,635	66,208	4,589,843
Federal Home Loan Bank	-	252,768	-	252,768
Federal National Mortgage Association Note	-	2,651,202	-	2,651,202
Resolution Funding Corp. Note	-	1,412,888	-	1,412,888
Total investments subject to categorization	<u>\$64,403,656</u>	<u>17,008,047</u>	<u>66,208</u>	81,477,911
Investments held by City not subject to categorization:				
State of California Treasurer's Investment Pool (LAIF)				33,614,867
Sweep account (money market fund)				2,621,240
Money market mutual funds				21,552
Investments held by fiscal agents not subject to categorization				
Money market mutual funds (government securities)				7,672,136
Investment contracts				<u>11,414,792</u>
Total investments				<u>\$136,822,498</u>

The carrying amount of all investments reflected in the above table is at fair value, except for nonparticipating investment contracts which are carried at cost, because they are not transferable and the terms are not affected by changes in market interest rates.

CITY OF SAN BERNARDINO

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

The City (including component units) 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. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

Cash and Investments with Fiscal Agent

The City and its component units have monies held by trustees or fiscal agents pledged to the payment or security of certain bonds, certificates of participation and lease obligations. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, may be invested in accordance with the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions and indentures are generally more restrictive than the City's general investment policy.

(3) Interfund Receivables, Payables and Transfers

Current interfund receivables and payables at June 30, 2004, are as follows:

Due to General Fund from:	
Federal and State Programs Special Revenue Fund	\$3,582,873
Nonmajor governmental funds	<u>739,397</u>
Total due to General Fund from other funds	<u>\$4,322,270</u>
Due to Nonmajor governmental funds from:	
Federal and State Programs Special Revenue Fund	\$4,926,433
Nonmajor governmental funds	<u>384,357</u>
Total due to Nonmajor governmental funds from other funds	<u>\$5,310,790</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

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

Due to Water Enterprise Fund from:	
Sewer Enterprise Fund	<u>\$ 23,388</u>
Due to internal service funds from:	
Nonmajor governmental funds	\$1,749,345
Refuse fund	538,597
Other internal services funds	<u>1,944,569</u>
Total due to internal service funds from other funds	<u>\$4,232,511</u>

The interfund balances above resulted from loans to cover cash overdrafts, except for the amount due to the Water Enterprise fund, which resulted from operating services provided.

Long-term interfund receivables and payables at June 30, 2004 are as follows:

Advances from Economic Development Agency Special Revenue Fund to:	
Economic Development Agency Capital Projects Fund	<u>\$ 1,767,429</u>
Advances from Economic Development Agency Capital Projects Fund to:	
Economic Development Agency Special Revenue Fund	\$ 8,278,528
Nonmajor governmental funds	<u>1,972,270</u>
Total advances from Economic Development Agency Capital Projects Fund to other funds	<u>\$10,250,798</u>
Advances from nonmajor governmental funds to:	
Other nonmajor governmental funds	<u>\$ 305,400</u>

The interfund advances above resulted from loans to fund infrastructure and other capital improvements.

Terms of the advances from the Economic Development Agency Capital Projects fund to nonmajor governmental funds are as follows:

Assessment District No. 987, Verdemont Improvements

Interest at 5%, annual payment on January 15 representing principal and accrued interest payable from all funds received through the levy of developer's fees. Payments are due each January 15 until the debt is paid in full.

\$1,730,870

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

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

Assessment District No. 1015

Interest is set at 6%. The principal amount of the loan shall be due, together with accrued interest thereon, thirty days after the collection of the annual levy or after the sale of each home, within the District. 241,400

\$1,972,270

Interfund transfers during the year ended June 30, 2004 were as follows:

Transfers in to General Fund from:

Refuse Enterprise Fund	\$2,381,200
Nonmajor governmental funds	4,554,228
Internal service funds	<u>400,000</u>

Total transfers in to General Fund from other funds	<u>\$7,335,428</u>
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Transfers in to Economic Development Agency Special Revenue Fund from:

Economic Development Agency Capital Projects Fund	<u>\$6,773,791</u>
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Transfers in to Economic Development Agency Debt Service Fund from:

General Fund	\$ 2,288,924
Economic Development Agency Special Revenue Fund	1,409,578
Economic Development Agency Capital Projects Fund	<u>10,581,091</u>

Total transfers in to Economic Development Agency Special Revenue Fund from other funds	<u>\$ 14,279,593</u>
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Transfers in to Economic Development Agency Capital Projects Fund from:

Economic Development Agency Special Revenue Fund	\$3,043,585
Economic Development Agency Debt Service Fund	<u>491,035</u>

Total transfers in to Economic Development Agency Capital Projects Fund from other funds	<u>\$3,534,620</u>
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Transfers in to Refuse Enterprise Fund from:

General Fund	<u>\$ 65,000</u>
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CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

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

Transfers in to nonmajor governmental funds from:	
General Fund	\$4,842,679
Other nonmajor governmental funds	<u>16,602</u>
Total transfers in to nonmajor governmental funds from other funds	<u>\$4,859,281</u>

Interfund transfers were principally used for operations, deficit repayment and general fund administration charges.

(4) Capital Assets

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

	Balance at July 1, 2003	Additions	Deletions	Balance at June 30, 2004
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land (1)	\$127,729,125	-	(50,000)	127,679,125
Construction in progress	<u>5,303,539</u>	<u>4,865,725</u>	<u>(6,399,720)</u>	<u>3,769,544</u>
Total capital assets not being depreciated	<u>133,032,664</u>	<u>4,865,725</u>	<u>(6,449,720)</u>	<u>131,448,669</u>
Capital assets being depreciated:				
Infrastructure	6,532,473	6,399,720	-	12,932,193
Buildings and improvements	81,505,523	-	-	81,505,523
Machinery, vehicles and equipment	<u>48,141,675</u>	<u>2,690,880</u>	<u>(577,870)</u>	<u>50,254,685</u>
Total capital assets being depreciated	<u>136,179,671</u>	<u>9,090,600</u>	<u>(577,870)</u>	<u>144,692,401</u>
Less accumulated depreciation for:				
Infrastructure	(200,280)	(373,620)	-	(573,900)
Buildings and improvements	(44,718,332)	(1,999,808)	-	(46,718,140)
Machinery, vehicles and equipment	<u>(34,120,485)</u>	<u>(4,327,795)</u>	<u>574,146</u>	<u>(37,874,134)</u>
Total accumulated depreciation	<u>(79,039,097)</u>	<u>(6,701,223)</u>	<u>574,146</u>	<u>(85,166,174)</u>
Total capital assets being depreciated, net	<u>57,140,574</u>	<u>2,389,377</u>	<u>(3,724)</u>	<u>59,526,227</u>
Governmental activities capital assets, net	<u>\$190,173,238</u>	<u>7,255,102</u>	<u>(6,453,444)</u>	<u>190,974,896</u>

(1) The land balance reflected above includes various parcels that include certain restrictions that may impact the subsequent sale of those parcels.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(4) Capital Assets. (Continued)

	<u>Balance at</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2004</u>
<b>Business-type Activities:</b>				
Capital projects, not being depreciated:				
Land and easements	\$ 15,172,773	8,350	(1,208)	15,179,915
Construction in progress	14,420,384	12,200,822	(5,062,253)	21,558,953
Total capital assets, not being depreciated	<u>29,593,157</u>	<u>12,209,172</u>	<u>(5,063,461)</u>	<u>36,738,868</u>
Capital assets, being depreciated:				
Water rights, wells and pumping plants	38,885,688	10,497	(211,131)	38,685,054
Distribution systems	54,277,581	676,476	(348,640)	54,605,417
Building, plants and store yards	146,604,528	2,546,685	(199,325)	148,951,888
Machinery, vehicles and equipment	23,252,241	1,541,287	(1,149,584)	23,643,944
Office leasehold improvements	112,594	29,332	-	141,926
Office, computer, engineering equipment	3,408,419	102,040	(4,780)	3,505,679
Radio and interoffice communication equipment	262,865	153,905	-	416,770
Telemetry system and equipment	584,948	-	-	584,948
Miscellaneous	426,549	-	-	426,549
Total capital assets, being depreciated	<u>267,815,413</u>	<u>5,060,222</u>	<u>(1,913,460)</u>	<u>270,962,175</u>
Less accumulated depreciation for:				
Water rights, wells and pumping plants	(16,703,271)	(1,109,862)	94,098	(17,719,035)
Distribution systems	(20,412,881)	(1,069,250)	327,951	(21,154,180)
Building, plants and store yards	(50,448,222)	(3,831,568)	2,094	(54,277,696)
Machinery, vehicles and equipment	(12,668,691)	(1,653,492)	1,061,679	(13,260,504)
Office leasehold improvements	(58,465)	(4,987)	-	(63,452)
Office, computer and engineering equipment	(1,486,989)	(410,723)	3,694	(1,894,018)
Radio and interoffice computer equipment	(235,835)	(23,857)	-	(259,692)
Telemetry system and equipment	(141,898)	(43,506)	-	(185,404)
Miscellaneous	(205,776)	(11,054)	-	(216,830)
Total accumulated depreciation	<u>(102,362,028)</u>	<u>(8,158,299)</u>	<u>1,489,516</u>	<u>(109,030,811)</u>
Total capital assets, being depreciated, net	<u>165,453,385</u>	<u>(3,098,077)</u>	<u>(423,944)</u>	<u>161,931,364</u>
Business-type activities capital assets, net	<u>\$195,046,542</u>	<u>9,111,095</u>	<u>(5,487,405)</u>	<u>198,670,232</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(4) Capital Assets, (Continued)

Depreciation expense was charged to the following functions in the Statement of Activities:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General government	\$ 870,591	-
Public safety	1,542,339	-
Streets	504,146	-
Culture and recreation	404,010	-
Community development	5,951	-
Economic development	458,874	-
Community service	271,446	-
Refuse	-	1,065,654
Water	-	2,817,822
Sewer	-	4,274,823
Internal Service	<u>2,643,866</u>	<u>-</u>
Total	<u>\$6,701,223</u>	<u>8,158,299</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities

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

	<u>Balance at July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2004</u>	<u>Amount Due Within One Year</u>
<i>Governmental Activities:</i>					
<b>Compensated absences payable</b>	\$14,208,449	8,256,992	(7,159,148)	15,306,292	8,238,683
<b>Claims and judgments payable</b>	9,478,783	6,949,461	(5,755,500)	10,672,744	4,125,000
<b>Capital leases payable</b>	4,789,841	3,914,958	(4,278,685)	4,426,114	1,151,947
<b>Participation agreements:</b>					
Costco Wholesale	141,846	-	(112,895)	28,951	23,897
Yellow Freight	744,500	-	-	744,500	-
Stater Brothers	313,043	-	(152,704)	160,339	160,339
Total participation agreements	1,199,389	-	(265,599)	933,790	184,236
<b>Loan purchase agreement:</b>					
Community reinvestment fund	2,815,240	-	(2,212,270)	602,970	-
<b>Notes payable:</b>					
HUD Section 108:					
Cinema Project	6,350,000	-	(250,000)	6,100,000	-
303 LLC Building	1,670,000	170,000	-	1,840,000	-
Bobbitt	28,482	-	(6,025)	22,457	4,898
Total notes payable	\$ 8,048,482	170,000	(256,025)	7,962,457	4,898

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

	<u>Balance at July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2004</u>	<u>Amount Due Within One Year</u>
<b>Lease revenue bonds:</b>					
Public Facilities – Lease Revenue Refunding, 1997 Series A	\$ 7,870,000	-	(565,000)	7,305,000	590,000
Refunding Bonds, (City Hall Project), Series 1996	<u>13,615,000</u>	<u>-</u>	<u>(745,000)</u>	<u>12,870,000</u>	<u>785,000</u>
Total lease revenue bonds	<u>21,485,000</u>	<u>-</u>	<u>(1,310,000)</u>	<u>20,175,000</u>	<u>1,375,000</u>
<b>Harriman Place Street Extension Project</b>					
	<u>-</u>	<u>1,800,000</u>	<u>-</u>	<u>1,800,000</u>	<u>86,892</u>
<b>Tax allocation bonds:</b>					
Refunding Bonds, Series 2002 Mount Vernon Bonds, Series 2002A	29,540,000	-	(775,000)	28,765,000	800,000
Refunding Bonds, Series 1998A	3,560,000	-	(50,000)	3,510,000	50,000
Subordinated Refunding Bonds, Series 1998B	16,380,000	-	(585,000)	15,795,000	605,000
Low and Moderate Income Housing, Series 1999	7,570,000	-	(235,000)	7,335,000	245,000
Refunding Bonds, Series 1995A	3,795,000	-	(270,000)	3,525,000	255,000
Less: deferred charges	84,175,000	-	(2,310,000)	81,865,000	2,420,000
	<u>(2,822,792)</u>	<u>-</u>	<u>128,310</u>	<u>(2,694,482)</u>	<u>-</u>
Total tax allocation bonds	<u>\$142,197,208</u>	<u>-</u>	<u>(4,096,690)</u>	<u>138,100,518</u>	<u>4,375,000</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

	<u>Balance at July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2004</u>	<u>Amount Due Within One Year</u>
<b>Assessment District Bonds:</b>					
Assessment District No. 985	\$ 350,000	-	(30,000)	320,000	35,000
Assessment District No. 987	<u>335,000</u>	<u>-</u>	<u>(25,000)</u>	<u>310,000</u>	<u>30,000</u>
Total assessment district bonds	<u>685,000</u>	<u>-</u>	<u>(55,000)</u>	<u>630,000</u>	<u>65,000</u>
<b>Certificates of participation:</b>					
1999 Certificates of Participation	<u>14,450,000</u>	<u>-</u>	<u>(380,000)</u>	<u>14,070,000</u>	<u>390,000</u>
Total governmental activities long-term liabilities	<u>\$219,357,392</u>	<u>21,091,411</u>	<u>(25,768,917)</u>	<u>214,679,885</u>	<u>19,996,656</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$476,912 of compensated absences, \$10,672,744 of claims and judgments payable, \$1,578,655 of capital leases payable, and \$1,690,000 of lease revenue bonds for internal service funds are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

Amount  
Outstanding at  
June 30, 2004

Capital Leases Payable

The City has entered into several lease agreements for the financing of fire equipment, print shop equipment, air conditioning, lighting equipment, and police vehicles. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception.

\$4,426,114

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

The following schedule summarizes the debt to maturity payments for capital leases:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2005	\$ 1,151,947	142,620
2006	1,006,315	109,124
2007	966,250	77,697
2008	495,555	48,848
2009	296,061	30,584
2010	188,557	19,589
2011	195,843	12,104
2012	48,686	4,730
2013	50,735	2,681
2011	26,165	545
Total	<u>\$4,426,114</u>	<u>448,522</u>

Amount  
Outstanding at  
June 30, 2004

**Participation Agreements**

Costco Wholesale

On May 27, 1998, the Agency entered into an Owner Participation Agreement with Costco Wholesale Corporation. As part of the agreement, the Agency agreed to provide public assistance to offset the costs associated with the installation of various public improvements for the construction of a new Costco Superstore up to an amount not to exceed \$495,040. Only Agency funds directly generated by net tax increment amounts upon completion of the project have been pledged. Principal payments are estimated to be made annually through 2006. Interest accrues at 6% per annum.

\$ 28,951

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

Amount  
Outstanding at  
June 30, 2004

**Participation Agreements, (Continued)**

Yellow Freight

On January 22, 2001, the Agency entered into a Property Owner Redevelopment Agreement with Yellow Freight Systems. As part of the agreement, the Agency agreed to provide public assistance to the offset costs associated with acquisition and development of a freight terminal. Only Agency funds directly generated by net tax increments amounts upon maturity of the note have been pledged. Payments will be from time to time as funds are available with the full balance to be paid by January 2010. No interest shall accrue on the note.

744,500

Stater Brothers

The Agency originally entered into an agreement with Stater Bros. Development, Inc. on July 7, 1986, which was subsequently amended on June 6, 1988, October 7, 1991 and May 31, 1996. As a result of the agreement and subsequent amendments, the Agency has an obligation to pay a participating owner an amount not to exceed \$1,300,000 over ten years. Annual payments at 5% interest of \$168,356 are due from 1996 through 2005. The payments are to offset costs incurred by the participating owner to develop the property.

160,339

Total participation agreements

\$933,790

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

The annual requirements to amortize participation agreements outstanding as of June 30, 2004 are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$184,236	35,091
2006	<u>5,054</u>	<u>303</u>
	<u>\$189,290</u>	<u>35,394</u>

The above schedule does not include participation agreements for which there are no set repayment schedules. Item excluded from the above schedule is the Yellow Freight Agreement.

Amount  
Outstanding at  
June 30, 2004

Loan Purchase Agreement

On December 16, 2003, the Agency entered into a loan agreement with Community Reinvestment Fund, Inc. (CRF) for \$3,500,000. The purpose of the loan is to provide funds to recapitalize its housing rehabilitation loan program. Interest accrues at the rate of 6.55% per annum. At a minimum, principal and interest payments of \$33,385 are due monthly through December 16, 2015. Various loans owed to the Agency have been pledged to secure this CRF loan and the Agency is also required to remit to CRF the full amount of the preceding month's payment (principal and interest) received from the pledged loan portfolio by the fifteenth business day of each month.

\$602,970

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

Amount  
Outstanding at  
June 30, 2004

**Notes Payable**

Section 108 Notes:

Cinema Project

The Economic Development Agency of City of San Bernardino (the “Agency”) and MDA-San Bernardino Associates, LLC (“MDA”) entered into a HUD Section 108 Loan Agreement in December of 1998. The proceeds of the Agency Loan, together with other sources of funds, were used and applied by MDA for the payment of the costs of the development, construction, improvement and financing of a multi-screen cinema complex and related common area improvements. The maximum amount of the Loan is \$7,000,000.

In order for the Agency to be able to make the Loan, the Agency entered into a Contract for Loan Guarantee Assistance, a Master Fiscal Agency Agreement, and executed promissory notes with the United States of America through its Department of Housing and Urban Development pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended.

Interest is payable from the date of each advance to the “Public Offering Date” and shall accrue on the unpaid principal balance of the Note and shall be paid in quarterly installments on the first day of March, June, September and December, “Interim Payment Date”. The amount of interest payable on each Interim Payment Date will represent interest accrued on the unpaid balance during the three-month period ending before the Interim Payment Date, or in the case of the first Interim Payment Date, the period from the date of this Note to the day before the first Interim Payment date. The initial interest rate will be set on the date of such advance at a rate per annum equal to 20 basis points (.2%) above the Applicable LIBO Rate on such Reset Date.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

Amount  
Outstanding at  
June 30, 2004

**Notes Payable, (Continued)**

Section 108 Notes, (Continued):

Cinema Project, (Continued)

The Permanent Interest Rate after the Public Offering Date, shall be the interest rate which the underwriters selected by the Secretary of HUD to conduct the public offering determine will enable them to sell the HUD Notes under then prevailing market conditions as of the Public Offering Date at one hundred percent (100%) of the aggregate principal amount owing thereunder. Principal payments are to be made annually on June 1 through June 1, 2010.

\$6,100,000

303 LLC Building

On September 26, 2000, the Agency entered into a Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act in the amount of \$1,840,000. This Section 108 Loan has interest rates varying from 5.36% to 6.59%. Interest is payable semiannually on August 1 and February 1. Secured by a Deed of Trust on the property upon which the building was constructed. As of June 30, 2004, the Agency had received \$1,840,000 of the loan amount.

1,840,000

Bobbitt

On July 1, 1999, the Agency entered into an agreement with the Gary and Patricia Bobbitt Revocable Trust to reimburse the property owner (Bobbitt's), a sum not to exceed \$90,000, for the cost and installation of certain off-site improvements. The loan was evidenced by an Agency Promissory Note. As of June 30, 2004, only \$22,457 had been loaned to the property owner. The term of the note is ten years with installments of principal and interest being made in an amount of level debt payments amortized over the term of the agreement. Interest accrues at 5% per annum. Tax increment revenue derived from this project has been pledged for repayment.

22,457

Total notes payable

\$7,962,457

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

The annual requirements to amortize notes payable outstanding as of June 30, 2004 are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 4,898	1,179
2006	4,898	935
2007	4,898	690
2008	4,898	445
2009	<u>2,865</u>	<u>200</u>
	<u>\$ 22,457</u>	<u>3,449</u>

The above schedule does not include notes payable for which there are no set repayment schedules. Items excluded from the above schedule are the Cinema Project Section 108 note and the 303 LLC Building Section 108 note.

**Lease Revenue Bonds**

Public Facilities Lease Revenue Refunding Bonds, 1997 Series A

\$10,370,000 of Public Facilities Lease Revenue Refunding Bonds, issue of 1997, Series A, were issued for the purpose of refunding the Agency's Public Facilities Lease Revenue Bonds, 1989 Series A and to provide funds for the construction and leasing of a fueling station. The bonds consist of \$5,580,000 of serial bonds with interest rates varying from 3.850% to 4.750%, maturing annually on September 1 through September 1, 2007 and \$4,790,000 of term bonds due September 1, 2013, bearing interest at 5.000%. Interest is payable semiannually on March 1, and September 1. The term bonds shall be redeemed prior to maturity beginning September 1, 2008 to September 1, 2013 from the Term Bond Sinking Fund. The amount outstanding at June 30, 2004 is \$7,305,000.

Bonds maturing on or after September 1, 2008 are subject to redemption before maturity, at the option of the Agency, from available funds, on any date after September 1, 2007. Such bonds will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2004 the reserve requirement was \$946,345 and the amount actually held in the reserve account was \$996,195.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

**Lease Revenue Bonds, (Continued)**

Public Facilities Lease Revenue Refunding Bonds, 1997 Series A, (Continued)

The bonds are secured by and payable from the lease revenue payments received by the Agency as lessor, under lease agreements with the City of San Bernardino.

Lease Revenue Refunding Bonds (City Hall Project), Series 1996

\$16,320,000 of Lease Revenue Refunding Bonds (City Hall Project), Series 1996, were issued to refund the Central City Project, \$12,000,000 Certificates of Participation (Series 1992) and to finance the acquisition of certain equipment and other capital improvements by the City. These bonds consisted of: \$4,235,000 of serial bonds with interest rates varying from 4.15% to 5.00%; and \$1,690,000 of term bonds bearing interest at 5.10%; \$865,000 of term bonds, bearing interest of 5.30%; \$3,215,000 of term bonds, bearing interest at 5.60% and \$6,315,000 of term bonds, bearing interest at 5.70%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on January 1, 1999 through January 1, 2005. Term bonds are due January 1, 2007, January 1, 2009, January 1, 2015 and January 1, 2023 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund. The amount outstanding at June 30, 2004 is \$12,870,000.

The Bonds are subject to optional redemption as a whole or in part on any date on or after January 1, 2007, at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2004 the reserve requirement was \$1,497,030 and the amount actually held in the reserve account was \$1,496,491.

The Bonds and the interest thereon are payable from, and secured by a pledge of, lease payments to be paid by the City of San Bernardino pursuant to a Lease Purchase Agreement between the Agency as lessor and the City as lessee. In order for the City to secure its obligations pursuant to the lease Agreement, the City will grant to the Agency, which will be assigned to First Trust of California National Association, as trustee its interest in the Lease Agreement which includes its rights to acquire the Leased Premises, upon payment of principal of and interest on the Bonds.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities. (Continued)

**Lease Revenue Bonds, (Continued)**

The annual requirements to amortize lease revenue bonds outstanding as of June 30, 2004 are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,375,000	1,066,420
2006	1,440,000	1,001,405
2007	1,505,000	931,040
2008	1,090,000	857,165
2009	1,150,000	803,080
2010	1,205,000	744,245
2011	1,265,000	681,205
2012	1,335,000	615,015
2013	1,405,000	545,145
2014	1,480,000	471,595
2015	610,000	394,115
2016	645,000	359,955
2017	685,000	323,190
2018	720,000	284,145
2019	760,000	243,105
2020	805,000	199,785
2021	850,000	153,900
2022	900,000	105,450
2023	<u>950,000</u>	<u>54,150</u>
	<u>\$20,175,000</u>	<u>9,834,110</u>

**Harriman Place Street Extension Lease**

On August 28, 2001, the California Infrastructure and Economic Development Bank (CIEDB) and the City entered into a lease agreement in regard to the Harriman Place Street Extension Project (Project). The Project will be located on real property owned by the City. Subject to the provisions of the lease, the City agrees to pay to the CIEDB as rental for use and occupancy of the Harriman Street Extension lease payments on February 1 and August 1 of each year. During fiscal year ended June 30, 2004, the City received \$1,800,000 with the balance of the \$2,000,000 lease being retained by CIEDB until the completion of the Project. The lease amount outstanding at June 30, 2004 is \$1,800,000.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

**Tax Allocation Bonds**

**2002 Tax Allocation Refunding Bonds**

In April 2002, the San Bernardino Joint Powers Financing Authority issued \$30,330,000 in tax allocation refunding bonds to refund the 1995 Tax Allocation Bonds, to finance certain redevelopment activities of the Agency's project areas, to fund a reserve fund for the bonds, fund the interest account, and pay costs of issuance of the bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

The bonds consist of serial bonds of \$9,125,000 maturing from 2004 to 2012 in annual installments of \$775,000 to 1,125,000, and term bonds of \$8,290,000, due in 2018, term bonds of \$3,475,000 due in 2020, and term bonds of \$9,440,000 in 2026. Interest is payable semi-annually on October 1 and April 1, commencing on October 1, 2003, at rates ranging from 3.25% to 5.625%.

The term bonds maturing on April 2018, are subject to mandatory prepayment, on each April 1, commencing on April 1, 2013 through April 1, 2018. Term bonds maturing on April 1, 2020, are subject to mandatory prepayment, on April 1 2019 and April 1, 2020. Term bonds maturing on April 1, 2026, are subject to mandatory prepayment on each April 1, commencing on April 1, 2021 through April 1, 2026.

The Agency has agreed to pay the Authority principal and interest payments solely from the Agency's Surplus Tax Revenues from the Central City North, State College No. 4, Southeast Industrial Park, Northwest, South Valle, Uptown and Tri-City Redevelopment Project Areas.

A reserve account is required to be maintained in the amount of \$2,683,230. The balance held in the reserve account as of June 30, 2004 was \$2,656,619. At June 30, 2004, \$28,765,000 of the bonds were outstanding.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

**Tax Allocation Bonds, (Continued)**

Tax Allocation Bonds, Series 2002A

In January 2002, the San Bernardino Joint Powers Financing Authority issued \$3,635,000 in tax allocation bonds to fund certain capital improvement projects in the Mount Vernon Project Area, to fund a reserve fund, and to pay costs of issuance of the bonds. Interest on the bonds is payable June 1, 2002 and semi-annually thereafter on June 1 and December 1 of each year at rates ranging from 4.7% to 6.2% per annum. The bonds consist of term bonds ranging in amounts from \$285,000 to \$2,025,000 maturing from 2006 to 2031. Principal installments are payable annually ranging in amount from \$50,000 to \$445,000 through December 1, 2031.

The term bonds maturing on December 1, 2006, are subject to mandatory prepayment, on each December 1, commencing on December 1, 2002 through December 1, 2006. Term bonds maturing on December 1, 2012, are subject to mandatory prepayment, on each December 1, commencing on December 1, 2007 through December 1, 2012. Term bonds maturing on December 1, 2021, are subject to mandatory prepayment on each December 1, commencing on December 1, 2013 through December 1, 2021. Term bonds maturing on December 1, 2031, are subject to mandatory prepayment, on each December 1, commencing on December 1, 2022.

A reserve account is required to be maintained in the amount of \$263,625. The balance held in the reserve account as of June 30, 2004 was \$256,401. At June 30, 2004, \$3,510,000 of the bonds were outstanding.

Refunding Bonds, Series 1998A

The \$19,000,000 of tax allocation refunding bonds, issue of 1998, Series A, consist of serial bonds with varying interest rates from 3.600% to 5.750%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2020. The amount outstanding at June 30, 2004 is \$15,795,000.

The Series A bonds are not subject to optional redemption. The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2004 the reserve requirement was \$1,456,515 and the amount actually held in the reserve account was \$1,531,058.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

**Tax Allocation Bonds, (Continued)**

Refunding Bonds, Series 1998A, (Continued)

The proceeds of the 1998 Series A Tax Allocation Refunding Bonds along with the proceeds of the 1998 Series B Subordinated Tax Allocation Refunding Bonds were used to advance refund \$20,990,000 of outstanding Central City Project Tax Allocation Refunding Bonds, 1991 Series A and \$4,005,000 of outstanding Central City Project Subordinated Tax Allocation Bonds 1991 Series B.

Subordinate Refunding Bonds, Series 1998B

The \$8,590,000 of subordinated tax allocation refunding bonds, issue of 1998, consist of \$4,815,000 of serial bonds with varying interest rates from 4.500% to 5.875% and \$3,775,000 of term bonds, bearing interest at 6.000%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2014. Term bonds are due July 1, 2020 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on July 1, 2015 to July 1, 2020 without premium. The amount outstanding at June 30, 2004 is \$7,335,000.

Bonds maturing on or after July 1, 2009 are subject to redemption before maturity, at the option of the Agency, from available funds, on any date after July 1, 2008. Such bonds will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents.

The bonds are secured by a pledge of property tax apportionments from the Central City Project Area. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2004 the reserve requirement was \$639,012 and the amount actually held in the reserve account was \$678,423.

The proceeds of the 1998 Series B subordinated Tax Allocation Refunding Bonds along with the 1998 Series A Tax Allocation Refunding Bonds were used to advance refund \$20,990,000 of outstanding Central City Project Tax Allocation Refunding Bonds, 1991 Series A and \$4,005,000 of outstanding Central City Project Subordinated Tax Allocation Bonds, 1991 Series B.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

**Tax Allocation Bonds, (Continued)**

Low and Moderate Income Housing, Series 1999

\$4,700,000 of tax allocation bonds (20% Set-Aside) were issued to assist the Agency in the acquisition and rehabilitation of certain property in the City for housing low and moderate income families. The Bonds consist of \$2,240,000 of serial bonds with varying interest rates from 3.20% to 4.30% and \$2,460,000 of term bonds, bearing interest at 5.00%. Interest is payable semiannually on May 1 and November 1. Serial bonds mature annually on May 1 through May 1, 2008. Term bonds are due May 1, 2015 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on May 1, 2009 to May 1, 2015 without premium. The amount outstanding at June 30, 2004 is \$3,525,000.

Bonds maturing on or after May 1, 2010 are subject to redemption before maturity, at the option of the Agency, from available funds, on any date after May 1, 2009. Such bonds will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents.

The bonds are secured by a pledge of certain tax increment revenues derived from Housing Revenues from various Redevelopment Project Areas within the City. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2004 the reserve requirement was \$427,340 and the amount actually held in the reserve account was \$433,652.

Refunding Bonds, Series 1995A

The \$97,825,000 of tax allocation refunding bonds, issue of 1995, Series A, consist of \$29,340,000 of serial bonds with varying interest rates from 3.85% to 5.50% and \$6,395,000 of term bonds, bearing interest at 5.75%, \$19,425,000 of term bonds, bearing interest at 6.00%, and \$42,665,000 of term bonds bearing interest at 6.10%. Interest is payable semiannually on April 1 and October 1. Term bonds are due October 1, 2010, October 1, 2015 and October 1, 2025 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on October 1, 2009 to October 1, 2025 without premium. The amount outstanding at June 30, 2004 is \$81,865,000.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

Refunding Bonds, Series 1995A, (Continued)

Bonds maturing on or after October 1, 2006 are subject to redemption before maturity, at the option of the Agency, from available funds, on October 1, 2005 or any interest payment date thereafter. Such bonds will be redeemed at par plus a premium of 2% for each year from October 1, 2005 to September 30, 2006; at par plus a premium of 1% for each year remaining from October 1, 2006 to September 30, 2007. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2004 the reserve requirement was \$7,035,850 and the amount actually held in the reserve account was \$7,201,170.

The bonds are secured by a pledge of property tax apportionments, subordinate to the lien securing the Series A Bonds, except for certain reserve funds, from the following project Areas: State College, Southeast industrial Park, Northwest, Tri-City, Uptown, South Valle and Central City North.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

The annual requirements to amortize tax allocation debt outstanding as of June 30, 2004 are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 4,375,000	7,978,251
2006	4,585,000	7,777,391
2007	4,800,000	7,560,615
2008	5,045,000	7,318,120
2009	5,305,000	7,054,435
2010	5,595,000	6,769,360
2011	5,895,000	6,463,922
2012	6,225,000	6,148,211
2013	6,560,000	5,803,659
2014	6,935,000	5,434,911
2015	7,325,000	5,043,751
2016	7,320,000	4,621,526
2017	7,745,000	4,195,751
2018	8,195,000	3,745,251
2019	8,670,000	3,268,564
2020	9,180,000	2,762,553
2021	11,265,000	2,226,750
2022	4,460,000	1,551,301
2023	4,725,000	1,284,726
2024	5,075,000	1,001,973
2025	4,685,000	697,784
2026	5,430,000	416,894
2027	175,000	88,350
2028	185,000	77,500
2029	195,000	66,030
2030	205,000	53,940
2031	220,000	41,230
2032	445,000	27,590
	140,795,000	99,480,340
Less: deferred charges	(2,694,482)	-
	<u>\$138,100,518</u>	<u>99,480,340</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

**Assessment District Bonds**

Assessment District No. 985 Bonds Payable

\$1,102,000 of Assessment District No. 985 bonds, issue of 1991, were issued on February 28, 1990. The bonds consist of coupon bonds from 6.10% to 7.70%. Interest is payable semiannually on March 2 and September 2. Serial Bonds mature annually on September 2 through September 2, 2010. The bonds were issued to provide funds, acquire and construct the work and improvements authorized by the City in the legal proceedings of Assessment District No. 985 located in the City and to pay the authorized incidental expenses of the Assessment District Project and improvement bond financing. The outstanding balance at June 30, 2004 was \$320,000.

The bonds are subject to redemption on any March 2 or September 2 in advance of maturity at the option of the City Treasurer, upon giving 60 days prior notice and upon payment of the principal and interest accrued thereon to the date of redemption, plus a redemption premium of 5% of the principal amount thereof.

Assessment District No. 987 Bonds Payable

\$709,000 of Assessment District No. 987 bonds, issue of 1991, were issued on December 2, 1991. The bonds consist of coupon bonds from 5.75% to 7.30%. Interest is payable semiannually on March 2 and September 2. Serial Bonds mature annually on September 2 through September 2, 2011. The bonds were issued to provide funds, acquire and construct the work and improvements authorized by the City in the legal proceedings for Assessment District No. 987 located in the City and to pay the Authorized incidental expenses of the Assessment District Project and improvement bond financing. The outstanding balance at June 30, 2004 was \$310,000.

The bonds are subject to redemption on any March 2 or September 2 in advance of maturity at the option of the City Treasurer, upon giving 60 days prior notice and upon payment of the principal and interest accrued thereon to the date of redemption, plus a redemption premium of 1% of the principal amount thereof.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

The following schedule summarizes the annual debt service requirements to maturity for assessment district bonds:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 65,000	45,777
2006	70,000	40,690
2007	75,000	35,190
2008	85,000	29,090
2009	85,000	22,578
2010	95,000	15,649
2011	105,000	7,929
2012	<u>50,000</u>	<u>1,938</u>
Total	<u>\$630,000</u>	<u>198,841</u>

**Certificates of Participation**

1999 Certificates of Participation

On September 23, 1999, the San Bernardino Joint Powers Financing Authority issued \$15,480,000 of Refunding Certificates of Participation (Police Station, South Valle Refunding and 201 Building Projects). The Certificates were issued to retire \$2,325,000 outstanding of Refunding Certificates of Participation (South Valle Public Improvement Project) dated April 1, 1987, and \$5,910,000 outstanding of Certificates of Participation (1995 Police Station Financing Project) dated April 1, 1995, and to provide funds for capital improvements.

The Certificates mature on September 1 of each year, beginning September 1, 2001 through September 1, 2024, in amounts ranging from \$330,000 to \$1,080,000. The interest represented by the Certificates will be calculated, on the basis of a 360-day year of twelve 30-day months, from September 1, 1999, at the rates per annum set forth in the bond documents and will represent the sum of the portions of the Lease Payments designated as interest coming due during the six months preceding each Interest Payment Date. The interest rates will range approximately from 3.70% to 5.50%. The outstanding balance at June 30, 2004 was \$14,070,000.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

The Certificates maturing on September 1, 2020 are subject to mandatory sinking fund redemption in part on September 1 in each year on or after September 1, 2010, from the principal components of the Lease Payments required to be paid by the City pursuant to the Lease Agreements with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium, in accordance with the terms identified in the bond documents. The Certificates maturing on September 1, 2024 are subject to mandatory sinking fund redemption in part on September 1, 2021, from the principal components of the Lease Payments required to be paid by the City pursuant to the Lease Agreements with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium, in accordance with the terms identified in the bond documents.

The Certificates represent direct, undivided fractional interest in lease payments to be made by the City under the lease agreements. A reserve fund is required to be maintained in an amount equal to the maximum annual debt service. At June 30, 2004, the reserve requirement was \$1,147,000 and the amount actually held in the reserve account was \$920,179.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(5) Long-Term Liabilities – Governmental Activities, (Continued)

The following schedule summarizes the annual debt service requirements to maturity for certificates of participation:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 390,000	750,615
2006	405,000	733,650
2007	425,000	715,628
2008	445,000	696,290
2009	470,000	675,598
2010	485,000	653,573
2011	510,000	629,750
2012	540,000	601,700
2013	575,000	572,000
2014	600,000	540,375
2015	635,000	507,375
2016	670,000	472,450
2017	705,000	435,600
2018	745,000	396,825
2019	780,000	355,850
2020	830,000	312,950
2021	870,000	267,300
2022	920,000	219,450
2023	965,000	168,850
2024	1,025,000	115,755
2025	<u>1,080,000</u>	<u>59,400</u>
	<u>\$14,070,000</u>	<u>9,880,984</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(6) Long-Term Liabilities – Business-Type Activities

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

	Balance at July 1, 2003 as restated *	Additions	Deletions	Balance at June 30, 2004	Amount Due Within One Year
<u>Enterprise Funds</u>					
<b>Compensated absences</b>	\$ 2,277,125	1,289,618	(1,007,397)	2,362,972	1,124,748
<b>Capital leases payable:</b>					
Refuse equipment	4,866,335	5,014,266	(6,155,554)	3,725,047	1,693,968
<b>Notes Payable</b>	24,051,136	10,000,000	(1,670,365)	32,380,771	2,142,442
<b>Certificates of Participation:</b>					
Refunding Sewer Revenue Certificates of Participation	33,150,000	-	(1,650,000)	31,500,000	1,730,000
Less: deferred charges	(296,393)	-	25,123	(271,270)	(24,696)
	<u>32,853,607</u>	<u>-</u>	<u>(1,624,877)</u>	<u>31,228,730</u>	<u>1,705,304</u>
<b>Water Bonds:</b>					
Waterworks Bonds, Series C	95,000	-	(5,000)	90,000	5,000
1998A Water and Wastewater revenue bonds	3,615,000	-	(1,160,000)	2,455,000	1,195,000
Less: deferred charges	(117,174)	-	57,338	(59,836)	(39,360)
	<u>3,592,826</u>	<u>-</u>	<u>(1,107,662)</u>	<u>2,485,164</u>	<u>1,160,640</u>
Total business-type activities long-term liabilities	<u>\$67,641,029</u>	<u>15,289,618</u>	<u>(10,761,114)</u>	<u>72,182,684</u>	<u>7,095,686</u>

\* - The beginning balance for compensated absences has been reduced by \$604,644 for accrued salary amounts previously included in the compensated absences line item.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(6) Long-Term Liabilities – Business-Type Activities, (Continued)

**Capital Leases Payable**

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

Amount  
Outstanding at  
June 30, 2004

Refuse Equipment

The City entered into several lease purchase agreements for the financing of the acquisition of refuse trucks and street sweepers. The terms of the leases vary from 48 to 84 months with individual semi-annual payments ranging from \$22,432 to \$464,913. An arrangement was entered into in September 2003 with SunTrust Leasing Corporation to acquire two new street sweepers for \$409,802. The remainder of the leases were refinanced during the fiscal year.

\$3,725,047

Year ending <u>June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$1,693,968	93,030
2006	1,358,535	44,739
2007	542,242	12,395
2008	86,161	3,565
2009	44,141	722
Total	<u>\$3,725,047</u>	<u>154,451</u>

**Water Bonds Payable**

Waterworks Bonds, Series C

During the year ended June 30, 1992, the South San Bernardino Water District merged with the Water Department. The department assumed all bonds. The bonds were initially issued March 1, 1988, for \$150,000 and mature annually commencing September 1, 1993, through September 1, 2013 in principal amounts ranging from \$5,000 to \$15,000. Interest accrues at 7.75%. The outstanding balance at June 30, 2004 is \$90,000.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(6) Long-Term Liabilities – Business-Type Activities, (Continued)

**Water Bonds Payable, (Continued)**

1998A Water and Wastewater Revenue Bonds

During the fiscal year ended June 30, 1999, the City's Water Department joined in a pooled financing program of the Association of Bay Area Governments, under which the Series 1998A Water and Wastewater Revenue Bonds were issued. The Department's share of the principal amount of the bonds was \$8,610,000. The Department used \$7,766,000 out of the proceeds to defease and prepay in full the principal outstanding on the 1990 Water Facilities Certificates of Participation. A portion of the proceeds has been used to pay the costs incurred in issuing the Bonds and the remaining funds have been set aside to finance a new computerized billing system and miscellaneous water improvement projects.

Interest is payable semiannually with variable rates ranging from 3.75% to 4.40%. Principal payments are due annually in amounts ranging from \$860,000 to \$1,260,000 with the final payment due in 2005. The outstanding balance at June 30, 2004, net of unamortized discount and deferred advance refunding charge of \$59,836, is \$2,395,164.

The annual requirements to amortize bonds payable subsequent to June 30, 2004 are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$1,200,000	63,109
2006	1,270,000	34,308
2007	10,000	5,812
2008	10,000	5,038
2009	10,000	4,263
2010-2013	<u>45,000</u>	<u>9,298</u>
	2,545,000	121,828
Less: deferred charges	<u>(59,836)</u>	-
	<u>\$2,485,164</u>	<u>121,828</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(6) Long-Term Liabilities – Business-Type Activities, (Continued)

**Certificates of Participation**

Refunding Sewer Revenue Certificates of Participation

\$36,230,000 of refunding sewer revenue certificates of participation, 1998, were issued consisting of \$29,855,000 of serial certificates with variable interest rates ranging from 3.95% to 5.25% and \$6,375,000 of term certificates, bearing interest at 5.00%. Interest is payable semiannually of February 1, and August 1. Serial certificates mature annually on February 1 through February 1, 2015. Term certificates are due February 1, 2017, and are subject to mandatory sinking fund prepayments beginning February 1, 2016. The outstanding balance at June 30, 2004, net of unamortized discount of \$271,270, is \$31,228,730.

Certificates maturing on or after February 1, 2010, are subject to prepayment before maturity, at the option of the City, on any date after February 1, 2009. Such certificates will be redeemed at the times and prices (expressed as a percentage of the principal amount so redeemed) as set forth in the bond documents.

The Certificates were issued to refinance the acquisition and construction of certain capital improvements that were originally financed by the 1992 Certificates of Participation, dated February 1, 1992. The proceeds of the 1998 Certificates were invested and used to pay interest on the 1998 issue until February 1, 2001. The 1992 Certificates were called on February 1, 2001 at a prepayment premium of two percent. The funds from the 1998 issue were used to pay off the 1992 Certificates. The Department will now begin paying the installment payments on the 1998 Certificates from the net revenues of the Sewer system. The Department has covenanted that it will budget amounts sufficient to make all installment payments due.

The required reserve for the 1998 Refunding Sewer Revenue Certificates of Participation is \$1,811,500. As of June 30, 2004, the reserve was fully funded.

Costs related to the issuance of the 1998 Certificates have been paid out of the proceeds of the issue.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(6) Long-Term Liabilities – Business-Type Activities, (Continued)

The annual requirements to amortize certificates of participation subsequent to June 30, 2004 are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,730,000	1,506,118
2006	1,815,000	1,434,323
2007	1,910,000	1,357,185
2008	2,010,000	1,275,055
2009	2,125,000	1,174,555
2009-2013	12,570,000	4,251,805
2014-2017	<u>9,340,000</u>	<u>954,163</u>
	31,500,000	11,953,204
Less: deferred charges	<u>(271,270)</u>	-
	<u>\$31,228,730</u>	<u>11,953,204</u>

**Notes Payable**

California Infrastructure and Economic Development Bank

San Bernardino Valley Municipal Water District note is to be repaid in annual principal and interest payment ranging from \$776,905 to 750,319, matures in 2022, and bears interest at 3.34%. The outstanding balance at June 30, 2004 is \$10,000,000.

State Water Resources Control Board

State Water Resources Control Board (SWRCB) note is to be repaid over a 20-year period at 3.30% interest with the first payment due one year after completion of construction on the demonstration project. Annual principal and interest payments of \$279,293 are to be made over the 20 year period. The note matures in 2011. The outstanding balance at June 30, 2004 is \$1,720,568.

San Bernardino Valley Municipal Water District

San Bernardino Valley Municipal Water District note is to be repaid in annual principal and interest payment of \$456,250, matures in 2013, and bears interest at 7.25%. The outstanding balance at June 30, 2004 is \$2,941,218.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(6) Long-Term Liabilities – Business-Type Activities, (Continued)

State Water Resources Board

A loan from the State Water Resources Control Board was provided for the construction of the San Bernardino/Colton Rapid Infiltration Extraction (RIX) project. Twenty annual principal and interest payments of \$1,761,739 began in 1997. The loan matures in 2016, and bears interest at 2.80%. The loan requires the Department to establish a Wastewater Capital Reserve Fund (WCRF) for expansion, major repair or replacement of wastewater treatment works at one-half of one percent of the total loan amount for a period of ten years. The outstanding balance at June 30, 2004 is \$17,718,985.

The annual requirements to amortize notes payable subsequent to June 30, 2004 are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 2,142,442	1,086,543
2006	2,216,594	1,054,755
2007	2,293,717	976,348
2008	2,373,955	894,783
2009	2,457,461	809,906
2010-2014	12,343,972	2,676,508
2015-2019	6,450,170	868,184
2020-2023	<u>2,102,460</u>	<u>154,735</u>
	<u>\$32,380,771</u>	<u>8,521,761</u>

(7) Compensated Absences Liability

The City employees receive from 10 to 25 vacation days each year depending upon length of service. An employee may accumulate earned vacation time to a maximum not to exceed 25 days. Upon termination, employees are paid the full value of their unused vacation time at their existing salary. The City employees receive 12 personal necessity/sick leave days each year. Upon termination or retirement, employees are paid one-half the value of their unused personal necessity/sick leave time at their existing salary, for management employees, and a maximum of 60 days for all other employees. At June 30, 2004, \$15,306,293 and \$2,362,972 have been recorded, respectively, for governmental and business-type activities accrued vacation and sick leave.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(8) Prior Year Defeasance of Debt

In prior years, the City, Department, and Agency defeased certain debt issuances by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issuances. Accordingly, the trust account assets and the liability for the defeased debt issuances are not included in the accompanying financial statements. At June 30, 2004, \$31,468,000 of debt issuances outstanding are considered defeased. The defeased debt consisted of the following:

1995	Police Station Financing Project Certificates of Participation	\$ 5,105,000
1994	State College Tax Allocation Bonds	5,395,000
1995b	Subordinated Tax Allocation Bonds	15,445,000
1990	Water Facilities Certificates of Participation	2,373,000
1978	Central City Tax Allocation Bonds	<u>3,150,000</u>
		<u>\$31,468,000</u>

(9) Claims and Judgments Payable

The City of San Bernardino is self-insured for its liability, unemployment and long-term disability programs. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year-end including claims incurred but not yet reported.

Changes in the funds' claims liability for the years ended June 30, 2004 and 2003, are as follows:

	<u>Liability Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2002-2003:				
Worker's compensation	\$ 6,076,309	2,158,969	(2,653,295)	5,581,983
Liability claims	<u>8,137,700</u>	<u>(3,056,644)</u>	<u>(1,184,256)</u>	<u>3,896,800</u>
Total 2002-2003	<u>\$14,214,009</u>	<u>(897,675)</u>	<u>(3,837,551)</u>	<u>9,478,783</u>
2003-2004:				
Worker's compensation	\$ 5,581,983	4,718,591	(3,705,430)	6,595,144
Liability claims	<u>3,896,800</u>	<u>2,230,870</u>	<u>(2,050,070)</u>	<u>4,077,600</u>
Total 2003-2004	<u>\$ 9,478,783</u>	<u>6,949,461</u>	<u>(5,755,500)</u>	<u>10,672,744</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(9) Claims and Judgments Payable, (Continued)

The City has obtained excess liability coverage with limits of \$25,000,000 in excess of \$1,000,000 through the Big Independent Cities Excess Pool (BICEP). BICEP pools catastrophic general liability, automobile liability, and public officials' errors and omissions losses. BICEP intends to pool covered catastrophic losses incurred by its members, thereby eliminating the need for excess commercial insurance protection. As a result, each member's share of pooled costs will depend on the catastrophic losses of all the members. In addition, the cost to a member city will also depend on that member's own loss experience. Entities with a consistent record of costly claims will pay more than entities with a consistent record of limited serious claims activity. The following public entities are members of BICEP: Huntington Beach, Oxnard, Pomona, San Bernardino and Santa Ana.

Settled claims for general liability and workers' compensation have not exceeded insurance coverage during the past three years.

Estimated claims liabilities at June 30, 2004, including estimates for claims incurred but not reported, have been recorded by BICEP and the City's corresponding share of cost (Premium) is included in claims expense in the Liability Insurance Internal Service Fund.

(10) Fund Deficits/Accumulated Deficits and Expenditures in Excess of Appropriations

At June 30, 2004, the following governmental funds have fund deficits that are anticipated to be funded from future grants, other revenues and operating transfers:

	<u>Deficit Amount</u>
Special Revenue Funds:	
Federal and State Programs	\$3,465,509
Debt Service Funds:	
Assessment District #1015	544,285
Verdemont Improvement Loan	1,721,957
Capital Projects Funds:	
Street Construction	401,429
Park Construction Fee	144,736
Special Assessments	249,261
Fire Equipment Acquisition	412,059

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(10) Fund Deficits/Accumulated Deficits and Expenditures in Excess of Appropriations.  
(Continued)

At June 30, 2004, the following proprietary funds have accumulated deficits that are anticipated to be recovered in future periods from user charges and/or operating transfers, as follows:

	<u>Deficit Amount</u>
Internal Service Funds:	
Workers' Compensation	\$8,096,993
Liability Insurance	504,332
Utility	713,093
Central Services	12,131

As of June 30, 2004, the General Fund does not have the financial capacity to fund such accumulated deficits. Therefore, management expects that funding for the accumulated deficits will take years to accomplish. The accumulated deficit of the workers' compensation Internal Service Fund, of which accounts for self-insurance activities, is due to higher claims experienced versus amounts charged to the various departments.

The following funds/departments reported an excess of expenditures over appropriations at June 30, 2004:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- (Unfavorable)</u>
General Fund:			
Common council – personnel, salaries and benefits	\$ 321,200	327,521	(6,321)
City clerk – personnel, salaries and benefits	862,300	877,597	(15,297)
City treasurer – personnel, salaries and benefits	113,100	118,060	(4,960)
City administrator – personnel, salaries and benefits	469,800	476,643	(6,843)
Personnel – other	62,500	68,793	(6,293)
Finance – other	211,000	242,792	(31,792)
Civil service – personnel, salaries and benefits	170,900	179,221	(8,321)
Civil service – other	56,100	63,926	(7,826)
Code compliance – personnel, salaries and benefits	1,836,800	1,851,888	(15,088)

CITY OF SAN BERNARDINO

Notes to Basic Financial Statements

(Continued)

(10) Fund Deficits/Accumulated Deficits and Expenditures in Excess of Appropriations,  
(Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- (Unfavorable)</u>
General Fund, (Continued):			
Police – personnel, salaries and benefits	31,625,100	39,669,609	(8,044,509)
Fire – personnel, salaries and benefits	21,881,000	22,611,198	(730,198)
Fire – other	1,517,100	1,586,485	(69,385)
Public services – personnel, salaries and benefits	2,349,500	2,380,085	(30,585)
Special Revenue Funds:			
Federal and state programs – salaries, and other	8,135,000	17,722,247	(9,587,247)
Cemetery – other	30,700	41,601	(10,901)
Cable TV – other	182,900	196,190	(13,290)
Sales and road – personnel, salaries and benefits	-	226,556	(226,556)
Baseball stadium – personnel, salaries and benefits	130,000	152,369	(22,369)
Debt Service Funds:			
Verdemont Improvement Loan – other	115,300	244,454	(129,154)

(11) Defined Benefit Pension Plan

The City of San Bernardino contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and town contract with employee bargaining groups.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(11) Defined Benefit Pension Plan, (Continued)

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2003 to June 30, 2004 has been determined by an actuarial valuation of the plan as of June 30, 2001. The contribution rate indicated for the period is 20.902% of payroll for the safety plan and 0.000% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2004, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2003 to June 30, 2004.

A summary of principle assumptions and methods used to determine the ARC is shown below.

Valuation Date	June 30, 2001
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 Years as of the Valuation Date
Asset Valuation Method	3 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	8.25% (net of administrative expenses)
Projected Salary Increases	3.75% to 14.20% depending on Age, Service, and type of employment
Inflation	3.50%
Payroll Growth	3.75%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.5% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

For the safety plan, the unfunded actuarial liability is amortized over a period ending June 30, 2024. For the miscellaneous plan, the City was overfunded for the year ended June 30, 2004. Amortization periods are not determined for overfunded plans.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(11) Defined Benefit Pension Plan, (Continued)

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll.

Three-year Trend Information for PERS (\$ in thousands)

<u>City</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/02	\$ 8,927	100%	-
6/30/03	9,469	100%	-
6/30/04	13,003	100%	-

<u>Agency</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/02	\$0	100%	-
6/30/03	0	100%	-
6/30/04	0	100%	-

Required Supplementary Information

Schedule of Funding Progress for PERS (\$ in thousands)

<u>City</u>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Asset (A)</u>	<u>Actuarial Liability (AAL) Entry Age (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a % of Covered Payroll [(B-A)/C]</u>
6/30/01						
Miscellaneous	\$266,083	196,467	(69,616)	135.4%	36,475	(190.859%)
Safety	<u>284,639</u>	<u>302,096</u>	<u>17,457</u>	<u>94.2%</u>	<u>31,478</u>	<u>55.458%</u>
Total	<u>\$550,722</u>	<u>498,563</u>	<u>(52,159)</u>	<u>110.5%</u>	<u>67,953</u>	<u>(76.757%)</u>

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(11) Defined Benefit Pension Plan, (Continued)

Schedule of Funding Progress for PERS (\$ in thousands), (Continued)

<u>City</u>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Asset (A)</u>	<u>Actuarial Liability (AAL) Entry Age (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a % of Covered Payroll [(B-A)/C]</u>
<u>6/30/02</u>						
Miscellaneous	\$246,380	209,683	(36,697)	117.5%	38,951	(94.214%)
Safety	<u>265,541</u>	<u>324,669</u>	<u>59,128</u>	<u>81.8%</u>	<u>32,102</u>	<u>184.188%</u>
Total	<u>\$511,921</u>	<u>534,352</u>	<u>22,431</u>	<u>95.8%</u>	<u>71,053</u>	<u>31.569%</u>
<u>6/30/03</u>						
Miscellaneous	\$244,955	238,185	(6,770)	102.8%	42,029	(16.1%)
Safety	<u>267,105</u>	<u>339,911</u>	<u>72,806</u>	<u>78.6%</u>	<u>34,415</u>	<u>211.6%</u>
Total	<u>\$512,060</u>	<u>578,096</u>	<u>66,036</u>	<u>112.9%</u>	<u>76,444</u>	<u>86.4%</u>
<u>Agency</u>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Asset (A)</u>	<u>Actuarial Liability (AAL) Entry Age (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a % of Covered Payroll [(B-A)/C]</u>
6/30/00	\$9,167	5,805	(3,362)	157.9%	1,074	(312.9%)
6/30/01	9,421	5,996	(3,425)	157.1%	1,205	(284.2%)
6/30/02	8,841	7,480	(1,361)	118.2%	1,311	(103.8%)

CITY OF SAN BERNARDINO

Notes to Basic Financial Statements

(Continued)

(12) Other Post-Employment Benefits

In addition to the pension benefits described in Note 11, the City provides post-retirement health care benefits, in accordance with Common Council approval, to all employees who retire from the City on or after reaching age 50 or over with at least five years of PERS-credited service. Currently, 295 retirees meet eligibility requirements and are receiving some type of benefit whether it be health, dental or life insurance. The amount the City provides on the behalf of retirees is dictated in the contracts or MOU's. Expenditures for post-retirement health care benefits are recognized as incurred. The City incurred expenditures totaling \$95,240 for the year ended June 30, 2004.

(13) Special Assessment Debt Without Government Commitment

Assessment District No. 961 issued \$12,450,000 of Improvement Refunding Bonds on December 15, 1986, Assessment District No. 977A issued \$683,000 Improvement Bonds on April 2, 1990, Assessment District No. 977B issued \$1,013,000 Improvement Bonds on April 2, 1991, and Assessment District No. 1003 issued \$857,000 on July 1, 1992; all under the Refunding Act of 1984, for 1915 Improvement Act Bonds. The Bonds are payable from the annual installments collected on the regular property tax bills sent to owners of property having unpaid assessments levied against land benefited by the projects. Neither the faith, credit nor taxing power of the City is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the financial statements. At June 30, 2004, \$4,060,000 of Improvement Bonds remain outstanding.

(14) Mortgage Revenue and Industrial Development Revenue Bonds

Not included in the accompanying financial statements are mortgage revenue bonds and industrial development revenue bonds issued by the Agency. The bonds are special obligations payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain reserve funds and other monies in connection therewith, all pledged under the resolution authorizing the issuance of the bonds. The bonds are not payable from any other revenues or assets of the Agency. Neither the faith nor credit of the taxing powers of the City of San Bernardino, California, the State of California or any political subdivision thereof, or the Agency is pledged to the payment of the principal of or the interest on the bonds. Mortgage revenue bonds outstanding as of June 30, 2004 include the Multifamily Housing Revenue Bonds (Highland Lutheran Senior Housing Project) 1995 Series for \$1,575,000 and the Multifamily Housing Revenue Bonds (Ramona Senior Complex Project) Series 1995 for \$1,385,000.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(15) Contingencies

The Municipal Water Department (Department) has filed a complaint against the United States of America, Department of Army, in connection with alleged contamination of Camp Ono site. This lawsuit is in the discovery phase and an estimate of recoveries, if any, arising out of this claim cannot be made at this time. Upon resolution, a consent decree is expected that will address several issues, including ownership of the improvement currently being constructed under a cooperative agreement with the U.S. Environmental Protection Agency (EPA). Ownership of such assets is generally determined by which agency has responsibility for managing the infrastructure asset (responsibility for maintenance, replacement, pro-rata entitlement to proceeds of sale, etc.). Assets reported on the accompanying balance sheet at June 30, 2004 include approximately \$8 million of improvements subject to EPA reimbursement. An additional \$20 million (approximate amount) of improvements constructed directly by the EPA are not reported on the accompanying balance sheet.

Amounts received or receivable from grantor agencies are subject to audit or adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the City. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

In the normal course of operations, the City has been named as a defendant in other various claims and legal actions. In the opinion of legal counsel, the ultimate liability for these other legal actions and claims will not have a materially adverse effect on the City's financial statements.

(16) Jointly Governed Organizations

Inland Valley Development Agency

In January 1990, the City entered into a joint powers agreement with the Cities of Colton and Loma Linda and the County of San Bernardino to form the Inland Valley Development Agency (IVDA). The IVDA adopted a redevelopment plan, and its primary purpose is to promote the redevelopment of the former Norton Air Force Base and other areas within its project area. The IVDA board is comprised of three members from the City and two each from the other members. The primary sources of funding are tax increment and lease income. As of June 30, 2004, the outstanding balance due from IVDA is \$254,719.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements

(Continued)

(16) Jointly Governed Organizations, (Continued)

San Bernardino International Airport Authority

In May 1992, the City entered into a joint powers agreement with the Cities of Colton, Loma Linda, Highland and Redlands and the County of San Bernardino to form the San Bernardino International Airport Authority (SBIAA). SBIAA was created primarily for the purpose of acquiring, operating, repairing, maintaining and administering the aviation related portions of the former Norton Air Force Base property located in San Bernardino. Effective April 19, 1996 the City of Redlands withdrew from its membership in SBIAA. The board is comprised of two members from the City and one each from the other members. The primary sources of funding are loans, federal grants and lease income. As of June 30, 2004, the outstanding balance due from SBIAA is \$285,054.

San Bernardino Regional Water Resource Authority

In August 1998, the City entered into a joint powers agreement with the Inland Valley Development Agency (IVDA) and the San Bernardino Valley Municipal Water District (the District) to form the San Bernardino Regional Water Resources Authority (the Authority). The Authority was created primarily for the purpose of conducting a water resource and storage project. The Authority board is comprised of three members from the City, one member from IVDA and two from the District. The primary sources of funding are loans and grants. As of June 30, 2004, the outstanding balance due from the Authority is \$884,000.

(17) Prior Period Adjustments

The accompanying financial statements reflect certain adjustments which resulted in a restatement of net assets at beginning of year and in a restatement of certain beginning fund balances.

- a) In the prior year, the outstanding debt reported for the note payable HUD Section 108-303 building was understated. Loan proceeds of \$430,000 received in the prior year had not been reflected in the note payable balance.
- b) The Agency has an outstanding note (Verdemont Note). Interest earned on this outstanding note, and not collected, had not been reported in the prior year financial statements. The note bears an annual interest of 5%.

CITY OF SAN BERNARDINO  
Notes to Basic Financial Statements  
(Continued)

(17) Prior Period Adjustments, (Continued)

- c) In the prior year, an outstanding note receivable from the California Department of Transportation was overstated. The California Department of Transportation installed a security gate in the parking garage and extended the hours of operation for lighting in the parking structure in the prior year. The Agency should have reduced the outstanding receivable as compensation for the work performed.

Government Wide Financial Statements

The following summarizes the effect of the prior period adjustments to the opening net assets as of June 30, 2003.

	<u>Governmental Activities</u>
Beginning net assets, as previously reported	\$120,885,521
a) Proceeds of additional debt not recorded in the prior year	(430,000)
b) Interest earned on an outstanding note but not recorded in the prior year	(270,910)
c) Adjustment of a note receivable for compensation received in the prior year	<u>(174,554)</u>
Beginning net assets, as restated	<u>\$120,010,057</u>

Fund Financial Statements

The following summarizes the effect of the prior period adjustment to the opening fund balance as of June 30, 2003.

	<u>Capital Projects Fund Economic Development Agency</u>
Beginning fund balance, as previously reported	\$55,598,446
c) Adjustment of a note receivable for compensation received in the prior year	<u>(174,554)</u>
Beginning fund balance, as restated	<u>\$55,423,892</u>

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SAN BERNARDINO

Notes to Required Supplementary Information

Year ended June 30, 2004

(1) Budgetary Control and Accounting

The City utilizes the following general procedures in establishing its annual budgets, as reflected in the financial statements:

The Annual Budget adopted by the Common Council provided for the City's general operations. Such annual budget includes proposed expenditures and estimated revenues for all Governmental Fund Types.

The city administrator and City Council are authorized to make the necessary changes to the budget to ensure adequate and proper standards of services. During the year, there were supplemental budget appropriations amounting to \$6,838,500.

Following approval of the Final Budget by the Mayor and Common Council, budget transfers within a department budget in an amount not to exceed \$25,000 per transfer shall be approved or disapproved according to established Finance policies and procedures and on forms approved by the Finance Department, and with notice to the Director of Finance, and written notice to the Mayor and Common Council, as long as the total department budget allocation is not increased and as long as no transfers are approved into or out of budget allocation for personnel salary or benefits. For purposes of this requirement, each fund other than the General Fund is considered to be a separate department. The legal level of budgetary control is personnel salaries and benefits versus other expenditures in each department.

The budget is formally integrated into the accounting system and employed as a managed control device during the year for all funds.

Budgets for the Governmental Fund Types are adopted on a basis consistent with generally accepted accounting principles.

At fiscal year-end, operating budget appropriations lapse; however, incomplete capital improvements, equipment and contractual appropriations can be carried over to the following fiscal year.

CITY OF SAN BERNARDINO

Notes to Required Supplementary Information

Year ended June 30, 2004

(1) Budgetary Control and Accounting, (Continued)

Expenditures in Excess of Appropriations

The General Fund reported an excess of expenditures over appropriations as follows at June 30, 2004:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- (Unfavorable)</u>
General Fund:			
Common council – personnel, salaries and benefits	\$ 321,200	327,521	(6,321)
City clerk – personnel, salaries and benefits	862,300	877,597	(15,297)
City treasurer – personnel, salaries and benefits	113,100	118,060	(4,960)
City administrator – personnel, salaries and benefits	469,800	476,643	(6,843)
Personnel – other	62,500	68,793	(6,293)
Finance – other	211,000	242,792	(31,792)
Civil service – personnel, salaries and benefits	170,900	179,221	(8,321)
Civil service – other	56,100	63,926	(7,826)
Code compliance – personnel, salaries and benefits	1,836,800	1,851,888	(15,088)
Police – personnel, salaries and benefits	31,625,100	39,669,609	(8,044,509)
Fire – personnel, salaries and benefits	21,881,000	22,611,198	(730,198)
Fire – other	1,517,100	1,586,485	(69,385)
Public services – personnel, salaries and benefits	2,349,500	2,380,085	(30,585)
Special Revenue Funds:			
Federal and state programs – salaries, and other	8,135,000	17,722,247	(9,587,247)
<u>Fund Deficit</u>			<u>Deficit Amount</u>
Special Revenue Fund:			
Federal and State Programs			\$3,465,509

CITY OF SAN BERNARDINO  
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:					
Taxes:					
Sales and use tax	\$32,050,000	32,050,000	32,978,430	928,430	30,518,660
Utility users tax	19,330,000	19,330,000	21,802,368	2,472,368	20,204,082
Property taxes	7,955,000	7,955,000	8,787,965	832,965	7,962,054
Franchise tax	2,919,300	2,919,300	3,084,720	165,420	2,878,720
Transient occupancy tax	2,625,000	2,625,000	2,797,346	172,346	2,531,049
Property transfer tax	425,000	425,000	795,166	370,166	559,496
Total taxes	<u>65,304,300</u>	<u>65,304,300</u>	<u>70,245,995</u>	<u>4,941,695</u>	<u>64,654,061</u>
Licenses and permits:					
Business registration	4,780,000	4,780,000	4,808,603	28,603	4,624,796
Building permits	630,600	630,600	618,186	(12,414)	634,559
Mechanical permits	240,000	240,000	254,563	14,563	239,874
Onsite permits	300,000	300,000	291,009	(8,991)	321,320
Onsite plan check fees	80,000	80,000	148,306	68,306	87,117
Public works construction permit	120,000	120,000	219,585	99,585	97,552
Paramedics/EMS subscription	18,500	18,500	17,477	(1,023)	19,083
Street cut permit	60,200	60,200	126,328	66,128	17,370
Other	709,200	709,200	742,591	33,391	707,512
Total licenses and permits	<u>6,938,500</u>	<u>6,938,500</u>	<u>7,226,648</u>	<u>288,148</u>	<u>6,749,183</u>
Fines and forfeits:					
General fines	140,000	140,000	203,692	63,692	145,952
Parking citation	902,000	902,000	868,945	(33,055)	736,281
Fire citation	1,000	1,000	315	(685)	401
Vehicle abatement	3,000	3,000	176	(2,824)	3,167
Total fines and forfeits	<u>1,046,000</u>	<u>1,046,000</u>	<u>1,073,128</u>	<u>27,128</u>	<u>885,801</u>
Investment income:					
Investment income	650,000	650,000	27,812	(622,188)	340,466
Land and building rental	400,000	400,000	270,033	(129,967)	404,123
Other	88,000	88,000	-	(88,000)	85,130
Total investment income	<u>1,138,000</u>	<u>1,138,000</u>	<u>297,845</u>	<u>(840,155)</u>	<u>829,719</u>

CITY OF SAN BERNARDINO  
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

(Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Intergovernmental:					
Motor vehicle in lieu tax	11,850,000	11,850,000	8,884,781	(2,965,219)	10,981,289
Homeowners exemption	155,500	155,500	156,542	1,042	155,881
State police training grants	5,000	5,000	4,157	(843)	5,379
State grants	299,800	299,800	417,310	117,510	476,027
Other	<u>2,791,900</u>	<u>2,791,900</u>	<u>3,697,454</u>	<u>905,554</u>	<u>3,303,256</u>
Total intergovernmental	<u>15,102,200</u>	<u>15,102,200</u>	<u>13,160,244</u>	<u>(1,941,956)</u>	<u>14,921,832</u>
Charges for services:					
Plan check fees	295,900	295,900	339,434	43,534	309,216
Paramedics/emergency medical services	789,000	789,000	779,282	(9,718)	527,196
Board up/demolition assessment	400,000	400,000	609,035	209,035	666,506
Storm drain utility fee	250,000	250,000	256,644	6,644	251,249
Weed abatement	300,000	300,000	322,678	22,678	379,550
Planning development projects	136,900	522,900	537,164	14,264	230,241
Sale of photos	149,500	149,500	139,279	(10,221)	132,543
Alarm system fee	65,000	65,000	54,013	(10,987)	66,252
Engineering fees	20,000	20,000	28,917	8,917	14,031
Miscellaneous police receipts	757,000	757,000	800,539	43,539	756,878
Swimming pool fees	93,000	93,000	50,273	(42,727)	56,959
Other charges	<u>1,185,300</u>	<u>1,185,300</u>	<u>1,249,270</u>	<u>63,970</u>	<u>1,329,947</u>
Total charges for services	<u>4,441,600</u>	<u>4,827,600</u>	<u>5,166,528</u>	<u>338,928</u>	<u>4,720,568</u>
Other revenues:					
Off track betting	160,000	160,000	198,217	38,217	168,861
Miscellaneous receipts	300,000	360,000	285,688	(74,312)	229,677
Other revenues	<u>2,784,700</u>	<u>2,784,700</u>	<u>3,018,947</u>	<u>234,247</u>	<u>2,350,503</u>
Total other revenues	<u>3,244,700</u>	<u>3,304,700</u>	<u>3,502,852</u>	<u>198,152</u>	<u>2,749,041</u>
Total revenues	<u>97,215,300</u>	<u>97,661,300</u>	<u>100,673,240</u>	<u>3,011,940</u>	<u>95,510,205</u>

(Continued)

CITY OF SAN BERNARDINO  
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

(Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Expenditures:					
Current:					
General Government:					
Mayor:					
Personnel salaries and benefits	810,200	810,200	802,109	8,091	728,609
Other	264,800	270,300	178,771	91,529	337,441
Common council:					
Personnel salaries and benefits	321,200	321,200	327,521	(6,321)	262,169
Other	103,100	131,200	103,052	28,148	114,883
City clerk:					
Personnel salaries and benefits	862,300	862,300	877,597	(15,297)	860,156
Other	327,200	327,600	279,907	47,693	205,918
City treasurer:					
Personnel salaries and benefits	113,100	113,100	118,060	(4,960)	107,679
Other	23,000	23,000	19,661	3,339	26,802
City attorney:					
Personnel salaries and benefits	1,597,500	1,624,000	1,605,074	18,926	1,532,864
Other	743,400	803,400	801,511	1,889	967,488
City administrator:					
Personnel salaries and benefits	469,800	469,800	476,643	(6,843)	444,586
Other	77,800	82,800	50,349	32,451	60,169
Personnel:					
Personnel salaries and benefits	300,200	300,200	261,828	38,372	338,997
Other	62,500	62,500	68,793	(6,293)	126,911
Finance:					
Personnel salaries and benefits	976,900	976,900	895,901	80,999	868,844
Other	211,000	211,000	242,792	(31,792)	301,980
Civil service:					
Personnel salaries and benefits	170,900	170,900	179,221	(8,321)	181,822
Other	56,100	56,100	63,926	(7,826)	67,364
Code compliance:					
Personnel salaries and benefits	1,836,800	1,836,800	1,851,888	(15,088)	1,729,674
Other	1,002,000	1,133,800	1,010,413	123,387	1,112,259
Facilities Management:					
Personnel salaries and benefits	1,782,500	1,782,500	1,709,002	73,498	1,736,958
Other	1,928,600	2,094,000	1,597,083	496,917	2,211,923
Nondepartmental:					
Personnel salaries and benefits	550,000	(1,689,700)	(2,138,169)	448,469	(2,082,145)
Other	6,498,900	6,541,000	6,409,637	131,363	2,319,260
Total general government	<u>21,089,800</u>	<u>19,314,900</u>	<u>17,792,570</u>	<u>1,522,330</u>	<u>14,562,611</u>

CITY OF SAN BERNARDINO  
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

(Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Public Safety:					
Police:					
Personnel salaries and benefits	39,608,600	31,625,100	39,669,609	(8,044,509)	36,564,549
Other	4,385,100	13,622,500	5,838,778	7,783,722	7,616,376
Fire:					
Personnel salaries and benefits	20,870,300	21,881,000	22,611,198	(730,198)	20,430,754
Other	<u>1,514,500</u>	<u>1,517,100</u>	<u>1,586,485</u>	<u>(69,385)</u>	<u>2,225,551</u>
Total public safety	<u>66,378,500</u>	<u>68,645,700</u>	<u>69,706,070</u>	<u>(1,060,370)</u>	<u>66,837,230</u>
Streets:					
Development services:					
Personnel salaries and benefits	2,605,500	2,548,800	2,347,202	201,598	2,810,157
Other	1,085,200	1,103,200	978,097	125,103	3,023,238
Public services:					
Personnel salaries and benefits	2,390,100	2,349,500	2,380,085	(30,585)	1,810,526
Other	<u>2,423,200</u>	<u>2,419,900</u>	<u>2,306,589</u>	<u>113,311</u>	<u>1,450,038</u>
Total streets	<u>8,504,000</u>	<u>8,421,400</u>	<u>8,011,973</u>	<u>409,427</u>	<u>9,093,959</u>
Culture and recreation:					
Park, recreation and community services:					
Personnel salaries and benefits	3,163,100	3,163,100	3,081,567	81,533	2,961,190
Other	<u>2,123,800</u>	<u>2,178,200</u>	<u>2,040,756</u>	<u>137,444</u>	<u>2,465,941</u>
Total culture and recreation	<u>5,286,900</u>	<u>5,341,300</u>	<u>5,122,323</u>	<u>218,977</u>	<u>5,427,131</u>
Community Development:					
Planning, plan check and building inspection:					
Personnel salaries and benefits	1,418,000	1,345,200	1,257,664	87,536	1,249,960
Other	<u>406,200</u>	<u>1,284,300</u>	<u>438,888</u>	<u>845,412</u>	<u>419,233</u>
Total community development	<u>1,824,200</u>	<u>2,629,500</u>	<u>1,696,552</u>	<u>932,948</u>	<u>1,669,193</u>
Debt Service - other:					
Principal	660,540	660,540	660,540	-	1,109,288
Interest	<u>222,060</u>	<u>231,036</u>	<u>33,746</u>	<u>197,290</u>	<u>1,173,941</u>
Total debt service	<u>882,600</u>	<u>891,576</u>	<u>694,286</u>	<u>197,290</u>	<u>2,283,229</u>
Total expenditures	<u>103,966,000</u>	<u>105,244,376</u>	<u>103,023,774</u>	<u>2,220,602</u>	<u>99,873,353</u>

(Continued)

CITY OF SAN BERNARDINO  
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

(Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Excess of (deficiency) of revenues over (under) expenditures	<u>(6,750,700)</u>	<u>(7,583,076)</u>	<u>(2,350,534)</u>	<u>5,232,542</u>	<u>(4,363,148)</u>
Other financing sources (uses):					
Issuance of long-term debt	-	1,800,000	1,800,000	-	-
Transfers in	7,616,700	7,616,700	7,335,428	(281,272)	7,045,753
Transfers out	<u>(5,732,624)</u>	<u>(7,732,624)</u>	<u>(7,196,603)</u>	<u>536,021</u>	<u>(4,677,684)</u>
Total other financing sources (uses):	<u>1,884,076</u>	<u>1,684,076</u>	<u>1,938,825</u>	<u>254,749</u>	<u>2,368,069</u>
Net change in fund balances	(4,866,624)	(5,899,000)	(411,709)	5,487,291	(1,995,079)
Fund balances at beginning of year	<u>12,890,083</u>	<u>12,890,083</u>	<u>12,890,083</u>	-	<u>14,885,162</u>
Fund balances at end of year	<u>\$ 8,023,459</u>	<u>6,991,083</u>	<u>12,478,374</u>	<u>5,487,291</u>	<u>12,890,083</u>

CITY OF SAN BERNARDINO  
Federal and State Programs Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:					
Investment income	\$ -	-	434	434	-
Intergovernmental revenues	7,624,500	8,135,000	17,235,063	9,100,063	10,424,493
Other revenues	-	-	25	25	-
	<u>7,624,500</u>	<u>8,135,000</u>	<u>17,235,522</u>	<u>9,100,522</u>	<u>10,424,493</u>
Total revenues	<u>7,624,500</u>	<u>8,135,000</u>	<u>17,235,522</u>	<u>9,100,522</u>	<u>10,424,493</u>
Expenditures:					
Current:					
General government - salaries and other	106,400	106,400	113,297	(6,897)	130,285
Public safety - salaries and other	2,130,600	2,130,600	2,441,451	(310,851)	1,894,286
Culture and recreation - salaries and other	-	-	256,021	(256,021)	231,140
Community development - salaries and other	24,000	534,500	7,933,703	(7,399,203)	4,545,933
Community service - salaries and other	<u>5,363,500</u>	<u>5,363,500</u>	<u>6,977,775</u>	<u>(1,614,275)</u>	<u>6,601,633</u>
	<u>7,624,500</u>	<u>8,135,000</u>	<u>17,722,247</u>	<u>(9,587,247)</u>	<u>13,403,277</u>
Total expenditures	<u>7,624,500</u>	<u>8,135,000</u>	<u>17,722,247</u>	<u>(9,587,247)</u>	<u>13,403,277</u>
Net change in fund balances	-	-	(486,725)	(486,725)	(2,978,784)
Fund balances (deficits) at beginning of year	<u>(2,978,784)</u>	<u>(2,978,784)</u>	<u>(2,978,784)</u>	-	-
Fund balances (deficits) at end of year	<u>\$ (2,978,784)</u>	<u>(2,978,784)</u>	<u>(3,465,509)</u>	<u>(486,725)</u>	<u>(2,978,784)</u>

CITY OF SAN BERNARDINO  
Economic Development Agency Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:					
Investment income	\$ 2,646,207	2,646,207	909,819	(1,736,388)	389,946
Intergovernmental revenues	10,151,863	10,151,863	6,686,764	(3,465,099)	6,509,032
Other	<u>6,000</u>	<u>6,000</u>	<u>3,643,942</u>	<u>3,637,942</u>	<u>3,826,643</u>
Total revenues	<u>12,804,070</u>	<u>12,804,070</u>	<u>11,240,525</u>	<u>(1,563,545)</u>	<u>10,725,621</u>
Expenditures:					
Current:					
Community development:					
Personnel salaries and benefits	430,993	430,993	457,758	(26,765)	340,000
Other	10,248,206	10,248,206	5,991,657	4,256,549	6,208,193
Economic development:					
Personnel salaries and benefits	323,874	323,874	642,857	(318,983)	510,059
Other	9,988,150	9,988,150	2,546,507	7,441,644	4,373,483
Debt service - other:					
Principal	1,270,000	1,270,000	2,212,270	(942,270)	684,760
Interest and fiscal charges	<u>162,000</u>	<u>162,000</u>	<u>314,663</u>	<u>(152,663)</u>	<u>124,388</u>
Total expenditures	<u>22,423,223</u>	<u>22,423,223</u>	<u>12,165,711</u>	<u>10,257,512</u>	<u>12,240,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,619,153)</u>	<u>(9,619,153)</u>	<u>(925,186)</u>	<u>8,693,967</u>	<u>(1,515,262)</u>
Other financing sources (uses):					
Transfers in	9,619,153	9,619,153	6,773,791	(2,845,362)	3,692,504
Transfers out	-	-	(4,453,163)	(4,453,163)	(1,816,499)
Issuance of debt	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>170,000</u>	<u>3,500,000</u>
Total other financing sources (uses)	<u>9,619,153</u>	<u>9,619,153</u>	<u>2,490,628</u>	<u>(7,128,525)</u>	<u>5,376,005</u>
Net change in fund balances	-	-	1,565,442	1,565,442	3,860,743
Fund balances at beginning of year	<u>25,783,078</u>	<u>25,783,078</u>	<u>25,783,078</u>	<u>-</u>	<u>21,922,335</u>
Fund balances at end of year	<u>\$ 25,783,078</u>	<u>25,783,078</u>	<u>27,348,520</u>	<u>1,565,442</u>	<u>25,783,078</u>

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SUPPLEMENTARY SCHEDULES

CITY OF SAN BERNARDINO  
Nonmajor Governmental Funds

Combining Balance Sheet

Year Ended June 30, 2004

	Special Revenue	Debt Service	Capital Projects	Totals
<u>Assets</u>				
Assets:				
Cash and investments	\$ 9,066,009	220,774	3,811,106	13,097,889
Cash and investments with fiscal agent	-	102,472	472,762	575,234
Receivables:				
Accounts	16,979	-	-	16,979
Interest	57,291	1,221	61,244	119,756
Special assessments	-	2,654,893	-	2,654,893
Due from other governmental agencies	1,279,823	9,254	1,934,274	3,223,351
Due from other funds	384,357	-	4,926,433	5,310,790
Advances to other funds	152,700	-	152,700	305,400
Other assets	-	-	214,671	214,671
	<u>\$ 10,957,159</u>	<u>2,988,614</u>	<u>11,573,190</u>	<u>25,518,963</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 617,828	-	705,081	1,322,909
Due to other funds	196,626	-	2,676,473	2,873,099
Deposits payable	-	-	37,240	37,240
Retentions payable	31,941	-	143,095	175,036
Deferred revenue	-	2,654,893	-	2,654,893
Advances from other funds	-	2,277,670	-	2,277,670
Due to other governments	-	-	101,060	101,060
	<u>846,395</u>	<u>4,932,563</u>	<u>3,662,949</u>	<u>9,441,907</u>
 Fund balances:				
Reserved for:				
Encumbrances	799,200	-	3,541,200	4,340,400
Debt service	-	322,293	-	322,293
Grant restrictions	278,145	-	-	278,145
Advances to other funds	152,700	-	152,700	305,400
Long-term receivables	-	-	1,925,908	1,925,908
Sewer capacity rights	-	-	214,671	214,671
Petty cash	2,050	-	-	2,050
Unreserved:				
Designated for continuing appropriations	799,300	-	99,200	898,500
Undesignated	8,079,369	(2,266,242)	1,976,562	7,789,689
	<u>10,110,764</u>	<u>(1,943,949)</u>	<u>7,910,241</u>	<u>16,077,056</u>
Total fund balances (deficit)	<u>10,110,764</u>	<u>(1,943,949)</u>	<u>7,910,241</u>	<u>16,077,056</u>
Total liabilities and fund balances	<u>\$ 10,957,159</u>	<u>2,988,614</u>	<u>11,573,190</u>	<u>25,518,963</u>

CITY OF SAN BERNARDINO  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2004

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues:				
Taxes	\$ -	451,463	773,821	1,225,284
Licenses and permits	338,932	-	311,188	650,120
Fines and forfeits	685,382	-	-	685,382
Investment income	427,369	5,062	217,343	649,774
Intergovernmental revenues	6,693,870	-	2,572,698	9,266,568
Charges for services	2,636,279	-	2,264,177	4,900,456
Other revenues	772,267	-	401,672	1,173,939
	<u>11,554,099</u>	<u>456,525</u>	<u>6,540,899</u>	<u>18,551,523</u>
Expenditures:				
Current:				
General government	638,876	15,846	-	654,722
Public safety	518,550	-	850,302	1,368,852
Streets	4,700,881	-	4,388,449	9,089,330
Culture and recreation	596,197	-	1,475,869	2,072,066
Community service	4,211,943	-	-	4,211,943
Debt Service:				
Principal	-	55,000	-	55,000
Interest	-	328,810	-	328,810
	<u>10,666,447</u>	<u>399,656</u>	<u>6,714,620</u>	<u>17,780,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>887,652</u>	<u>56,869</u>	<u>(173,721)</u>	<u>770,800</u>
Other financing sources (uses):				
Issuance of debt	-	-	431,954	431,954
Transfers in	3,015,101	-	1,844,180	4,859,281
Transfers out	(3,999,699)	-	(571,131)	(4,570,830)
	<u>(984,598)</u>	<u>-</u>	<u>1,705,003</u>	<u>720,405</u>
Net change in fund balances	(96,946)	56,869	1,531,282	1,491,205
Fund balances (deficit) at beginning of year	<u>10,207,710</u>	<u>(2,000,818)</u>	<u>6,378,959</u>	<u>14,585,851</u>
Fund balances (deficit) at end of year	<u>\$ 10,110,764</u>	<u>(1,943,949)</u>	<u>7,910,241</u>	<u>16,077,056</u>

## **Nonmajor Special Revenue Funds**

The City maintains the following Special Revenue Funds for the purposes indicated:

### Nonmajor Funds

#### **Library**

For the cost of operating the City's Library system from related revenues and ongoing General Fund contributions

#### **Cemetery**

For the cost of operating the City owned Cemetery from related revenues

#### **Cable TV**

For the cost of operating the City's cable TV station, including program production costs, from related revenues and ongoing General Fund contributions

#### **Asset Seizure**

For the investigation, detection and prosecution of criminal activities. Funding is provided by criminal assets seized under existing state and federal statutes

#### **Alternative Transportation**

For receipt and disbursement of funds received per Transportation Development Act Article 3 (SB 821) of the Bikeway & Pedestrian Program and the State and Local Fiscal Assistance Act of 1972

#### **Local Transportation**

For the receipt and disbursement of funds received per Transportation Development Act Article 3 (SB 821) of the Bikeway and Pedestrian Program and the State and Local Fiscal Assistance Act of 1972

#### **Animal Control**

For control, care and housing of stray animals, licensing of animals and public education from related revenues including licensing and ongoing General Fund contributions

#### **Traffic Congestion**

For the receipt and disbursement of funds received under AB 2928 to be used for traffic congestion relief projects

#### **Special Gas Tax**

For the receipt of gasoline tax revenue paid to the City as a subvention from the state of California. These funds are transferred to the General Fund to partially support maintenance activities and to finance street construction projects as provided by State law

#### **Traffic Safety**

For the recording of the City's share of California Vehicle Code fines collected by San Bernardino County

#### **Sewerline Maintenance**

For the cost of maintaining Sewer lines as paid for from a portion of Sewer revenues

## **Nonmajor Special Revenue Funds, (Continued)**

### **Sales and Road**

For local street improvement as provided for by San Bernardino County Measure I Sales Tax

### **Baseball Stadium**

For the maintenance of the minor league baseball stadium constructed by the City

### **Soccer Field**

For the operation of the San Bernardino Soccer Complex formerly operated by a non-profit foundation

### **IVDA**

For local street improvements around former Norton Air Force Base as provided for by developer fees.

CITY OF SAN BERNARDINO  
Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2004

<u>Assets</u>	<u>Library</u>	<u>Cemetery</u>	<u>Cable TV</u>
Cash and investments	\$ 6,040	25	-
Receivables:			
Accounts	364	718	12,533
Interest	-	3,614	-
Due from other governmental agencies	-	-	77,810
Due from other funds	-	-	-
Advances to other funds	-	-	-
	-	-	-
Total assets	\$ 6,404	4,357	90,343
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 5,229	218	3,021
Due to other funds	-	4,114	76,022
Retentions payable	-	-	-
	-	-	-
Total liabilities	5,229	4,332	79,043
Fund balances:			
Reserved for:			
Encumbrances	900	-	11,300
Grant restrictions	-	-	-
Advances to other funds	-	-	-
Petty cash	275	25	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	-	-	-
	-	-	-
Total fund balances	1,175	25	11,300
Total liabilities and fund balances	\$ 6,404	4,357	90,343

<u>Asset Seizure</u>	<u>Alternative Transportation</u>	<u>Local Transportation</u>	<u>Animal Control</u>	<u>Traffic Congestion</u>
806,843	69,628	-	1,050	240,916
-	-	-	2,630	-
4,750	438	-	-	1,363
4,128	61,147	-	68,075	-
-	-	-	-	-
-	-	-	-	-
<u>815,721</u>	<u>131,213</u>	<u>-</u>	<u>71,755</u>	<u>242,279</u>
20,913	-	-	6,122	-
-	-	-	64,583	-
-	-	-	-	-
<u>20,913</u>	<u>-</u>	<u>-</u>	<u>70,705</u>	<u>-</u>
22,400	-	-	-	21,000
278,145	-	-	-	-
-	-	-	-	-
-	-	-	1,050	-
16,800	-	-	-	39,500
<u>477,463</u>	<u>131,213</u>	<u>-</u>	<u>-</u>	<u>181,779</u>
<u>794,808</u>	<u>131,213</u>	<u>-</u>	<u>1,050</u>	<u>242,279</u>
<u>815,721</u>	<u>131,213</u>	<u>-</u>	<u>71,755</u>	<u>242,279</u>

(Continued)

CITY OF SAN BERNARDINO  
Nonmajor Special Revenue Funds

Combining Balance Sheet

(Continued)

	<u>Special Gas Tax</u>	<u>Traffic Safety</u>	<u>Sewerline Maintenance</u>
<u>Assets</u>			
Cash and investments	\$ 886,915	-	2,119,940
Receivables:			
Accounts	-	-	634
Interest	5,004	-	14,165
Due from other governmental agencies	331,580	51,907	296,046
Due from other funds	-	-	384,357
Advances to other funds	-	-	152,700
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 1,223,499</u>	<u>51,907</u>	<u>2,967,842</u>
 <u>Liabilities and fund balances</u>			
Liabilities:			
Accounts payable	\$ 169,621	-	34,460
Due to other funds	-	51,907	-
Retentions payable	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>169,621</u>	<u>51,907</u>	<u>34,460</u>
 Fund balances:			
Reserved for:			
Encumbrances	235,200	-	65,500
Grant restrictions	-	-	-
Advances to other funds	-	-	152,700
Petty cash	-	-	-
Unreserved:			
Designated for continuing appropriations	246,600	-	-
Undesignated	572,078	-	2,715,182
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>1,053,878</u>	<u>                    </u>	<u>2,933,382</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 1,223,499</u>	<u>51,907</u>	<u>2,967,842</u>

<u>Sales and Road</u>	<u>Baseball Stadium</u>	<u>Soccer Field</u>	<u>IVDA</u>	<u>Totals</u>
4,685,495	21,194	19,197	208,766	9,066,009
100	-	-	-	16,979
26,526	250	-	1,181	57,291
389,130	-	-	-	1,279,823
-	-	-	-	384,357
-	-	-	-	152,700
<u>5,101,251</u>	<u>21,444</u>	<u>19,197</u>	<u>209,947</u>	<u>10,957,159</u>
347,775	14,144	16,325	-	617,828
-	-	-	-	196,626
<u>31,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,941</u>
<u>379,716</u>	<u>14,144</u>	<u>16,325</u>	<u>-</u>	<u>846,395</u>
430,300	7,300	5,300	-	799,200
-	-	-	-	278,145
-	-	-	-	152,700
-	-	700	-	2,050
496,400	-	-	-	799,300
<u>3,794,835</u>	<u>-</u>	<u>(3,128)</u>	<u>209,947</u>	<u>8,079,369</u>
<u>4,721,535</u>	<u>7,300</u>	<u>2,872</u>	<u>209,947</u>	<u>10,110,764</u>
<u>5,101,251</u>	<u>21,444</u>	<u>19,197</u>	<u>209,947</u>	<u>10,957,159</u>

CITY OF SAN BERNARDINO  
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2004

	Library	Cemetery	Cable TV
Revenues:			
Licenses and permits	\$ -	-	-
Fines and forfeits	-	-	-
Investment income	-	12,643	-
Intergovernmental revenues	87,187	-	-
Charges for services	86,167	160,817	-
Other revenues	-	2,000	76,093
	-	2,000	76,093
Total revenues	173,354	175,460	76,093
Expenditures:			
Current:			
General government	-	-	546,850
Public safety	-	-	-
Streets	-	-	-
Culture and recreation	-	-	-
Community service	2,306,572	181,577	-
	2,306,572	181,577	-
Total expenditures	2,306,572	181,577	546,850
Excess (deficiency) of revenues over (under) expenditures	(2,133,218)	(6,117)	(470,757)
Other financing sources (uses):			
Transfers in	2,134,393	6,142	459,783
Transfers out	-	-	-
	-	-	-
Total other financing sources (uses)	2,134,393	6,142	459,783
Net change in fund balances	1,175	25	(10,974)
Fund balances at beginning of year	-	-	22,274
Fund balances at end of year	\$ 1,175	25	11,300

<u>Asset Seizure</u>	<u>Alternative Transportation</u>	<u>Local Transportation</u>	<u>Animal Control</u>	<u>Traffic Congestion</u>
-	-	-	338,932	-
-	-	-	58,785	-
18,139	1,834	-	-	6,514
63,429	228,012	16,602	-	-
-	-	-	803,254	-
<u>437,883</u>	<u>3,045</u>	<u>-</u>	<u>1,976</u>	<u>-</u>
<u>519,451</u>	<u>232,891</u>	<u>16,602</u>	<u>1,202,947</u>	<u>6,514</u>
-	92,026	-	-	-
518,550	-	-	-	-
-	-	-	-	129,868
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,497,238</u>	<u>-</u>
<u>518,550</u>	<u>92,026</u>	<u>-</u>	<u>1,497,238</u>	<u>129,868</u>
<u>901</u>	<u>140,865</u>	<u>16,602</u>	<u>(294,291)</u>	<u>(123,354)</u>
-	-	-	295,341	-
<u>-</u>	<u>(181,500)</u>	<u>(16,602)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(181,500)</u>	<u>(16,602)</u>	<u>295,341</u>	<u>-</u>
901	(40,635)	-	1,050	(123,354)
<u>793,907</u>	<u>171,848</u>	<u>-</u>	<u>-</u>	<u>365,633</u>
<u>794,808</u>	<u>131,213</u>	<u>-</u>	<u>1,050</u>	<u>242,279</u>

(Continued)

CITY OF SAN BERNARDINO  
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

(Continued)

	Special Gas Tax	Traffic Safety	Sewerline Maintenance
Revenues:			
Licenses and permits	\$ -	-	-
Fines and forfeits	-	626,597	-
Investment income	17,482	-	64,219
Intergovernmental revenues	3,575,348	-	-
Charges for services	-	-	1,300,936
Other revenues	-	-	-
Total revenues	<u>3,592,830</u>	<u>626,597</u>	<u>1,365,155</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	1,274,783	-	1,427,589
Culture and recreation	-	-	-
Community service	-	-	-
Total expenditures	<u>1,274,783</u>	<u>-</u>	<u>1,427,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,318,047</u>	<u>626,597</u>	<u>(62,434)</u>
Other financing sources (uses):			
Transfers in	9,522	-	-
Transfers out	<u>(2,810,000)</u>	<u>(626,597)</u>	<u>(150,000)</u>
Total other financing sources (uses)	<u>(2,800,478)</u>	<u>(626,597)</u>	<u>(150,000)</u>
Net change in fund balances	(482,431)	-	(212,434)
Fund balances at beginning of year	<u>1,536,309</u>	<u>-</u>	<u>3,145,816</u>
Fund balances at end of year	<u>\$ 1,053,878</u>	<u>-</u>	<u>2,933,382</u>

<u>Sales and Road</u>	<u>Baseball Stadium</u>	<u>Soccer Field</u>	<u>IVDA</u>	<u>Totals</u>
-	-	-	-	338,932
-	-	-	-	685,382
91,627	910	209,579	4,422	427,369
2,723,292	-	-	-	6,693,870
-	-	79,580	205,525	2,636,279
<u>71,100</u>	<u>180,170</u>	<u>-</u>	<u>-</u>	<u>772,267</u>
<u>2,886,019</u>	<u>181,080</u>	<u>289,159</u>	<u>209,947</u>	<u>11,554,099</u>
-	-	-	-	638,876
-	-	-	-	518,550
1,868,641	-	-	-	4,700,881
-	289,900	306,297	-	596,197
<u>226,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,211,943</u>
<u>2,095,197</u>	<u>289,900</u>	<u>306,297</u>	<u>-</u>	<u>10,666,447</u>
<u>790,822</u>	<u>(108,820)</u>	<u>(17,138)</u>	<u>209,947</u>	<u>887,652</u>
-	109,920	-	-	3,015,101
<u>(215,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,999,699)</u>
<u>(215,000)</u>	<u>109,920</u>	<u>-</u>	<u>-</u>	<u>(984,598)</u>
575,822	1,100	(17,138)	209,947	(96,946)
<u>4,145,713</u>	<u>6,200</u>	<u>20,010</u>	<u>-</u>	<u>10,207,710</u>
<u>4,721,535</u>	<u>7,300</u>	<u>2,872</u>	<u>209,947</u>	<u>10,110,764</u>

CITY OF SAN BERNARDINO  
Library Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental revenues	\$ 100,000	87,187	(12,813)	170,921
Charges for services	97,500	86,167	(11,333)	85,854
Total revenues	197,500	173,354	(24,146)	256,775
Expenditures:				
Current:				
Community service:				
Personnel salaries and benefits	1,799,600	1,714,444	85,156	1,704,370
Other	595,700	592,128	3,572	717,203
Debt Service - other:				
Principal	-	-	-	385,000
Interest and fiscal charges	-	-	-	289,307
Total expenditures	2,395,300	2,306,572	88,728	3,095,880
Excess (deficiency) of revenues over (under) expenditures	(2,197,800)	(2,133,218)	64,582	(2,839,105)
Other financing sources (uses):				
Transfers in	2,197,800	2,134,393	(63,407)	2,839,105
Total other financing sources (uses)	2,197,800	2,134,393	(63,407)	2,839,105
Net change in fund balances	-	1,175	1,175	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	1,175	1,175	-

CITY OF SAN BERNARDINO  
Cemetery Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 25,000	12,643	(12,357)	26,395
Charges for services	162,000	160,817	(1,183)	167,169
Other revenues	-	2,000	2,000	-
	<u>187,000</u>	<u>175,460</u>	<u>(11,540)</u>	<u>193,564</u>
Total revenues				
Expenditures:				
Current:				
Community service:				
Personnel salaries and benefits	204,800	139,976	64,824	188,047
Other	30,700	41,601	(10,901)	37,098
	<u>235,500</u>	<u>181,577</u>	<u>53,923</u>	<u>225,145</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(48,500)</u>	<u>(6,117)</u>	<u>42,383</u>	<u>(31,581)</u>
Other financing sources (uses):				
Transfers in	48,500	6,142	(42,358)	337,562
	<u>48,500</u>	<u>6,142</u>	<u>(42,358)</u>	<u>337,562</u>
Total other financing sources (uses)				
Net change in fund balances	-	25	25	305,981
Fund balances (deficit) at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(305,981)</u>
Fund balances at end of year	<u>\$ -</u>	<u>25</u>	<u>25</u>	<u>-</u>

CITY OF SAN BERNARDINO  
Cable TV Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Other revenues	\$ 75,000	76,093	1,093	108,297
Total revenues	75,000	76,093	1,093	108,297
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	374,300	350,660	23,640	360,706
Other	182,900	196,190	(13,290)	184,397
Total expenditures	557,200	546,850	10,350	545,103
Excess (deficiency) of revenues over (under) expenditures	(482,200)	(470,757)	11,443	(436,806)
Other financing sources (uses):				
Transfers in	463,400	459,783	(3,617)	459,080
Total other financing sources (uses)	463,400	459,783	(3,617)	459,080
Net change in fund balances	(18,800)	(10,974)	7,826	22,274
Fund balances at beginning of year	22,274	22,274	-	-
Fund balances at end of year	\$ 3,474	11,300	7,826	22,274

CITY OF SAN BERNARDINO  
Asset Seizure Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 20,000	18,139	(1,861)	26,530
Intergovernmental revenues	40,000	63,429	23,429	41,789
Other revenues	<u>350,000</u>	<u>437,883</u>	<u>87,883</u>	<u>950,783</u>
Total revenues	<u>410,000</u>	<u>519,451</u>	<u>109,451</u>	<u>1,019,102</u>
Expenditures:				
Current:				
Public safety:				
Personnel salaries and benefits	50,000	50,000	-	50,000
Other	<u>695,000</u>	<u>468,550</u>	<u>226,450</u>	<u>937,068</u>
Total expenditures	<u>745,000</u>	<u>518,550</u>	<u>226,450</u>	<u>987,068</u>
Net change in fund balances	(335,000)	901	335,901	32,034
Fund balances at beginning of year	<u>793,907</u>	<u>793,907</u>	<u>-</u>	<u>761,873</u>
Fund balances at end of year	<u>\$ 458,907</u>	<u>794,808</u>	<u>335,901</u>	<u>793,907</u>

CITY OF SAN BERNARDINO  
Alternative Transportation Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 6,100	1,834	(4,266)	4,318
Intergovernmental revenues	220,000	228,012	8,012	220,960
Other revenues	<u>3,000</u>	<u>3,045</u>	<u>45</u>	<u>3,000</u>
Total revenues	<u>229,100</u>	<u>232,891</u>	<u>3,791</u>	<u>228,278</u>
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	59,100	55,550	3,550	45,317
Other	<u>47,100</u>	<u>36,476</u>	<u>10,624</u>	<u>34,485</u>
Total expenditures	<u>106,200</u>	<u>92,026</u>	<u>14,174</u>	<u>79,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>122,900</u>	<u>140,865</u>	<u>17,965</u>	<u>148,476</u>
Other financing sources (uses):				
Transfers out	<u>(181,500)</u>	<u>(181,500)</u>	<u>-</u>	<u>(161,500)</u>
Total other financing sources (uses)	<u>(181,500)</u>	<u>(181,500)</u>	<u>-</u>	<u>(161,500)</u>
Net change in fund balances	(58,600)	(40,635)	17,965	(13,024)
Fund balances at beginning of year	<u>171,848</u>	<u>171,848</u>	<u>-</u>	<u>184,872</u>
Fund balances at end of year	<u>\$ 113,248</u>	<u>131,213</u>	<u>17,965</u>	<u>171,848</u>

CITY OF SAN BERNARDINO  
Local Transportation Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental revenues	\$ 16,600	16,602	2	30,854
Total revenues	<u>16,600</u>	<u>16,602</u>	<u>2</u>	<u>30,854</u>
Expenditures:				
Current:				
Streets - other	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,600</u>	<u>16,602</u>	<u>2</u>	<u>30,854</u>
Other financing sources (uses):				
Transfers in	-	-	-	25,613
Transfers out	<u>(16,600)</u>	<u>(16,602)</u>	<u>(2)</u>	<u>-</u>
Total other financing sources (uses)	<u>(16,600)</u>	<u>(16,602)</u>	<u>(2)</u>	<u>25,613</u>
Net change in fund balances	-	-	-	56,467
Fund balances (deficit) at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,467)</u>
Fund balances at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF SAN BERNARDINO  
Animal Control Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Licenses and permits	\$ 351,800	338,932	(12,868)	283,449
Fines and forfeits	88,000	58,785	(29,215)	86,462
Charges for services	743,300	803,254	59,954	788,067
Other revenues	<u>1,500</u>	<u>1,976</u>	<u>476</u>	<u>1,870</u>
Total revenues	<u>1,184,600</u>	<u>1,202,947</u>	<u>18,347</u>	<u>1,159,848</u>
Expenditures:				
Current:				
Community service:				
Personnel salaries and benefits	1,117,600	1,054,590	63,010	1,052,064
Other	<u>453,000</u>	<u>442,648</u>	<u>10,352</u>	<u>502,504</u>
Total expenditures	<u>1,570,600</u>	<u>1,497,238</u>	<u>73,362</u>	<u>1,554,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(386,000)</u>	<u>(294,291)</u>	<u>91,709</u>	<u>(394,720)</u>
Other financing sources (uses):				
Transfers in	<u>386,000</u>	<u>295,341</u>	<u>(90,659)</u>	<u>394,720</u>
Total other financing sources (uses)	<u>386,000</u>	<u>295,341</u>	<u>(90,659)</u>	<u>394,720</u>
Net change in fund balances	-	1,050	1,050	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>1,050</u>	<u>1,050</u>	<u>-</u>

CITY OF SAN BERNARDINO  
Traffic Congestion Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ -	6,514	6,514	10,303
Intergovernmental revenues	-	-	-	493,448
Total revenues	<u>-</u>	<u>6,514</u>	<u>6,514</u>	<u>503,751</u>
Expenditures:				
Current:				
Streets - other	<u>358,800</u>	<u>129,868</u>	<u>228,932</u>	<u>647,253</u>
Total expenditures	<u>358,800</u>	<u>129,868</u>	<u>228,932</u>	<u>647,253</u>
Net change in fund balances	(358,800)	(123,354)	235,446	(143,502)
Fund balances at beginning of year	<u>365,633</u>	<u>365,633</u>	-	<u>509,135</u>
Fund balances at end of year	<u>\$ 6,833</u>	<u>242,279</u>	<u>235,446</u>	<u>365,633</u>

CITY OF SAN BERNARDINO  
Special Gas Tax Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 40,000	17,482	(22,518)	48,031
Intergovernmental revenues	<u>3,440,000</u>	<u>3,575,348</u>	<u>135,348</u>	<u>3,490,261</u>
Total revenues	<u>3,480,000</u>	<u>3,592,830</u>	<u>112,830</u>	<u>3,538,292</u>
Expenditures:				
Current:				
Streets - other	<u>2,538,500</u>	<u>1,274,783</u>	<u>1,263,717</u>	<u>668,579</u>
Total expenditures	<u>2,538,500</u>	<u>1,274,783</u>	<u>1,263,717</u>	<u>668,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>941,500</u>	<u>2,318,047</u>	<u>1,376,547</u>	<u>2,869,713</u>
Other financing sources (uses):				
Transfers in	-	9,522	9,522	-
Transfers out	<u>(2,810,000)</u>	<u>(2,810,000)</u>	<u>-</u>	<u>(2,735,613)</u>
Total other financing sources (uses)	<u>(2,810,000)</u>	<u>(2,800,478)</u>	<u>9,522</u>	<u>(2,735,613)</u>
Net change in fund balances	(1,868,500)	(482,431)	1,386,069	134,100
Fund balances at beginning of year	<u>1,536,309</u>	<u>1,536,309</u>	<u>-</u>	<u>1,402,209</u>
Fund balances (deficit) at end of year	<u>\$ (332,191)</u>	<u>1,053,878</u>	<u>1,386,069</u>	<u>1,536,309</u>

CITY OF SAN BERNARDINO  
Traffic Safety Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Fines and forfeits	\$ 650,000	626,597	(23,403)	587,577
Total revenues	<u>650,000</u>	<u>626,597</u>	<u>(23,403)</u>	<u>587,577</u>
 Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>650,000</u>	<u>626,597</u>	<u>(23,403)</u>	<u>587,577</u>
 Other financing sources (uses):				
Transfers out	<u>(650,000)</u>	<u>(626,597)</u>	<u>23,403</u>	<u>(587,577)</u>
Total other financing sources (uses)	<u>(650,000)</u>	<u>(626,597)</u>	<u>23,403</u>	<u>(587,577)</u>
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF SAN BERNARDINO  
Sewerline Maintenance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 100,000	64,219	(35,781)	94,795
Charges for services	<u>1,286,000</u>	<u>1,300,936</u>	<u>14,936</u>	<u>1,235,376</u>
Total revenues	<u>1,386,000</u>	<u>1,365,155</u>	<u>(20,845)</u>	<u>1,330,171</u>
Expenditures:				
Current:				
Streets:				
Personnel salaries and benefits	694,600	662,569	32,031	554,620
Other	<u>1,047,800</u>	<u>765,020</u>	<u>282,780</u>	<u>670,343</u>
Total expenditures	<u>1,742,400</u>	<u>1,427,589</u>	<u>314,811</u>	<u>1,224,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(356,400)</u>	<u>(62,434)</u>	<u>293,966</u>	<u>105,208</u>
Other financing sources (uses):				
Transfers in	-	-	-	491,200
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>391,200</u>
Net change in fund balances	(506,400)	(212,434)	293,966	496,408
Fund balances at beginning of year	<u>3,145,816</u>	<u>3,145,816</u>	<u>-</u>	<u>2,649,408</u>
Fund balances at end of year	<u>\$ 2,639,416</u>	<u>2,933,382</u>	<u>293,966</u>	<u>3,145,816</u>

CITY OF SAN BERNARDINO  
Sales and Road Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 100,000	91,627	(8,373)	123,975
Intergovernmental revenues	2,250,000	2,723,292	473,292	2,315,366
Other revenues	548,900	71,100	(477,800)	-
Total revenues	<u>2,898,900</u>	<u>2,886,019</u>	<u>(12,881)</u>	<u>2,439,341</u>
Expenditures:				
Current:				
Streets - other	7,260,000	1,868,641	5,391,359	1,152,831
Community service:				
Personnel salaries and benefits	-	226,556	(226,556)	-
Other	-	-	-	-
Total expenditures	<u>7,260,000</u>	<u>2,095,197</u>	<u>5,164,803</u>	<u>1,152,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,361,100)</u>	<u>790,822</u>	<u>5,151,922</u>	<u>1,286,510</u>
Other financing sources (uses):				
Transfers out	<u>(215,000)</u>	<u>(215,000)</u>	<u>-</u>	<u>(190,700)</u>
Total other financing sources (uses)	<u>(215,000)</u>	<u>(215,000)</u>	<u>-</u>	<u>(190,700)</u>
Net change in fund balances	<u>(4,576,100)</u>	<u>575,822</u>	<u>5,151,922</u>	<u>1,095,810</u>
Fund balances at beginning of year	<u>4,145,713</u>	<u>4,145,713</u>	<u>-</u>	<u>3,049,903</u>
Fund balances (deficit) at end of year	<u>\$ (430,387)</u>	<u>4,721,535</u>	<u>5,151,922</u>	<u>4,145,713</u>

CITY OF SAN BERNARDINO  
Baseball Stadium Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ -	910	910	(102)
Other revenues	<u>140,000</u>	<u>180,170</u>	<u>40,170</u>	<u>133,537</u>
Total revenues	<u>140,000</u>	<u>181,080</u>	<u>41,080</u>	<u>133,435</u>
Expenditures:				
Current:				
Culture and recreation:				
Personnel salaries and benefits	130,000	152,369	(22,369)	130,168
Other	<u>262,100</u>	<u>137,531</u>	<u>124,569</u>	<u>235,737</u>
Total expenditures	<u>392,100</u>	<u>289,900</u>	<u>102,200</u>	<u>365,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(252,100)</u>	<u>(108,820)</u>	<u>143,280</u>	<u>(232,470)</u>
Other financing sources (uses):				
Transfers in	<u>245,900</u>	<u>109,920</u>	<u>(135,980)</u>	<u>238,670</u>
Total other financing sources (uses)	<u>245,900</u>	<u>109,920</u>	<u>(135,980)</u>	<u>238,670</u>
Net change in fund balances	(6,200)	1,100	7,300	6,200
Fund balances at beginning of year	<u>6,200</u>	<u>6,200</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>7,300</u>	<u>7,300</u>	<u>6,200</u>

CITY OF SAN BERNARDINO  
Soccer Field Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 300,000	209,579	(90,421)	1,136
Charges for services	<u>75,500</u>	<u>79,580</u>	<u>4,080</u>	<u>218,798</u>
Total revenues	<u>375,500</u>	<u>289,159</u>	<u>(86,341)</u>	<u>219,934</u>
Expenditures:				
Current:				
Culture and recreation:				
Personnel salaries and benefits	161,100	119,438	41,662	69,496
Other	<u>203,000</u>	<u>186,859</u>	<u>16,141</u>	<u>130,428</u>
Total expenditures	<u>364,100</u>	<u>306,297</u>	<u>57,803</u>	<u>199,924</u>
Net change in fund balances	<u>11,400</u>	<u>(17,138)</u>	<u>(28,538)</u>	<u>20,010</u>
Fund balances at beginning of year	<u>20,010</u>	<u>20,010</u>	-	-
Fund balances at end of year	<u>\$ 31,410</u>	<u>2,872</u>	<u>(28,538)</u>	<u>20,010</u>

CITY OF SAN BERNARDINO  
IVDA Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	4,422	4,422	-
Charges for services	-	<u>205,525</u>	<u>205,525</u>	-
Total revenues	-	<u>209,947</u>	<u>209,947</u>	-
Expenditures:				
Current:	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	<u>209,947</u>	<u>209,947</u>	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>209,947</u>	<u>209,947</u>	<u>-</u>

## Debt Service Funds

The City maintains the following Debt Service Funds for the purposes indicated:

### Nonmajor Funds

#### **Assessment District #971**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

#### **Assessment District #985**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

#### **Assessment District #987**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

#### **Assessment District #1015**

For the collection of assessment from property owners and for the remittance of such assessment to the Economic Development Agency and other City funds as required by the Improvement Bond Act of 1915 and related California State statutes for this district

#### **Verdemont Improvement Loan**

For the collection of the Verdemont Infrastructure fees on developing properties used to repay a loan from the Economic Development Agency used to install infrastructure in the related area

#### **Fire Station**

For the collection of the Verdemont Infrastructure fees on developing properties used to finance the construction of a fire station.

### Major Fund

#### **Economic Development Agency**

For the receipt of tax increment revenues which, per California State law regulating redevelopment agencies, must be used for repayment of debt

CITY OF SAN BERNARDINO  
Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2004

	Assessment District #971	Assessment District # 985	Assessment District # 987	Assessment District # 1015
<u>Assets</u>				
Cash and investments	\$ 4,587	100,366	38,654	600
Cash and investments with fiscal agent	-	45,741	56,731	-
Receivables:				
Interest	-	568	219	3
Special assessments	-	166,604	213,773	544,285
Due from other governmental agencies	-	6,720	622	1,912
Total assets	<u>\$ 4,587</u>	<u>319,999</u>	<u>309,999</u>	<u>546,800</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Deferred revenue	\$ -	166,604	213,773	544,285
Advances from other funds	-	-	-	546,800
Total liabilities	-	166,604	213,773	1,091,085
Fund balances (deficit):				
Reserved for debt service	4,587	153,395	96,226	-
Unreserved, undesignated	-	-	-	(544,285)
Total fund balances (deficit)	<u>4,587</u>	<u>153,395</u>	<u>96,226</u>	<u>(544,285)</u>
Total liabilities and fund balances	<u>\$ 4,587</u>	<u>319,999</u>	<u>309,999</u>	<u>546,800</u>

<u>Verdemont Improvement Loan</u>	<u>Fire Station</u>	<u>Totals</u>
8,866	67,701	220,774
	-	102,472
47	384	1,221
1,730,231	-	2,654,893
<u>-</u>	<u>-</u>	<u>9,254</u>
<u>1,739,144</u>	<u>68,085</u>	<u>2,988,614</u>
1,730,231	-	2,654,893
<u>1,730,870</u>	<u>-</u>	<u>2,277,670</u>
<u>3,461,101</u>	<u>-</u>	<u>4,932,563</u>
	68,085	322,293
<u>(1,721,957)</u>	<u>-</u>	<u>(2,266,242)</u>
<u>(1,721,957)</u>	<u>68,085</u>	<u>(1,943,949)</u>
<u>1,739,144</u>	<u>68,085</u>	<u>2,988,614</u>

CITY OF SAN BERNARDINO  
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2004

	Assessment District #971	Assessment District #985	Assessment District # 987	Assessment District # 1015
Revenues:				
Taxes	\$ 290	89,606	52,430	62,605
Investment income	-	1,884	868	318
Total revenues	290	91,490	53,298	62,923
Expenditures:				
Current:				
General government				
Other	-	6,231	4,689	4,926
Debt service:				
Principal	-	30,000	25,000	-
Interest	-	25,520	24,738	34,098
Total expenditures	-	61,751	54,427	39,024
Net change in fund balances	290	29,739	(1,129)	23,899
Fund balances (deficit) at beginning of year	4,297	123,656	97,355	(568,184)
Fund balances (deficit) at end of year	\$ 4,587	153,395	96,226	(544,285)

<u>Verdemont Improvement Loan</u>	<u>Fire Station Fund</u>	<u>Totals</u>
179,032	67,500	451,463
<u>1,407</u>	<u>585</u>	<u>5,062</u>
<u>180,439</u>	<u>68,085</u>	<u>456,525</u>
-	-	15,846
-	-	55,000
<u>244,454</u>	<u>-</u>	<u>328,810</u>
<u>244,454</u>	<u>-</u>	<u>399,656</u>
(64,015)	68,085	56,869
<u>(1,657,942)</u>	<u>-</u>	<u>(2,000,818)</u>
<u>(1,721,957)</u>	<u>68,085</u>	<u>(1,943,949)</u>

CITY OF SAN BERNARDINO  
Assessment District #971 Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ -	290	290	-
Total revenues	<u>-</u>	<u>290</u>	<u>290</u>	<u>-</u>
Expenditures:				
Debt service - other:				
Interest	-	-	-	6,943
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,943</u>
Net change in fund balances	-	290	290	(6,943)
Fund balances at beginning of year	<u>4,297</u>	<u>4,297</u>	<u>-</u>	<u>11,240</u>
Fund balances at end of year	<u>\$ 4,297</u>	<u>4,587</u>	<u>290</u>	<u>4,297</u>

CITY OF SAN BERNARDINO  
Assessment District #985 Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 60,000	89,606	29,606	61,282
Investment income	<u>2,000</u>	<u>1,884</u>	<u>(116)</u>	<u>2,957</u>
Total revenues	<u>62,000</u>	<u>91,490</u>	<u>29,490</u>	<u>64,239</u>
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	-	-	-	-
Other	6,500	6,231	269	-
Debt service - other:				
Principal	30,000	30,000	-	30,000
Interest	<u>25,600</u>	<u>25,520</u>	<u>80</u>	<u>33,579</u>
Total expenditures	<u>62,100</u>	<u>61,751</u>	<u>349</u>	<u>63,579</u>
Net change in fund balances	(100)	29,739	29,839	660
Fund balances at beginning of year	<u>123,656</u>	<u>123,656</u>	<u>-</u>	<u>122,996</u>
Fund balances at end of year	<u>\$ 123,556</u>	<u>153,395</u>	<u>29,839</u>	<u>123,656</u>

CITY OF SAN BERNARDINO  
Assessment District #987 Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 56,000	52,430	(3,570)	74,564
Investment income	<u>1,100</u>	<u>868</u>	<u>(232)</u>	<u>1,415</u>
Total revenues	<u>57,100</u>	<u>53,298</u>	<u>(3,802)</u>	<u>75,979</u>
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	-	-	-	-
Other	7,000	4,689	2,311	-
Debt service - other:				
Principal	25,000	25,000	-	25,000
Interest	<u>24,800</u>	<u>24,738</u>	<u>62</u>	<u>31,688</u>
Total expenditures	<u>56,800</u>	<u>54,427</u>	<u>2,373</u>	<u>56,688</u>
Net change in fund balances	300	(1,129)	(1,429)	19,291
Fund balances at beginning of year	<u>97,355</u>	<u>97,355</u>	<u>-</u>	<u>78,064</u>
Fund balances at end of year	<u>\$ 97,655</u>	<u>96,226</u>	<u>(1,429)</u>	<u>97,355</u>

CITY OF SAN BERNARDINO  
Assessment District #1015 Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
Revenues:				
Taxes	\$ 63,000	62,605	(395)	62,193
Investment income	<u>200</u>	<u>318</u>	<u>118</u>	<u>586</u>
Total revenues	<u>63,200</u>	<u>62,923</u>	<u>(277)</u>	<u>62,779</u>
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	-	-	-	-
Other	5,500	4,926	574	-
Debt service - other:				
Interest	<u>34,300</u>	<u>34,098</u>	<u>202</u>	<u>41,268</u>
Total expenditures	<u>39,800</u>	<u>39,024</u>	<u>776</u>	<u>41,268</u>
Net change in fund balances	23,400	23,899	499	21,511
Fund balances (deficit) at beginning of year	<u>(568,184)</u>	<u>(568,184)</u>	<u>-</u>	<u>(589,695)</u>
Fund balances (deficit) at end of year	<u>\$ (544,784)</u>	<u>(544,285)</u>	<u>499</u>	<u>(568,184)</u>

CITY OF SAN BERNARDINO  
Fire Station Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ -	67,500	67,500	-
Investment income	-	<u>585</u>	<u>585</u>	-
Total revenues	<u>-</u>	<u>68,085</u>	<u>68,085</u>	<u>-</u>
Expenditures:				
Current:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	68,085	68,085	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>68,085</u>	<u>68,085</u>	<u>-</u>

CITY OF SAN BERNARDINO  
Verdemont Improvement Loan Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 115,000	179,032	64,032	186,370
Investment income	<u>300</u>	<u>1,407</u>	<u>1,107</u>	<u>1,463</u>
Total revenues	<u>115,300</u>	<u>180,439</u>	<u>65,139</u>	<u>187,833</u>
Expenditures:				
Debt service - other:				
Interest	<u>115,300</u>	<u>244,454</u>	<u>(129,154)</u>	<u>115,544</u>
Total expenditures	<u>115,300</u>	<u>244,454</u>	<u>(129,154)</u>	<u>115,544</u>
Net change in fund balances	-	(64,015)	(64,015)	72,289
Fund balances (deficit) at beginning of year	<u>(1,657,942)</u>	<u>(1,657,942)</u>	<u>-</u>	<u>(1,730,231)</u>
Fund balances (deficit) at end of year	<u>\$ (1,657,942)</u>	<u>(1,721,957)</u>	<u>(64,015)</u>	<u>(1,657,942)</u>

CITY OF SAN BERNARDINO  
Economic Development Agency Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 3,559,000	1,086,242	(2,472,758)	1,379,984
Total revenues	<u>3,559,000</u>	<u>1,086,242</u>	<u>(2,472,758)</u>	<u>1,379,984</u>
Expenditures:				
Debt service - other:				
Principal	5,645,000	5,490,000	155,000	5,464,999
Interest	9,919,000	9,868,803	50,197	10,340,175
Fiscal charges	-	109,361	(109,361)	13,330
Total expenditures	<u>15,564,000</u>	<u>15,468,164</u>	<u>95,836</u>	<u>15,818,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,005,000)</u>	<u>(14,381,922)</u>	<u>(2,376,922)</u>	<u>(14,438,520)</u>
Other financing sources (uses):				
Transfers in	12,005,000	14,279,593	2,274,593	14,417,633
Transfers out	-	(491,035)	(491,035)	(9,584)
Total other financing sources (uses)	<u>12,005,000</u>	<u>13,788,558</u>	<u>1,783,558</u>	<u>14,408,049</u>
Net change in fund balances	-	(593,364)	(593,364)	(30,471)
Fund balances at beginning of year	<u>23,835,109</u>	<u>23,835,109</u>	-	<u>23,865,580</u>
Fund balances at end of year	<u>\$ 23,835,109</u>	<u>23,241,745</u>	<u>(593,364)</u>	<u>23,835,109</u>

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## Capital Project Funds

The city maintains the following Capital Project Funds for the purposes indicated:

### Nonmajor Funds

#### **Public Park Extension**

For upgrades and improvements to parks from funds annually transferred from General Fund

#### **Park Construction Fee**

For park land acquisition and development. Principal revenue sources are parks acquisition and development fees collected from developers and state revenues for park development

#### **Cemetery Construction**

For improvements of the City owned cemetery from a portion of fees collected for services

#### **Public Improvements**

For maintenance and construction of improvements around the Indian Bingo Casino located on the reservation

#### **Storm Drain Construction**

For the construction of storm drain facilities throughout the City from development revenues

#### **Special Assessments**

For assessment districts related to improvement construction and maintenance including landscape maintenance, sewer line maintenance and security districts paid by assessments on properties.

#### **Cultural Development Construction Fee**

For collection of development fees used to pay for cultural improvements and activities.

#### **Traffic Systems**

For construction of traffic systems from development fees.

#### **Street Lighting/Sweeping**

For payment of street lighting and sweeping in accordance with City-wide assessment district 994.

#### **Assessment District #1015**

For construction of improvements from loans related to assessment district 1015.

#### **City Hall Refunding**

For acquisition of project improvements related to the proceeds of refunding bonds.

#### **Fire Equipment Acquisition**

For acquisition of fire equipment from lease proceeds

## **Capital Project Funds, (Continued)**

### **Street Construction**

For right-of-way acquisition, construction and improvements related to the City's street system. These projects are funded by various state and federal programs and matching City funds.

### **Sewerline Construction**

For construction of sewer collection systems from development revenues

### Major Fund

### **Economic Development Agency**

A combined report of revenues and expenditures for all redevelopment projects authorized under provisions of the California Community Redevelopment Law. Principal sources of funding for these projects are property tax increment, bond proceeds and developer advances.

CITY OF SAN BERNARDINO  
Nonmajor Capital Projects Funds

Combining Balance Sheet

June 30, 2004

	<u>Public Park Extension</u>	<u>Park Construction Fee</u>	<u>Cemetery Construction</u>	<u>Public Improvements</u>
<u>Assets</u>				
Cash and investments	\$ 57,163	-	31,971	657,280
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Interest	324	-	181	3,719
Due from other governmental agencies	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 57,487</u>	<u>          </u>	<u>32,152</u>	<u>660,999</u>
<u>Liabilities and Fund Balances (Deficit)</u>				
Liabilities:				
Accounts payable	\$ 16,265	87,136	-	92
Due to other funds	-	57,600	-	-
Deposits payable	-	-	-	-
Retentions payable	-	-	-	-
Due to other governments	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>16,265</u>	<u>144,736</u>	<u>          </u>	<u>92</u>
Fund balances (deficit):				
Reserved for:				
Encumbrances	-	63,200	-	-
Advances to other funds	-	-	-	-
Long-term receivables	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Designated for continuing appropriations	-	-	-	-
Undesignated	<u>41,222</u>	<u>(207,936)</u>	<u>32,152</u>	<u>660,907</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficit)	<u>41,222</u>	<u>(144,736)</u>	<u>32,152</u>	<u>660,907</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 57,487</u>	<u>          </u>	<u>32,152</u>	<u>660,999</u>

<u>Storm Drain Construction</u>	<u>Special Assessments</u>	<u>Cultural Development Construction Fee</u>	<u>Traffic Systems</u>	<u>Street Lighting/ Sweeping</u>	<u>Assessment District # 1015</u>
2,061,734	-	-	974,141	-	28,817
-	-	-	-	-	-
11,708	9,879	51	5,537	1,696	163
285,054	8,366	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,358,496</u>	<u>18,245</u>	<u>51</u>	<u>979,678</u>	<u>1,696</u>	<u>28,980</u>
229,024	5,689	-	49,279	-	-
-	224,577	51	-	1,696	-
-	37,240	-	-	-	-
-	-	-	4,400	-	-
<u>101,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>330,084</u>	<u>267,506</u>	<u>51</u>	<u>53,679</u>	<u>1,696</u>	<u>-</u>
778,300	-	-	110,400	-	-
-	-	-	-	-	-
285,054	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>965,058</u>	<u>(249,261)</u>	<u>-</u>	<u>815,599</u>	<u>-</u>	<u>28,980</u>
<u>2,028,412</u>	<u>(249,261)</u>	<u>-</u>	<u>925,999</u>	<u>-</u>	<u>28,980</u>
<u>2,358,496</u>	<u>18,245</u>	<u>51</u>	<u>979,678</u>	<u>1,696</u>	<u>28,980</u>

(Continued)

CITY OF SAN BERNARDINO  
Nonmajor Capital Projects Funds

Combining Balance Sheet

(Continued)

	<u>City Hall Refunding</u>	Fire <u>Equipment Acquisition</u>	<u>Street Construction</u>	<u>Sewerline Construction</u>	<u>Totals</u>
<u>Assets</u>					
Cash and investments	\$ -	-	-	-	3,811,106
Cash and investments with fiscal agent	227,663	245,099	-	-	472,762
Receivables:					
Interest	-	-	-	27,986	61,244
Due from other governmental agencies	-	-	1,640,854	-	1,934,274
Due from other funds	-	-	-	4,926,433	4,926,433
Advances to other funds	-	-	-	152,700	152,700
Other assets	-	-	-	214,671	214,671
	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,671</u>	<u>214,671</u>
 Total assets	 <u>\$ 227,663</u>	 <u>245,099</u>	 <u>1,640,854</u>	 <u>5,321,790</u>	 <u>11,573,190</u>
<u>Liabilities and Fund Balances (Deficit)</u>					
Liabilities:					
Accounts payable	\$ -	214,590	8,913	94,093	705,081
Due to other funds	-	384,134	2,008,415	-	2,676,473
Deposits payable	-	-	-	-	37,240
Retentions payable	-	58,434	24,955	55,306	143,095
Due to other governments	-	-	-	-	101,060
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,060</u>
 Total liabilities	 <u>-</u>	 <u>657,158</u>	 <u>2,042,283</u>	 <u>149,399</u>	 <u>3,662,949</u>
Fund balances (deficit):					
Reserved for:					
Encumbrances	-	1,882,100	-	707,200	3,541,200
Advances to other funds	-	-	-	152,700	152,700
Long-term receivables	-	-	1,640,854	-	1,925,908
Sewer capacity rights	-	-	-	214,671	214,671
Unreserved:					
Designated for continuing appropriations	99,200	-	-	-	99,200
Undesignated	128,463	(2,294,159)	(2,042,283)	4,097,820	1,976,562
	<u>128,463</u>	<u>(2,294,159)</u>	<u>(2,042,283)</u>	<u>4,097,820</u>	<u>1,976,562</u>
 Total fund balances (deficit)	 <u>227,663</u>	 <u>(412,059)</u>	 <u>(401,429)</u>	 <u>5,172,391</u>	 <u>7,910,241</u>
 Total liabilities and fund balances	 <u>\$ 227,663</u>	 <u>245,099</u>	 <u>1,640,854</u>	 <u>5,321,790</u>	 <u>11,573,190</u>

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CITY OF SAN BERNARDINO  
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2004

	<u>Park Extension</u>	<u>Park Construction Fee</u>	<u>Cemetery Construction</u>	<u>Public Improvements</u>
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Investment income	870	3,293	619	12,066
Intergovernmental revenues	-	562,571	-	-
Charges for services	-	394,457	3,261	-
Other revenues	-	-	-	85,000
Total revenues	<u>870</u>	<u>960,321</u>	<u>3,880</u>	<u>97,066</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets	-	-	-	8,863
Culture and recreation	<u>44,218</u>	<u>1,431,651</u>	-	-
Total expenditures	<u>44,218</u>	<u>1,431,651</u>	-	<u>8,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,348)</u>	<u>(471,330)</u>	<u>3,880</u>	<u>88,203</u>
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Transfers in	37,100	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>37,100</u>	-	-	-
Net change in fund balances	(6,248)	(471,330)	3,880	88,203
Fund balances (deficit) at beginning of year	<u>47,470</u>	<u>326,594</u>	<u>28,272</u>	<u>572,704</u>
Fund balances (deficit) at end of year	<u>\$ 41,222</u>	<u>(144,736)</u>	<u>32,152</u>	<u>660,907</u>

<u>Storm Drain Construction</u>	<u>Special Assessments</u>	<u>Cultural Development Construction Fee</u>	<u>Traffic Systems</u>	<u>Street Lighting/ Sweeping</u>	<u>Assessment District # 1015</u>
-	744,984	-	-	28,837	-
-	-	311,188	-	-	-
126,537	32,405	2,016	18,374	-	564
-	-	-	-	-	-
746,574	-	-	474,957	-	-
-	-	-	-	-	-
<u>873,111</u>	<u>777,389</u>	<u>313,204</u>	<u>493,331</u>	<u>28,837</u>	<u>564</u>
-	-	-	-	-	-
784,265	514,207	-	372,984	-	-
-	-	-	-	-	-
<u>784,265</u>	<u>514,207</u>	<u>-</u>	<u>372,984</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
88,846	263,182	313,204	120,347	28,837	564
-	-	-	-	-	-
-	-	-	7,080	-	-
<u>(100,000)</u>	<u>-</u>	<u>(313,204)</u>	<u>(25,000)</u>	<u>(28,837)</u>	<u>-</u>
<u>(100,000)</u>	<u>-</u>	<u>(313,204)</u>	<u>(17,920)</u>	<u>(28,837)</u>	<u>-</u>
(11,154)	263,182	-	102,427	-	564
<u>2,039,566</u>	<u>(512,443)</u>	<u>-</u>	<u>823,572</u>	<u>-</u>	<u>28,416</u>
<u>2,028,412</u>	<u>(249,261)</u>	<u>-</u>	<u>925,999</u>	<u>-</u>	<u>28,980</u>

(Continued)

CITY OF SAN BERNARDINO  
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

(Continued)

	City Hall Refunding	Fire Equipment Acquisition	Street Construction	Sewerline Construction	Totals
Revenues:					
Taxes	\$ -	-	-	-	773,821
Licenses and permits	-	-	-	-	311,188
Investment income	1,036	779	-	18,784	217,343
Intergovernmental revenues	-	-	2,010,127	-	2,572,698
Charges for services	-	-	-	644,928	2,264,177
Other revenues	-	-	316,672	-	401,672
<b>Total revenues</b>	<u>1,036</u>	<u>779</u>	<u>2,326,799</u>	<u>663,712</u>	<u>6,540,899</u>
Expenditures:					
Current:					
Public safety	-	850,302	-	-	850,302
Streets	-	-	1,899,572	808,558	4,388,449
Culture and recreation	-	-	-	-	1,475,869
<b>Total expenditures</b>	<u>-</u>	<u>850,302</u>	<u>1,899,572</u>	<u>808,558</u>	<u>6,714,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,036</u>	<u>(849,523)</u>	<u>427,227</u>	<u>(144,846)</u>	<u>(173,721)</u>
Other financing sources (uses):					
Issuance of debt	-	431,954	-	-	431,954
Transfers in	-	-	1,800,000	-	1,844,180
Transfers out	-	(4,090)	-	(100,000)	(571,131)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>427,864</u>	<u>1,800,000</u>	<u>(100,000)</u>	<u>1,705,003</u>
<b>Net change in fund balances</b>	1,036	(421,659)	2,227,227	(244,846)	1,531,282
Fund balances (deficit) at beginning of year	<u>226,627</u>	<u>9,600</u>	<u>(2,628,656)</u>	<u>5,417,237</u>	<u>6,378,959</u>
<b>Fund balances (deficit) at end of year</b>	<u>\$ 227,663</u>	<u>(412,059)</u>	<u>(401,429)</u>	<u>5,172,391</u>	<u>7,910,241</u>

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CITY OF SAN BERNARDINO  
Public Park Extension Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	870	870	1,514
Total revenues	<u>-</u>	<u>870</u>	<u>870</u>	<u>1,514</u>
Expenditures:				
Current:				
Culture and recreation - other	<u>62,500</u>	<u>44,218</u>	<u>18,282</u>	<u>39,630</u>
Total expenditures	<u>62,500</u>	<u>44,218</u>	<u>18,282</u>	<u>39,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,500)</u>	<u>(43,348)</u>	<u>19,152</u>	<u>(38,116)</u>
Other financing sources (uses):				
Transfers in	<u>37,100</u>	<u>37,100</u>	<u>-</u>	<u>51,500</u>
Total other financing sources (uses)	<u>37,100</u>	<u>37,100</u>	<u>-</u>	<u>51,500</u>
Net change in fund balances	(25,400)	(6,248)	19,152	13,384
Fund balances at beginning of year	<u>47,470</u>	<u>47,470</u>	<u>-</u>	<u>34,086</u>
Fund balances at end of year	<u>\$ 22,070</u>	<u>41,222</u>	<u>19,152</u>	<u>47,470</u>

CITY OF SAN BERNARDINO  
Park Construction Fee Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 18,000	3,293	(14,707)	20,040
Intergovernmental revenues	-	562,571	562,571	168,596
Charges for services	300,000	394,457	94,457	459,659
Other revenues	<u>2,803,500</u>	<u>-</u>	<u>(2,803,500)</u>	<u>-</u>
Total revenues	<u>3,121,500</u>	<u>960,321</u>	<u>(2,161,179)</u>	<u>648,295</u>
Expenditures:				
Current:				
Culture and recreation - other	<u>4,103,300</u>	<u>1,431,651</u>	<u>2,671,649</u>	<u>637,464</u>
Total expenditures	<u>4,103,300</u>	<u>1,431,651</u>	<u>2,671,649</u>	<u>637,464</u>
Net change in fund balances	(981,800)	(471,330)	510,470	10,831
Fund balances at beginning of year	<u>326,594</u>	<u>326,594</u>	<u>-</u>	<u>315,763</u>
Fund balances (deficit) at end of year	<u>\$ (655,206)</u>	<u>(144,736)</u>	<u>510,470</u>	<u>326,594</u>

CITY OF SAN BERNARDINO  
Cemetery Construction Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 700	619	(81)	905
Charges for services	4,000	3,261	(739)	3,837
Total revenues	4,700	3,880	(820)	4,742
Expenditures:				
Current:				
Community services - other	5,000	-	5,000	-
Total expenditures	5,000	-	5,000	-
Net change in fund balances	(300)	3,880	4,180	4,742
Fund balances at beginning of year	28,272	28,272	-	23,530
Fund balances at end of year	\$ 27,972	32,152	4,180	28,272

CITY OF SAN BERNARDINO  
Public Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	12,066	12,066	19,028
Other revenues	<u>-</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Total revenues	<u>-</u>	<u>97,066</u>	<u>97,066</u>	<u>19,028</u>
Expenditures:				
Current:				
Streets - other	<u>518,500</u>	<u>8,863</u>	<u>509,637</u>	<u>4,628</u>
Total expenditures	<u>518,500</u>	<u>8,863</u>	<u>509,637</u>	<u>4,628</u>
Net change in fund balances	(518,500)	88,203	606,703	14,400
Fund balances at beginning of year	<u>572,704</u>	<u>572,704</u>	<u>-</u>	<u>558,304</u>
Fund balances at end of year	<u>\$ 54,204</u>	<u>660,907</u>	<u>606,703</u>	<u>572,704</u>

CITY OF SAN BERNARDINO  
Storm Drain Construction Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ 60,000	126,537	66,537	62,458
Intergovernmental	440,000	-	(440,000)	-
Charges for services	<u>500,000</u>	<u>746,574</u>	<u>246,574</u>	<u>682,612</u>
Total revenues	<u>1,000,000</u>	<u>873,111</u>	<u>(126,889)</u>	<u>745,070</u>
Expenditures:				
Current:				
Streets - other	<u>2,899,400</u>	<u>784,265</u>	<u>2,115,135</u>	<u>153,910</u>
Total expenditures	<u>2,899,400</u>	<u>784,265</u>	<u>2,115,135</u>	<u>153,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,899,400)</u>	<u>88,846</u>	<u>1,988,246</u>	<u>591,160</u>
Other financing sources (uses):				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balances	(1,999,400)	(11,154)	1,988,246	491,160
Fund balances at beginning of year	<u>2,039,566</u>	<u>2,039,566</u>	<u>-</u>	<u>1,548,406</u>
Fund balances at end of year	<u>\$ 40,166</u>	<u>2,028,412</u>	<u>1,988,246</u>	<u>2,039,566</u>

CITY OF SAN BERNARDINO  
Special Assessments Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 581,000	744,984	163,984	566,229
Investment income	-	32,405	32,405	45,673
Total revenues	<u>581,000</u>	<u>777,389</u>	<u>196,389</u>	<u>611,902</u>
Expenditures:				
Current:				
Streets - other	<u>581,000</u>	<u>514,207</u>	<u>66,793</u>	<u>489,081</u>
Total expenditures	<u>581,000</u>	<u>514,207</u>	<u>66,793</u>	<u>489,081</u>
Net change in fund balances	-	263,182	263,182	122,821
Fund balances (deficit) at beginning of year	<u>(512,443)</u>	<u>(512,443)</u>	<u>-</u>	<u>(635,264)</u>
Fund balances (deficit) at end of year	<u>\$ (512,443)</u>	<u>(249,261)</u>	<u>263,182</u>	<u>(512,443)</u>

CITY OF SAN BERNARDINO  
Cultural Development Construction Fee Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Licenses and permits	\$ 302,000	311,188	9,188	229,476
Investment income	<u>2,000</u>	<u>2,016</u>	<u>16</u>	<u>3,254</u>
Total revenues	<u>304,000</u>	<u>313,204</u>	<u>9,204</u>	<u>232,730</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>304,000</u>	<u>313,204</u>	<u>9,204</u>	<u>232,730</u>
Other financing sources (uses):				
Transfers out	<u>(304,000)</u>	<u>(313,204)</u>	<u>(9,204)</u>	<u>(232,730)</u>
Total other financing sources (uses)	<u>(304,000)</u>	<u>(313,204)</u>	<u>(9,204)</u>	<u>(232,730)</u>
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF SAN BERNARDINO  
Traffic Systems Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 15,000	18,374	3,374	26,601
Intergovernmental revenues	258,600	-	(258,600)	-
Charges for services	180,000	474,957	294,957	664,595
Other revenues	185,000	-	(185,000)	-
Total revenues	638,600	493,331	(145,269)	691,196
Expenditures:				
Current:				
Streets - other	1,421,100	372,984	1,048,116	389,545
Total expenditures	1,421,100	372,984	1,048,116	389,545
Excess (deficiency) of revenues over (under) expenditures	(782,500)	120,347	902,847	301,651
Other financing sources (uses):				
Transfers in	-	7,080	7,080	-
Transfers out	(25,000)	(25,000)	-	(25,000)
Total other financing sources (uses)	(25,000)	(17,920)	7,080	(25,000)
Net change in fund balances	(807,500)	102,427	909,927	276,651
Fund balances at beginning of year	823,572	823,572	-	546,921
Fund balances at end of year	\$ 16,072	925,999	909,927	823,572

CITY OF SAN BERNARDINO  
Street Lighting/ Sweeping Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ -	28,837	28,837	57,045
Total revenues	<u>-</u>	<u>28,837</u>	<u>28,837</u>	<u>57,045</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>28,837</u>	<u>28,837</u>	<u>57,045</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(28,837)</u>	<u>(28,837)</u>	<u>(57,045)</u>
Total other financing sources (uses)	<u>-</u>	<u>(28,837)</u>	<u>(28,837)</u>	<u>(57,045)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF SAN BERNARDINO  
Assessment District #1015 Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	564	564	943
Total revenues	<u>-</u>	<u>564</u>	<u>564</u>	<u>943</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	564	564	943
Fund balances at beginning of year	<u>28,416</u>	<u>28,416</u>	<u>-</u>	<u>27,473</u>
Fund balances at end of year	<u>\$ 28,416</u>	<u>28,980</u>	<u>564</u>	<u>28,416</u>

CITY OF SAN BERNARDINO  
City Hall Refunding Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Investment income	\$ -	1,036	1,036	2,189
Total revenues	<u>-</u>	<u>1,036</u>	<u>1,036</u>	<u>2,189</u>
Expenditures:	<u>224,200</u>	<u>-</u>	<u>224,200</u>	<u>-</u>
Total expenditures	<u>224,200</u>	<u>-</u>	<u>224,200</u>	<u>-</u>
Net change in fund balances	(224,200)	1,036	225,236	2,189
Fund balances at beginning of year	<u>226,627</u>	<u>226,627</u>	<u>-</u>	<u>224,438</u>
Fund balances at end of year	<u>\$ 2,427</u>	<u>227,663</u>	<u>225,236</u>	<u>226,627</u>

CITY OF SAN BERNARDINO  
Fire Equipment Acquisition Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ -	779	779	202
Total revenues	<u>-</u>	<u>779</u>	<u>779</u>	<u>202</u>
Expenditures:				
Current:				
Public safety - other	2,505,500	850,302	1,655,198	24,386
Total expenditures	<u>2,505,500</u>	<u>850,302</u>	<u>1,655,198</u>	<u>24,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,505,500)</u>	<u>(849,523)</u>	<u>1,655,977</u>	<u>(24,184)</u>
Other financing sources (uses):				
Issuance of debt	-	431,954	431,954	-
Transfers out	<u>-</u>	<u>(4,090)</u>	<u>(4,090)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>427,864</u>	<u>427,864</u>	<u>-</u>
Net change in fund balances	<u>(2,505,500)</u>	<u>(421,659)</u>	<u>2,083,841</u>	<u>(24,184)</u>
Fund balances at beginning of year	<u>9,600</u>	<u>9,600</u>	<u>-</u>	<u>33,784</u>
Fund balances (deficit) at end of year	<u>\$ (2,495,900)</u>	<u>(412,059)</u>	<u>2,083,841</u>	<u>9,600</u>

CITY OF SAN BERNARDINO  
Street Construction Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental revenues	\$ 5,252,400	2,010,127	(3,242,273)	525,797
Other revenues	<u>316,500</u>	<u>316,672</u>	<u>172</u>	<u>175,266</u>
Total revenues	<u>5,568,900</u>	<u>2,326,799</u>	<u>(3,242,101)</u>	<u>701,063</u>
Expenditures:				
Streets - other	<u>5,945,600</u>	<u>1,899,572</u>	<u>4,046,028</u>	<u>3,079,299</u>
Total expenditures	<u>5,945,600</u>	<u>1,899,572</u>	<u>4,046,028</u>	<u>3,079,299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(376,700)</u>	<u>427,227</u>	<u>803,927</u>	<u>(2,378,236)</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>
Net change in fund balances	(376,700)	2,227,227	2,603,927	(2,378,236)
Fund balances (deficit) at beginning of year	<u>(2,628,656)</u>	<u>(2,628,656)</u>	<u>-</u>	<u>(250,420)</u>
Fund balances (deficit) at end of year	<u>\$ (3,005,356)</u>	<u>(401,429)</u>	<u>2,603,927</u>	<u>(2,628,656)</u>

CITY OF SAN BERNARDINO  
Sewerline Construction Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	\$ 170,000	18,784	(151,216)	156,641
Charges for services	303,000	644,928	341,928	486,857
Total revenues	473,000	663,712	190,712	643,498
Expenditures:				
Streets - other	7,102,800	808,558	6,294,242	269,901
Total expenditures	7,102,800	808,558	6,294,242	269,901
Excess (deficiency) of revenues over (under) expenditures	(6,629,800)	(144,846)	6,484,954	373,597
Other financing sources (uses):				
Transfers out	(100,000)	(100,000)	-	(100,000)
Total other financing sources (uses)	(100,000)	(100,000)	-	(100,000)
Net change in fund balances	(6,729,800)	(244,846)	6,484,954	273,597
Fund balances at beginning of year	5,417,237	5,417,237	-	5,143,640
Fund balances (deficit) at end of year	\$ (1,312,563)	5,172,391	6,484,954	5,417,237

CITY OF SAN BERNARDINO  
Economic Development Agency Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 17,754,227	20,284,699	2,530,472	18,461,521
Investment income	2,468,968	2,262,364	(206,604)	2,777,370
Other	<u>331,970</u>	<u>2,535,064</u>	<u>2,203,094</u>	<u>3,635,172</u>
Total revenues	<u>20,555,165</u>	<u>25,082,127</u>	<u>4,526,962</u>	<u>24,874,063</u>
Expenditures:				
Current:				
Economic development:				
Personnel salaries and benefits	653,048	1,069,830	(416,782)	788,405
Other	12,246,413	13,334,745	(1,088,332)	9,366,489
Debt Service - other:				
Principal	3,446,716	521,624	2,925,092	2,885,570
Interest	<u>792,951</u>	<u>627,415</u>	<u>165,536</u>	<u>675,332</u>
Total expenditures	<u>17,139,128</u>	<u>15,553,614</u>	<u>1,585,514</u>	<u>13,715,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,416,037</u>	<u>9,528,513</u>	<u>6,112,476</u>	<u>11,158,267</u>
Other financing sources (uses):				
Transfers in	13,312,158	3,534,620	(9,777,538)	1,425,940
Transfers out	<u>(16,728,195)</u>	<u>(17,354,882)</u>	<u>(626,687)</u>	<u>(15,394,129)</u>
Total other financing sources (uses)	<u>(3,416,037)</u>	<u>(13,820,262)</u>	<u>(10,404,225)</u>	<u>(13,968,189)</u>
Net change in fund balances	-	(4,291,749)	(4,291,749)	(2,809,922)
Fund balances at beginning of year	<u>55,423,892</u>	<u>55,423,892</u>	<u>-</u>	<u>58,408,368</u>
Fund balances at end of year	<u>\$ 55,423,892</u>	<u>51,132,143</u>	<u>(4,291,749)</u>	<u>55,598,446</u>

## **Internal Service Funds**

The City maintains the following Internal Service Funds for the purposes indicated:

### **Unemployment insurance**

For administration of Unemployment Insurance claims paid to Employment Development Department of the State of California

### **Workers Compensation**

For administration of the City's self insurance for Worker's Compensation

### **Liability Insurance**

For administration of the City's Liability claims, combined self insurance and umbrella coverage for liability

### **Self Insurance Health Plans**

For administration of the City's self insurance for health benefits

### **Motorpool**

For the maintenance and operating costs for the City's fleet of vehicles

### **Telephone Support**

For the operation cost and acquisition of the City's telephone communication systems

### **Information Systems**

For the acquisition and maintenance of the City's computer and emergency communications systems

### **Utility**

For the control and allocation of the City's utility costs

### **Central Services**

For the provision of printing, duplication and postal services and operation of City Stores for supply costs

CITY OF SAN BERNARDINO  
Internal Service Funds

Combining Statement of Net Assets

June 30, 2004

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
<u>Assets</u>				
Current assets:				
Cash and investments	\$ 611,225	-	-	122,018
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Interest	-	-	24,037	-
Other	-	-	174	-
Inventory	-	-	-	-
Prepaid items	-	3,947	-	-
Due from other governmental agencies	-	98,320	-	-
Due from other funds	-	-	4,232,511	-
Total current assets	611,225	102,267	4,256,722	122,018
Capital assets:				
Capital assets being depreciated, net	-	3,787	12,470	-
Total assets	611,225	106,054	4,269,192	122,018
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	-	143,050	669,398	-
Due to other funds	-	1,439,699	-	-
Claims and judgments payable - current	-	3,175,000	950,000	-
Compensated absences - current portion	-	25,154	21,214	-
Capital leases payable - current portion	-	-	-	-
Lease revenue bonds payable - current	-	-	-	-
Total current liabilities	-	4,782,903	1,640,612	-
Long-term liabilities:				
Claims and judgments payable	-	3,420,144	3,127,600	-
Compensated absences	-	-	5,312	-
Capital leases payable	-	-	-	-
Lease revenue bonds payable	-	-	-	-
Total long-term liabilities	-	3,420,144	3,132,912	-
Total liabilities	-	8,203,047	4,773,524	-
<u>Net Assets</u>				
Net assets:				
Invested in capital assets, net of related debt	-	3,787	12,470	-
Unrestricted (deficit)	611,225	(8,100,780)	(516,802)	122,018
Total net assets (deficit)	\$ 611,225	(8,096,993)	(504,332)	122,018

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2004	2003
1,001,345	366,376	1,613,192	-	-	3,714,156	4,392,544
446,759	-	-	-	-	446,759	412,145
-	-	-	-	-	24,037	39,188
9,792	1,814	-	-	798	12,578	5,729
115,090	-	-	-	-	115,090	244,151
-	-	-	792	-	4,739	32,449
704	12,310	75	-	5,922	117,331	135,648
-	-	-	-	-	4,232,511	4,166,320
1,573,690	380,500	1,613,267	792	6,720	8,667,201	9,428,174
2,889,531	212,998	2,397,720	618,964	84,662	6,220,132	7,443,719
4,463,221	593,498	4,010,987	619,756	91,382	14,887,333	16,871,893
104,295	50,460	251,299	249,219	8,202	1,475,923	1,289,173
-	-	-	465,368	39,502	1,944,569	1,947,625
-	-	-	-	-	4,125,000	3,050,000
166,878	7,471	140,535	6,811	18,408	386,471	157,179
431,523	-	-	105,788	24,296	561,607	773,422
30,000	-	420,000	-	-	450,000	425,000
732,696	57,931	811,834	827,186	90,408	8,943,570	7,642,399
-	-	-	-	-	6,547,744	6,428,783
53,828	-	18,196	-	13,105	90,441	243,737
511,387	-	-	505,663	-	1,017,050	1,131,896
330,000	-	910,000	-	-	1,240,000	1,690,000
895,215	-	928,196	505,663	13,105	8,895,235	9,494,416
1,627,911	57,931	1,740,030	1,332,849	103,513	17,838,805	17,136,815
2,063,380	212,998	1,487,720	7,513	60,366	3,848,234	3,835,546
771,930	322,569	783,237	(720,606)	(72,497)	(6,799,706)	(4,100,468)
2,835,310	535,567	2,270,957	(713,093)	(12,131)	(2,951,472)	(264,922)

CITY OF SAN BERNARDINO  
Internal Service Funds

Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets

Year ended June 30, 2004

	Unemployment Insurance	Worker's Compensation	Liability Insurance	Self-Insurance Health Plans
Operating revenues:				
Charges for services	\$ 202,884	4,038,748	2,460,600	-
Total operating revenues	<u>202,884</u>	<u>4,038,748</u>	<u>2,460,600</u>	<u>-</u>
Operating expenses:				
Cost of sales and services	3,645	1,052,617	1,441,127	-
Claims expense	120,643	3,705,430	2,050,070	-
Depreciation and amortization	-	1,013	3,964	-
Total operating expenses	<u>124,288</u>	<u>4,759,060</u>	<u>3,495,161</u>	<u>-</u>
Operating income (loss)	<u>78,596</u>	<u>(720,312)</u>	<u>(1,034,561)</u>	<u>-</u>
Non-operating revenues (expenses):				
Investment income	-	-	72,559	-
Interest expense	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Net increase (decrease) in investment fair value	-	-	(80,211)	-
Miscellaneous income	-	-	89,441	-
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>81,789</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>78,596</u>	<u>(720,312)</u>	<u>(952,772)</u>	<u>-</u>
Transfers:				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	78,596	(720,312)	(952,772)	-
Net assets (deficit) at beginning of year	<u>532,629</u>	<u>(7,376,681)</u>	<u>448,440</u>	<u>122,018</u>
Net assets (deficit) at end of year	<u>\$ 611,225</u>	<u>(8,096,993)</u>	<u>(504,332)</u>	<u>122,018</u>

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2004	2003
<u>5,285,709</u>	<u>914,612</u>	<u>3,619,144</u>	<u>3,890,269</u>	<u>275,148</u>	<u>20,687,114</u>	<u>21,714,885</u>
<u>5,285,709</u>	<u>914,612</u>	<u>3,619,144</u>	<u>3,890,269</u>	<u>275,148</u>	<u>20,687,114</u>	<u>21,714,885</u>
4,616,549	797,574	2,555,067	3,829,812	274,480	14,570,871	13,941,410
-	-	-	-	-	5,876,143	(768,005)
<u>1,342,904</u>	<u>40,837</u>	<u>1,092,345</u>	<u>126,800</u>	<u>36,003</u>	<u>2,643,866</u>	<u>2,703,482</u>
<u>5,959,453</u>	<u>838,411</u>	<u>3,647,412</u>	<u>3,956,612</u>	<u>310,483</u>	<u>23,090,880</u>	<u>15,876,887</u>
<u>(673,744)</u>	<u>76,201</u>	<u>(28,268)</u>	<u>(66,343)</u>	<u>(35,335)</u>	<u>(2,403,766)</u>	<u>5,837,998</u>
237	6,715	-	-	-	79,511	108,587
(36,840)	-	(87,316)	(33,386)	(3,194)	(160,736)	(227,755)
(3,724)	-	-	-	-	(3,724)	(4,266)
-	-	-	-	-	(80,211)	-
<u>-</u>	<u>29,729</u>	<u>161,635</u>	<u>1,571</u>	<u>-</u>	<u>282,376</u>	<u>317,379</u>
<u>(40,327)</u>	<u>36,444</u>	<u>74,319</u>	<u>(31,815)</u>	<u>(3,194)</u>	<u>117,216</u>	<u>193,945</u>
<u>(714,071)</u>	<u>112,645</u>	<u>46,051</u>	<u>(98,158)</u>	<u>(38,529)</u>	<u>(2,286,550)</u>	<u>6,031,943</u>
-	-	-	-	-	-	422,000
<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(1,463,200)</u>
<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(1,041,200)</u>
(714,071)	(287,355)	46,051	(98,158)	(38,529)	(2,686,550)	4,990,743
<u>3,549,381</u>	<u>822,922</u>	<u>2,224,906</u>	<u>(614,935)</u>	<u>26,398</u>	<u>(264,922)</u>	<u>(5,255,665)</u>
<u>2,835,310</u>	<u>535,567</u>	<u>2,270,957</u>	<u>(713,093)</u>	<u>(12,131)</u>	<u>(2,951,472)</u>	<u>(264,922)</u>

CITY OF SAN BERNARDINO  
Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2004

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Cash flows from operating activities:				
Cash received from user departments	\$ 202,884	4,038,748	2,460,600	-
Cash payments to suppliers for goods and services	(124,288)	(809,287)	(757,547)	-
Cash payments for claims	-	(2,692,269)	(1,870,070)	-
Cash payments to employees for services	-	(296,035)	(192,242)	-
Cash received for other activities	-	-	89,441	-
Net cash provided by (used for) operating activities	78,596	241,157	(269,818)	-
Cash flows from noncapital financing activities:				
Cash received from other funds	-	-	-	-
Cash paid to other funds	-	(241,157)	(66,191)	-
Net cash provided by (used for) noncapital financing activities	-	(241,157)	(66,191)	-
Cash flows from capital and related financing activities:				
Cash paid for acquisition of capital assets	-	-	(7,399)	-
Cash received from issuance of debt	-	-	-	-
Principal payments on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Net cash provided by (used for) capital and related financing activities	-	-	(7,399)	-
Cash flows from investing activities:				
Interest received	-	-	87,536	-
Net cash provided by (used for) investing activities	-	-	87,536	-
Net increase (decrease) in cash and cash equivalents	78,596	-	(255,872)	-
Cash and cash equivalents at beginning of year	532,629	-	255,872	122,018
Cash and cash equivalents at end of year	\$ 611,225	-	-	122,018

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2004	2003
5,280,718	923,317	3,619,269	3,890,269	279,457	20,695,262	21,694,228
(2,925,844)	(692,882)	(1,258,326)	(3,779,083)	(136,190)	(10,483,447)	(11,122,873)
-	-	-	-	-	(4,562,339)	(3,837,551)
(1,638,096)	(115,760)	(1,312,412)	(121,297)	(120,711)	(3,796,553)	(3,579,372)
-	29,729	161,635	(66,343)	-	214,462	332,797
<u>716,778</u>	<u>144,404</u>	<u>1,210,166</u>	<u>(76,454)</u>	<u>22,556</u>	<u>2,067,385</u>	<u>3,487,229</u>
-	-	-	210,761	27,340	238,101	434,162
-	(400,000)	-	-	-	(707,348)	(4,010,031)
-	(400,000)	-	210,761	27,340	(469,247)	(3,575,869)
(99,771)	(37,870)	(832,204)	-	-	(977,244)	(2,074,853)
-	-	-	-	-	-	412,245
(357,241)	-	(693,556)	(100,921)	(46,702)	(1,198,420)	(1,492,693)
(36,840)	-	(87,316)	(33,386)	(3,194)	(160,736)	(227,755)
<u>(493,852)</u>	<u>(37,870)</u>	<u>(1,613,076)</u>	<u>(134,307)</u>	<u>(49,896)</u>	<u>(2,336,400)</u>	<u>(3,383,056)</u>
237	6,715	-	-	-	94,488	127,139
237	6,715	-	-	-	94,488	127,139
223,163	(286,751)	(402,910)	-	-	(643,774)	(3,344,557)
1,224,941	653,127	2,016,102	-	-	4,804,689	8,149,246
<u>1,448,104</u>	<u>366,376</u>	<u>1,613,192</u>	<u>-</u>	<u>-</u>	<u>4,160,915</u>	<u>4,804,689</u>

(Continued)

CITY OF SAN BERNARDINO  
Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2004

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Operating income (loss)	\$ 78,596	(720,312)	(1,034,561)	-
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	1,013	3,964	-
Net increase (decrease) in investment fair value	-	-	(80,211)	-
(Increase) decrease in other receivables	-	-	-	-
(Increase) decrease in inventories	-	-	-	-
(Increase) decrease in prepaid items	-	(1,497)	29,949	-
(Increase) decrease in due from other governmental agencies	-	3,569	-	-
(Increase) decrease in other assets	-	-	89,441	-
Increase (decrease) in accounts payable	-	(58,680)	535,658	-
Increase (decrease) in claims and judgments payable	-	1,013,161	180,800	-
Increase (decrease) in compensated absences	-	3,903	5,142	-
Total adjustments	-	961,469	764,743	-
Net cash provided by (used for) operating activities	\$ 78,596	241,157	(269,818)	-
Noncash financing activities:				
Acquisition of fixed assets	\$ -	-	-	-
Issuance of capital leases	-	-	-	-
Totals	\$ -	-	-	-

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2004	2003
<u>(673,744)</u>	<u>76,201</u>	<u>(28,268)</u>	<u>(66,343)</u>	<u>(35,335)</u>	<u>(2,403,766)</u>	<u>5,837,998</u>
1,342,904	40,837	1,092,345	126,800	36,003	2,643,866	2,703,482
-	-	-	-	-	(80,211)	-
(4,583)	(1,814)	-	-	(278)	(6,675)	(1,509)
129,061	-	-	-	-	129,061	(80,818)
50	-	(75)	(792)	-	27,635	(32,449)
(408)	10,519	125	-	4,587	18,392	(65,317)
-	29,729	161,635	1,571	-	282,376	317,379
(103,056)	(11,357)	(39,402)	(138,438)	2,025	186,750	(496,292)
-	-	-	-	-	1,193,961	(4,735,226)
<u>26,554</u>	<u>289</u>	<u>23,806</u>	<u>748</u>	<u>15,554</u>	<u>75,996</u>	<u>39,981</u>
<u>1,390,522</u>	<u>68,203</u>	<u>1,238,434</u>	<u>(10,111)</u>	<u>57,891</u>	<u>4,471,151</u>	<u>(2,350,769)</u>
<u>716,778</u>	<u>144,404</u>	<u>1,210,166</u>	<u>(76,454)</u>	<u>22,556</u>	<u>2,067,385</u>	<u>3,487,229</u>
(446,759)	-	-	-	-	(446,759)	-
<u>446,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,759</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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## Agency Funds

The City maintains the following Agency Funds for the purposes indicated:

### **Assessment District #961**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

### **Assessment District #977A**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

### **Assessment District #977B**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

### **Assessment District #1003**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

### **Industrial Revenue Bonds**

For collection of revenue and payment of debt service related to Industrial Revenue Bonds issued by the City

### **Community Facilities District #995**

For the collection of special taxes from property owners and for the remittance of such special taxes to bondholders as required by the Mello Roos Community Facilities District Act of 1982 and related California State statutes for this district

### **Special Deposits**

For deposits made by developers, other government agencies or others for disposition under the terms for which the deposits were made

### **Cemetery Perpetual Care**

For funds collected for the perpetual maintenance of the City owned and operated Cemetery

### **Payroll Trust Fund**

For the disposition of funds charged to departments for the payment of wages, related withholding and retirement benefits

CITY OF SAN BERNARDINO  
Agency Funds

Combining Balance Sheet

June 30, 2004

	Assessment District # 961	Assessment District # 977A	Assessment District # 977B	Assessment District # 1003
<u>Assets</u>				
Cash and investments (note 2)	\$ 2,403,174	1,147	1,233	211,614
Cash and investments with fiscal agent (note 2)	-	131,906	207,715	-
Accounts receivable	-	-	-	-
Interest receivable	13,600	6	5	1,197
Due from other government agencies	-	753	1,647	2,117
Prepaid expense	-	-	-	-
	\$ 2,416,774	133,812	210,600	214,928
Total assets	\$ 2,416,774	133,812	210,600	214,928
<u>Liabilities</u>				
Accounts payable	\$ -	-	-	-
Deposits payable	-	-	-	-
Due to bondholders	2,416,774	133,812	210,600	214,928
	\$ 2,416,774	133,812	210,600	214,928
Total liabilities	\$ 2,416,774	133,812	210,600	214,928

Industrial Revenue Bonds	Community Facilities District # 995	Special Deposits	Cemetary Perpetual Care	Payroll Trust Fund	Totals	
					2004	2003
69,351	5,547	6,001,080	635,963	1,081,406	10,410,515	9,650,936
-	-	-	-	-	339,621	330,090
-	-	24,034	-	-	24,034	5,090
-	31	3,430	-	-	18,269	28,817
-	-	25,966	-	-	30,483	8,596
-	-	8	-	-	8	5,127
<u>69,351</u>	<u>5,578</u>	<u>6,054,518</u>	<u>635,963</u>	<u>1,081,406</u>	<u>10,822,930</u>	<u>10,028,656</u>
-	-	184,200	-	-	184,200	319,548
69,351	5,578	5,870,318	635,963	1,081,406	7,662,616	6,786,534
-	-	-	-	-	2,976,114	2,922,574
<u>69,351</u>	<u>5,578</u>	<u>6,054,518</u>	<u>635,963</u>	<u>1,081,406</u>	<u>10,822,930</u>	<u>10,028,656</u>

CITY OF SAN BERNARDINO  
Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 2004

	<u>Balance at June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2004</u>
<u>Assessment District # 961</u>				
Assets:				
Cash and investments	\$ 2,360,383	1,083,469	1,040,678	2,403,174
Receivables:				
Interest	<u>21,227</u>	<u>13,600</u>	<u>21,227</u>	<u>13,600</u>
Total assets	<u>\$ 2,381,610</u>	<u>1,097,069</u>	<u>1,061,905</u>	<u>2,416,774</u>
Liabilities:				
Due to bondholders	<u>\$ 2,381,610</u>	<u>1,097,069</u>	<u>1,061,905</u>	<u>2,416,774</u>
Total liabilities	<u>\$ 2,381,610</u>	<u>1,097,069</u>	<u>1,061,905</u>	<u>2,416,774</u>

Assessment District # 977A

Assets:				
Cash and investments	\$ 2,109	62,361	63,323	1,147
Cash and investments with fiscal agent	127,720	57,294	53,108	131,906
Receivables:				
Interest	19	6	19	6
Due from other governmental agencies	<u>121</u>	<u>753</u>	<u>121</u>	<u>753</u>
Total assets	<u>\$ 129,969</u>	<u>120,414</u>	<u>116,571</u>	<u>133,812</u>
Liabilities:				
Due to bondholders	<u>\$ 129,969</u>	<u>120,414</u>	<u>116,571</u>	<u>133,812</u>
Total liabilities	<u>\$ 129,969</u>	<u>120,414</u>	<u>116,571</u>	<u>133,812</u>

(Continued)

CITY OF SAN BERNARDINO  
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	<u>Balance at June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2004</u>
<u>Assessment District # 977B</u>				
Assets:				
Cash and investments	\$ 2,386	98,650	99,803	1,233
Cash and investments with fiscal agent	202,369	93,040	87,694	207,715
Receivables:				
Interest	21	5	21	5
Due from other governmental agencies	<u>1,051</u>	<u>1,647</u>	<u>1,051</u>	<u>1,647</u>
Total assets	<u>\$ 205,827</u>	<u>193,342</u>	<u>188,569</u>	<u>210,600</u>
Liabilities:				
Due to bondholders	<u>\$ 205,827</u>	<u>193,342</u>	<u>188,569</u>	<u>210,600</u>
Total liabilities	<u>\$ 205,827</u>	<u>193,342</u>	<u>188,569</u>	<u>210,600</u>
 <u>Assessment District # 1003</u>				
Assets:				
Cash and investments	\$ 201,320	87,096	76,802	211,614
Receivables:				
Interest	1,810	1,197	1,810	1,197
Due from other government agencies	<u>2,038</u>	<u>2,117</u>	<u>2,038</u>	<u>2,117</u>
Total assets	<u>\$ 205,168</u>	<u>90,410</u>	<u>80,650</u>	<u>214,928</u>
Liabilities:				
Due to bondholders	<u>\$ 205,168</u>	<u>90,410</u>	<u>80,650</u>	<u>214,928</u>
Total liabilities	<u>\$ 205,168</u>	<u>90,410</u>	<u>80,650</u>	<u>214,928</u>

(Continued)

CITY OF SAN BERNARDINO  
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	<u>Balance at June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2004</u>
<u>Industrial Revenue Bonds</u>				
Assets:				
Cash and investments	\$ 69,351	-	-	69,351
Total assets	<u>\$ 69,351</u>	<u>-</u>	<u>-</u>	<u>69,351</u>
Liabilities:				
Deposits payable	\$ 69,351	-	-	69,351
Total liabilities	<u>\$ 69,351</u>	<u>-</u>	<u>-</u>	<u>69,351</u>
 <u>Community Facilities District # 995</u>				
Assets:				
Cash and investments	\$ 4,832	715	-	5,547
Cash and investments with fiscal agent	1	-	1	-
Receivables:				
Interest	44	31	44	31
Total assets	<u>\$ 4,877</u>	<u>746</u>	<u>45</u>	<u>5,578</u>
Liabilities:				
Deposits payable	\$ 4,877	746	45	5,578
Total liabilities	<u>\$ 4,877</u>	<u>746</u>	<u>45</u>	<u>5,578</u>

(Continued)

CITY OF SAN BERNARDINO  
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at June 30, 2003	Additions	Deletions	Balance at June 30, 2004
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 5,092,031	6,389,657	5,480,608	6,001,080
Receivables:				
Accounts	5,090	24,034	5,090	24,034
Interest	5,696	3,430	5,696	3,430
Prepaid items	4,877	8	4,877	8
Due from other governmental agencies	5,386	25,966	5,386	25,966
Total assets	\$ 5,113,080	6,443,095	5,501,657	6,054,518
Liabilities:				
Accounts payable	\$ 233,975	184,200	233,975	184,200
Deposits payable	4,879,105	6,258,895	5,267,682	5,870,318
Total liabilities	\$ 5,113,080	6,443,095	5,501,657	6,054,518
 <u>Cemetery Perpetual Care</u>				
Assets:				
Cash and investments	\$ 631,519	4,529	85	635,963
Total assets	\$ 631,519	4,529	85	635,963
Liabilities:				
Deposits payable	\$ 631,519	4,529	85	635,963
Total liabilities	\$ 631,519	4,529	85	635,963

(Continued)

CITY OF SAN BERNARDINO

Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at June 30, 2003	Additions	Deletions	Balance at June 30, 2004
<u>Payroll Trust Fund</u>				
Assets:				
Cash and investments	\$ 1,287,005	90,069,715	90,275,314	1,081,406
Prepaid expense	250	-	250	-
Total assets	<u>\$ 1,287,255</u>	<u>90,069,715</u>	<u>90,275,564</u>	<u>1,081,406</u>
Liabilities:				
Accounts payable	\$ 85,573	-	85,573	-
Deposits payable	1,201,682	90,069,715	90,189,991	1,081,406
Total liabilities	<u>\$ 1,287,255</u>	<u>90,069,715</u>	<u>90,275,564</u>	<u>1,081,406</u>
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 9,650,936	97,796,192	97,036,613	10,410,515
Cash and investments with fiscal agent	330,090	150,334	140,803	339,621
Receivables:				
Accounts	5,090	24,034	5,090	24,034
Interest	28,817	18,269	28,817	18,269
Due from other governmental agencies	8,596	30,483	8,596	30,483
Prepaid expense	5,127	8	5,127	8
Total assets	<u>\$ 10,028,656</u>	<u>98,019,320</u>	<u>97,225,046</u>	<u>10,822,930</u>
Liabilities:				
Accounts payable	\$ 319,548	184,200	319,548	184,200
Deposits payable	6,786,534	96,333,885	95,457,803	7,662,616
Due to bondholders	2,922,574	1,501,235	1,447,695	2,976,114
Total liabilities	<u>\$ 10,028,656</u>	<u>98,019,320</u>	<u>97,225,046</u>	<u>10,822,930</u>

*[Faint, illegible text, likely bleed-through from the reverse side of the page]*

STATISTICAL SECTION

CITY OF SAN BERNARDINO

GENERAL GOVERNMENTAL REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(In Thousands)

<u>Fiscal Year Ended June 30</u>	<u>Property Taxes</u>	<u>Other Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeits</u>	<u>Use of Money and Property</u>	<u>Inter Governmental</u>	<u>Charges for Services</u>	<u>Other Revenues</u>	<u>Total</u>
1995	29,048	39,604	5,009	1,362	10,464	36,953	3,827	4,431	130,698
1996	29,147	40,996	5,084	724	8,398	32,436	4,549	9,943	131,277
1997	29,391	41,449	5,175	814	7,927	36,796	3,901	2,633	128,086
1998	23,705	42,543	5,299	832	9,477	39,256	4,887	2,994	128,993
1999	24,450	43,921	5,425	1,411	8,453	41,879	5,272	5,773	136,584
2000	24,673	45,243	5,931	1,431	6,172	39,707	6,462	4,558	134,177
2001	25,457	49,989	6,225	1,561	9,161	39,492	6,737	6,288	144,910
2002	26,484	52,807	6,735	1,541	6,539	38,908	7,467	7,141	147,622
2003	27,431	56,692	7,262	1,560	6,053	39,313	9,513	11,584	159,408
2004	30,298	61,458	7,877	1,758	5,397	46,349	10,067	10,856	174,060

CITY OF SAN BERNARDINO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

(In Thousands)

<u>Fiscal Year Ended June 30</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Public Works</u>	<u>Culture and Recreation</u>	<u>Community Development Redevelopment</u>	<u>Community Service</u>	<u>Economic Development</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
1995	21,243	44,822		10,968	7,977	30,760			15,900	16,765	148,435
1996	22,356	45,688		9,957	7,906	37,733			21,062	18,973	163,675
1997	42,634	47,625		9,162	6,939	8,260			12,383	41,648	168,651
1998	28,461	51,331		11,774	6,467	7,373			15,051	20,291	140,748
1999	25,518	54,888		12,049	6,320	11,466			12,799	20,647	143,687
2000	19,814	57,818		12,459	6,299	10,027			10,524	21,499	138,440
2001	17,613	59,041		12,565	7,083	9,440			11,741	28,307	145,790
2002	14,869	65,805	15,900		7,671	9,629	8,563	10,798		27,274	160,509
2003	15,318	69,743	17,174		6,901	12,763	10,827	15,039		21,114	168,879
2004	18,561	73,516	17,101		7,450	20,292	6,978	17,594		22,702	184,194

Note: Changes in format commencing fiscal year ended June 30, 2002, are due to GASB 34 reporting changes.

CITY OF SAN BERNARDINO

ASSESSED VALUATIONS

LAST TEN FISCAL YEARS

	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>	<u>Total After Rdv. Increment</u>
1994-95	5,049,552,067	27,924,635	440,499,105	5,517,975,807	3,745,265,455
1995-96	5,016,102,119	33,972,416	464,202,379	5,514,276,914	3,772,429,177
1996-97	5,050,173,382	34,401,872	425,903,300	5,510,478,554	3,792,490,673
1997-98	4,990,803,794	32,514,981	443,192,777	5,466,511,552	3,818,560,002
1998-99	5,039,639,802	38,281,800	441,255,042	5,519,176,644	3,856,207,176
1999-00	5,110,172,422	37,427,381	449,328,873	5,596,928,676	3,889,385,316
2000-01	5,210,691,429	37,726,029	446,251,211	5,694,668,669	3,933,968,675
2001-02	5,396,894,051	40,763,295	501,263,043	5,938,920,389	4,021,058,224
2002-03	5,617,337,264	35,780,992	510,143,037	6,163,261,293	4,131,626,923
2003-04	6,073,348,053	32,556,854	553,533,999	6,659,438,906	4,374,324,944

Source: San Bernardino County Auditor/Controller

CITY OF SAN BERNARDINO

LISTING OF TOP 25 PROPERTY OWNERS BY ASSESSED VALUE

<u>Property Owner</u>	<u>Number of Parcels</u>	<u>2002 Assessed Value</u>
Catholic Healthcare West, Southern California	1	\$ 101,698,219
St. Bernardine Hospital/Medical Center Foundation	17	47,973,462
Pera Castlepark, Inc.	3	39,366,000
CNP & Media News Group	2	27,031,223
Rancon Realty Fund IV	13	22,626,272
Kohl's Department Stores, Inc.	1	21,907,600
Capital Foresight - San Bernardino	1	21,600,000
RRF V Tri City	3	20,160,792
Universe at Acacia LLC	1	19,400,000
6155 Palm Avenue Apartments LLC	1	18,054,000
Stater Bros Markets	20	15,846,217
Rancon Realty Fund V	17	14,662,727
San Bernardino Community Hospital	8	13,914,897
Yellow Freight System, Inc.	1	13,190,399
Delta Investors II LLC	1	12,970,084
California Newspapers Partnership	3	11,259,416
Costco Wholesale Corporation	1	10,716,279
SB Tri-City Associates	1	10,469,242
Cinemastar Luxury Theaters, Inc.	1	10,404,000
Roman Catholic Bishop of San Bernardino	29	9,127,990
Central City Companu LLC	7	8,736,700
Secretary of Housing & Urban Development	106	8,714,043
RRF IV Tri-City	6	8,705,822
Home Depot USA	3	8,464,472
C & M Fine Pack, Inc.	1	5,775,000
<b>Grand Total</b>		<b>\$ 502,774,856</b>

Source: City of San Bernardino, Real Property Section

CITY OF SAN BERNARDINO  
LISTING OF TOP 25 SALES TAX GENERATORS  
CALENDAR YEAR 2003  
IN ALPHABETICAL ORDER

Acoustical Material Services  
Arco AM/PM Mini Mart  
Barr Lumber Company  
Best Buy Stores  
Center Chevrolet  
Chaparral Motor Supply  
Circuit City  
Costco Wholesale  
Crest Chevrolet  
Eastman Office Supplies  
Fairview Ford Sales  
Home Depot  
Home Lumber Company  
Inland Valley Pontiac/GMC/Buick  
La Mesa RV Center  
Metro Nissan of San Bernardino  
Moss Bros. Dodge  
Robinson-May Department Store  
Sam's Club  
Sears Roebuck & Company  
Shaver Auto Center  
Stater Bros. Markets  
Target Stores  
Toyota of San Bernardino  
Wal-Mart Store

Source: MBIA MuniServices Company

**CITY OF SAN BERNARDINO**  
**Schedule of Direct and Overlapping Bonded Debt**

2003-04 Assessed Valuation:	\$6,659,438,906
Redevelopment Incremental Valuation:	<u>2,285,113,962</u>
Adjusted Assessed Valuation:	4,374,324,944

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>%Applicable</u>	<u>Debt 6/30/04</u>
San Bernardino Community College District	16.495 %	\$11,546,500
Colton Joint Unified School District	4.054	1,142,823
Redlands Unified School District	1.287	597,278
Rialto Unified School District	11.340	6,511,432
San Bernardino City Unified School District	71.641	29,074,200
City of San Bernardino CFD No. 995	100.000	2,515,000
City of San Bernardino 1915 Act Bonds	100.000	<u>4,690,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$56,077,233

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
San Bernardino County General Fund Obligations	5.650 %	\$54,572,503
San Bernardino County Pension Obligations	5.650	45,045,788
Colton Joint Unified School District Certificates of Participation	4.054	361,009
Redlands Unified School District Certificates of Participation	1.287	156,004
Rialto Unified School District Certificates of Participation	11.340	1,335,852
San Bernardino City Unified School Dist. Cert. of Participation	71.641	40,835,370
City of San Bernardino General Fund Obligations	100.000	35,372,264
San Bdn Valley Muni Water Dist Cert of Part.	23.337	<u>1,557,745</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$179,236,535
Less: City of San Bernardino self-supporting issues		7,485,240
San Bernardino Valley Muni Water Dist Certificates of Part		<u>1,557,745</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$170,193,550

GROSS COMBINED TOTAL DEBT	\$235,313,768 (1)
NET COMBINED TOTAL DEBT	\$226,270,783

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

<u>Ratios to 2003-04 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	0.84 %

<u>Ratios to Adjusted Assessed Valuation:</u>	
Gross Combined Direct Debt (\$35,372,264)	0.81 %
Net Combined Direct Debt (\$27,887,024)	0.64 %
Gross Combined Total Debt	5.38 %
Net Combined Total Debt	5.17 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: \$111

Source: California Municipal Statistics, Inc.

CITY OF SAN BERNARDINO

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2004

Total assessed value of all real and personal property:	<u>1,093,581,236</u>
Legal Debt Limit: 15% of assessed valuation	164,037,185
Amount of debt applicable to debt limit:	<u>28,090,000</u>
Legal Debt Margin:	<u>135,947,185</u>

Source: San Bernardino County Auditor/Controller, City Finance Department

Note: The San Bernardino Redevelopment Agency is not included in the above computation.

CITY OF SAN BERNARDINO  
SCHEDULE OF INSURANCE IN FORCE

As of June 30, 2004

<u>Coverage</u>	<u>Limits</u>	<u>Carrier</u>	<u>Expiration</u>
General Liability incl. Auto Liability	\$1,000,000	Self-insured	Indefinite
Excess Liability	\$22,000,000 Total: \$20,000,000 excess of City's \$1,000,000 SIR (plus City share of 50% of \$1,000,000 excess of SIR)	Big Independent Cities Excess Pool (BICEP) with Evanston Ins. Co., Claredon American Ins. Co., and Interstate Ins. Group	July 2005
Workers' Compensation	\$1,000,000	Self-insured	Indefinite
Excess Workers' Compensation	\$45,000,000 excess of \$5,000,000 (CSAC EIA) excess of \$1,000,000 SIR	CSAC EIA, reinsured by American Re-Insurance Company	July 2005
Auto Liability (Animal Control for City of Fontana)	\$1,000,000	National Liability & Fire Insurance Co.	April 2005
Commercial Liability for CID (Ctr. For Individuals Development)	\$1,000,000	Western World Insurance Co.	April 2005
Special Events General Liability	\$1,000,000	Evanston Insurance Co.	January 2005
Crime/Employee Dishonesty	\$250,000	St Paul Travelers Insurance Co.	July 2005
Public Official Bonds	Varies from \$1,000-\$100,000	The Hartford Insurance Co.	Varies
Property:		Commonwealth Ins. Co. and Multiple Insurance Companies	July 2005
- All Risk	\$125,000,000		
- Earthquake & Flood	\$50,000,000		
- Boiler & Machinery	\$10,000,000		

Source: Human Resources Department, City of San Bernardino

CITY OF SAN BERNARDINO

DEMOGRAPHIC STATISTICS

<u>Year</u>	<u>City of San Bernardino</u>		<u>County of San Bernardino</u>		<u>City Population as a Percentage of County</u>
	<u>Population</u>	<u>Percentage Increase</u>	<u>Population</u>	<u>Percentage Increase</u>	
1987	140,851	2.64	1,167,175	5.19	12.07
1988	148,370	5.34	1,239,967	6.24	11.97
1989	153,660	3.57	1,324,611	6.83	11.60
1990	159,923	4.08	1,423,760	7.49	11.23
1991	171,562	7.28	1,471,292	3.34	11.66
1992	175,813	2.48	1,530,562	4.03	11.49
1993	181,043	2.97	1,556,251	1.68	11.63
1994	184,397	1.85	1,591,780	2.28	11.58
1995	185,942	0.84	1,618,158	1.66	11.49
1996	181,701	-2.28	1,589,470	-1.77	11.43
1997	180,306	-0.77	1,587,387	-0.13	11.36
1998	182,554	1.25	1,621,874	2.17	11.26
1999	184,986	1.33	1,654,007	1.98	11.18
2000	186,351	0.74	1,689,281	2.13	11.03
2001	190,232	2.08	1,764,334	4.44	10.78
2002	189,800	-0.23	1,783,700	1.10	10.64
2003	194,100	2.27	1,833,000	2.76	10.59
2004	196,300	1.13	1,886,500	2.92	10.41

Source: California Department of Finance, Demographic Research Unit

## CITY OF SAN BERNARDINO

### MISCELLANEOUS STATISTICAL INFORMATION

As of June 30, 2004

Date of Incorporation (General Law):	1854
Form of Government	City Charter/Strong Mayor
Land Area:	59.44 square miles
Population:	194,120
Miles of Streets:	621
Number of Street Lights (City maintained):	5,000
Number of Street Lights (leased from SCE):	6,351
Street Traffic Controllers (signals):	246
Street Traffic Controllers (Ped-xing):	21
Recreation and Parks:	
Number of Parks:	43
Number of Acres:	510.078
Municipal Water Utility:	
Customers:	42,608
Gallons Delivered:	15,116 million
Miles of Water Main:	590.0
Municipal Sewer Utility:	
Customers:	36,793
Miles of Sanitary Sewer:	507
Police Protection/Public Safety:	
Number of Stations:	1
Sworn Personnel:	301
Non-Sworn Personnel:	159
Number of Responded Calls	109,106
Response Times:	
Dispatcher:	2:15 minutes
Officer:	4:03 minutes
Fire Protection	
Number of Stations:	12
Sworn Personnel:	156
Non-Sworn Personnel:	38
Number of Responded Calls	24,632
Response Times:	
All Categories:	5.9 minutes

Source: Various City departments

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Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2004	2003
1,001,345	366,376	1,613,192	-	-	3,714,156	4,392,544
446,759	-	-	-	-	446,759	412,145
-	-	-	-	-	24,037	39,188
9,792	1,814	-	-	798	12,578	5,729
115,090	-	-	-	-	115,090	244,151
-	-	-	792	-	4,739	32,449
704	12,310	75	-	5,922	117,331	135,648
-	-	-	-	-	4,232,511	4,166,320
1,573,690	380,500	1,613,267	792	6,720	8,667,201	9,428,174
<u>2,889,531</u>	<u>212,998</u>	<u>2,397,720</u>	<u>618,964</u>	<u>84,662</u>	<u>6,220,132</u>	<u>7,443,719</u>
<u>4,463,221</u>	<u>593,498</u>	<u>4,010,987</u>	<u>619,756</u>	<u>91,382</u>	<u>14,887,333</u>	<u>16,871,893</u>
104,295	50,460	251,299	249,219	8,202	1,475,923	1,289,173
-	-	-	465,368	39,502	1,944,569	1,947,625
-	-	-	-	-	4,125,000	3,050,000
166,878	7,471	140,535	6,811	18,408	386,471	157,179
431,523	-	-	105,788	24,296	561,607	773,422
30,000	-	420,000	-	-	450,000	425,000
<u>732,696</u>	<u>57,931</u>	<u>811,834</u>	<u>827,186</u>	<u>90,408</u>	<u>8,943,570</u>	<u>7,642,399</u>
-	-	-	-	-	6,547,744	6,428,783
53,828	-	18,196	-	13,105	90,441	243,737
511,387	-	-	505,663	-	1,017,050	1,131,896
330,000	-	910,000	-	-	1,240,000	1,690,000
<u>895,215</u>	<u>-</u>	<u>928,196</u>	<u>505,663</u>	<u>13,105</u>	<u>8,895,235</u>	<u>9,494,416</u>
<u>1,627,911</u>	<u>57,931</u>	<u>1,740,030</u>	<u>1,332,849</u>	<u>103,513</u>	<u>17,838,805</u>	<u>17,136,815</u>
2,063,380	212,998	1,487,720	7,513	60,366	3,848,234	3,835,546
771,930	322,569	783,237	(720,606)	(72,497)	(6,799,706)	(4,100,468)
<u>2,835,310</u>	<u>535,567</u>	<u>2,270,957</u>	<u>(713,093)</u>	<u>(12,131)</u>	<u>(2,951,472)</u>	<u>(264,922)</u>



CITY OF SAN BERNARDINO  
Internal Service Funds

Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets

Year ended June 30, 2004

	Unemployment Insurance	Worker's Compensation	Liability Insurance	Self-Insurance Health Plans
Operating revenues:				
Charges for services	\$ 202,884	4,038,748	2,460,600	-
Total operating revenues	202,884	4,038,748	2,460,600	-
Operating expenses:				
Cost of sales and services	3,645	1,052,617	1,441,127	-
Claims expense	120,643	3,705,430	2,050,070	-
Depreciation and amortization	-	1,013	3,964	-
Total operating expenses	124,288	4,759,060	3,495,161	-
Operating income (loss)	78,596	(720,312)	(1,034,561)	-
Non-operating revenues (expenses):				
Investment income	-	-	72,559	-
Interest expense	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Net increase (decrease) in investment fair value	-	-	(80,211)	-
Miscellaneous income	-	-	89,441	-
Total non-operating revenues (expenses)	-	-	81,789	-
Income (loss) before contributions and transfers	78,596	(720,312)	(952,772)	-
Transfers:				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total contributions and transfers	-	-	-	-
Change in net assets	78,596	(720,312)	(952,772)	-
Net assets (deficit) at beginning of year	532,629	(7,376,681)	448,440	122,018
Net assets (deficit) at end of year	\$ 611,225	(8,096,993)	(504,332)	122,018



Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2004	2003
<u>5,285,709</u>	<u>914,612</u>	<u>3,619,144</u>	<u>3,890,269</u>	<u>275,148</u>	<u>20,687,114</u>	<u>21,714,885</u>
<u>5,285,709</u>	<u>914,612</u>	<u>3,619,144</u>	<u>3,890,269</u>	<u>275,148</u>	<u>20,687,114</u>	<u>21,714,885</u>
4,616,549	797,574	2,555,067	3,829,812	274,480	14,570,871	13,941,410
-	-	-	-	-	5,876,143	(768,005)
<u>1,342,904</u>	<u>40,837</u>	<u>1,092,345</u>	<u>126,800</u>	<u>36,003</u>	<u>2,643,866</u>	<u>2,703,482</u>
<u>5,959,453</u>	<u>838,411</u>	<u>3,647,412</u>	<u>3,956,612</u>	<u>310,483</u>	<u>23,090,880</u>	<u>15,876,887</u>
<u>(673,744)</u>	<u>76,201</u>	<u>(28,268)</u>	<u>(66,343)</u>	<u>(35,335)</u>	<u>(2,403,766)</u>	<u>5,837,998</u>
237	6,715	-	-	-	79,511	108,587
(36,840)	-	(87,316)	(33,386)	(3,194)	(160,736)	(227,755)
(3,724)	-	-	-	-	(3,724)	(4,266)
-	-	-	-	-	(80,211)	-
<u>-</u>	<u>29,729</u>	<u>161,635</u>	<u>1,571</u>	<u>-</u>	<u>282,376</u>	<u>317,379</u>
<u>(40,327)</u>	<u>36,444</u>	<u>74,319</u>	<u>(31,815)</u>	<u>(3,194)</u>	<u>117,216</u>	<u>193,945</u>
<u>(714,071)</u>	<u>112,645</u>	<u>46,051</u>	<u>(98,158)</u>	<u>(38,529)</u>	<u>(2,286,550)</u>	<u>6,031,943</u>
-	-	-	-	-	-	422,000
<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(1,463,200)</u>
<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(1,041,200)</u>
(714,071)	(287,355)	46,051	(98,158)	(38,529)	(2,686,550)	4,990,743
<u>3,549,381</u>	<u>822,922</u>	<u>2,224,906</u>	<u>(614,935)</u>	<u>26,398</u>	<u>(264,922)</u>	<u>(5,255,665)</u>
<u>2,835,310</u>	<u>535,567</u>	<u>2,270,957</u>	<u>(713,093)</u>	<u>(12,131)</u>	<u>(2,951,472)</u>	<u>(264,922)</u>



CITY OF SAN BERNARDINO  
Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2004

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Cash flows from operating activities:				
Cash received from user departments	\$ 202,884	4,038,748	2,460,600	-
Cash payments to suppliers for goods and services	(124,288)	(809,287)	(757,547)	-
Cash payments for claims	-	(2,692,269)	(1,870,070)	-
Cash payments to employees for services	-	(296,035)	(192,242)	-
Cash received for other activities	-	-	89,441	-
Net cash provided by (used for) operating activities	78,596	241,157	(269,818)	-
Cash flows from noncapital financing activities:				
Cash received from other funds	-	-	-	-
Cash paid to other funds	-	(241,157)	(66,191)	-
Net cash provided by (used for) noncapital financing activities	-	(241,157)	(66,191)	-
Cash flows from capital and related financing activities:				
Cash paid for acquisition of capital assets	-	-	(7,399)	-
Cash received from issuance of debt	-	-	-	-
Principal payments on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Net cash provided by (used for) capital and related financing activities	-	-	(7,399)	-
Cash flows from investing activities:				
Interest received	-	-	87,536	-
Net cash provided by (used for) investing activities	-	-	87,536	-
Net increase (decrease) in cash and cash equivalents	78,596	-	(255,872)	-
Cash and cash equivalents at beginning of year	532,629	-	255,872	122,018
Cash and cash equivalents at end of year	\$ 611,225	-	-	122,018



Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2004	2003
5,280,718	923,317	3,619,269	3,890,269	279,457	20,695,262	21,694,228
(2,925,844)	(692,882)	(1,258,326)	(3,779,083)	(136,190)	(10,483,447)	(11,122,873)
-	-	-	-	-	(4,562,339)	(3,837,551)
(1,638,096)	(115,760)	(1,312,412)	(121,297)	(120,711)	(3,796,553)	(3,579,372)
-	29,729	161,635	(66,343)	-	214,462	332,797
<u>716,778</u>	<u>144,404</u>	<u>1,210,166</u>	<u>(76,454)</u>	<u>22,556</u>	<u>2,067,385</u>	<u>3,487,229</u>
-	-	-	210,761	27,340	238,101	434,162
-	(400,000)	-	-	-	(707,348)	(4,010,031)
-	(400,000)	-	210,761	27,340	(469,247)	(3,575,869)
(99,771)	(37,870)	(832,204)	-	-	(977,244)	(2,074,853)
-	-	-	-	-	-	412,245
(357,241)	-	(693,556)	(100,921)	(46,702)	(1,198,420)	(1,492,693)
(36,840)	-	(87,316)	(33,386)	(3,194)	(160,736)	(227,755)
<u>(493,852)</u>	<u>(37,870)</u>	<u>(1,613,076)</u>	<u>(134,307)</u>	<u>(49,896)</u>	<u>(2,336,400)</u>	<u>(3,383,056)</u>
237	6,715	-	-	-	94,488	127,139
237	6,715	-	-	-	94,488	127,139
223,163	(286,751)	(402,910)	-	-	(643,774)	(3,344,557)
<u>1,224,941</u>	<u>653,127</u>	<u>2,016,102</u>	<u>-</u>	<u>-</u>	<u>4,804,689</u>	<u>8,149,246</u>
<u>1,448,104</u>	<u>366,376</u>	<u>1,613,192</u>	<u>-</u>	<u>-</u>	<u>4,160,915</u>	<u>4,804,689</u>

(Continued)



CITY OF SAN BERNARDINO  
Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2004

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Operating income (loss)	\$ 78,596	(720,312)	(1,034,561)	-
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	1,013	3,964	-
Net increase (decrease) in investment fair value	-	-	(80,211)	-
(Increase) decrease in other receivables	-	-	-	-
(Increase) decrease in inventories	-	-	-	-
(Increase) decrease in prepaid items	-	(1,497)	29,949	-
(Increase) decrease in due from other governmental agencies	-	3,569	-	-
(Increase) decrease in other assets	-	-	89,441	-
Increase (decrease) in accounts payable	-	(58,680)	535,658	-
Increase (decrease) in claims and judgments payable	-	1,013,161	180,800	-
Increase (decrease) in compensated absences	-	3,903	5,142	-
Total adjustments	-	961,469	764,743	-
Net cash provided by (used for) operating activities	\$ 78,596	241,157	(269,818)	-
Noncash financing activities:				
Acquisition of fixed assets	\$ -	-	-	-
Issuance of capital leases	-	-	-	-
Totals	\$ -	-	-	-



Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals	
					2004	2003
<u>(673,744)</u>	<u>76,201</u>	<u>(28,268)</u>	<u>(66,343)</u>	<u>(35,335)</u>	<u>(2,403,766)</u>	<u>5,837,998</u>
1,342,904	40,837	1,092,345	126,800	36,003	2,643,866	2,703,482
-	-	-	-	-	(80,211)	-
(4,583)	(1,814)	-	-	(278)	(6,675)	(1,509)
129,061	-	-	-	-	129,061	(80,818)
50	-	(75)	(792)	-	27,635	(32,449)
(408)	10,519	125	-	4,587	18,392	(65,317)
-	29,729	161,635	1,571	-	282,376	317,379
(103,056)	(11,357)	(39,402)	(138,438)	2,025	186,750	(496,292)
-	-	-	-	-	1,193,961	(4,735,226)
<u>26,554</u>	<u>289</u>	<u>23,806</u>	<u>748</u>	<u>15,554</u>	<u>75,996</u>	<u>39,981</u>
<u>1,390,522</u>	<u>68,203</u>	<u>1,238,434</u>	<u>(10,111)</u>	<u>57,891</u>	<u>4,471,151</u>	<u>(2,350,769)</u>
<u>716,778</u>	<u>144,404</u>	<u>1,210,166</u>	<u>(76,454)</u>	<u>22,556</u>	<u>2,067,385</u>	<u>3,487,229</u>
(446,759)	-	-	-	-	(446,759)	-
<u>446,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,759</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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## **Agency Funds**

The City maintains the following Agency Funds for the purposes indicated:

### **Assessment District #961**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

### **Assessment District #977A**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

### **Assessment District #977B**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

### **Assessment District #1003**

For the collection of assessment from property owners and for the remittance of such assessment to bondholders as required by the Improvement Bond Act of 1915 and related California State statutes for this district

### **Industrial Revenue Bonds**

For collection of revenue and payment of debt service related to Industrial Revenue Bonds issued by the City

### **Community Facilities District #995**

For the collection of special taxes from property owners and for the remittance of such special taxes to bondholders as required by the Mello Roos Community Facilities District Act of 1982 and related California State statutes for this district

### **Special Deposits**

For deposits made by developers, other government agencies or others for disposition under the terms for which the deposits were made

### **Cemetery Perpetual Care**

For funds collected for the perpetual maintenance of the City owned and operated Cemetery

### **Payroll Trust Fund**

For the disposition of funds charged to departments for the payment of wages, related withholding and retirement benefits



CITY OF SAN BERNARDINO  
Agency Funds

Combining Balance Sheet

June 30, 2004

	Assessment District # 961	Assessment District # 977A	Assessment District # 977B	Assessment District # 1003
<u>Assets</u>				
Cash and investments (note 2)	\$ 2,403,174	1,147	1,233	211,614
Cash and investments with fiscal agent (note 2)	-	131,906	207,715	-
Accounts receivable	-	-	-	-
Interest receivable	13,600	6	5	1,197
Due from other government agencies	-	753	1,647	2,117
Prepaid expense	-	-	-	-
	\$ 2,416,774	133,812	210,600	214,928
Total assets	\$ 2,416,774	133,812	210,600	214,928
<u>Liabilities</u>				
Accounts payable	\$ -	-	-	-
Deposits payable	-	-	-	-
Due to bondholders	2,416,774	133,812	210,600	214,928
	\$ 2,416,774	133,812	210,600	214,928
Total liabilities	\$ 2,416,774	133,812	210,600	214,928



Industrial Revenue Bonds	Community Facilities District # 995	Special Deposits	Cemetery Perpetual Care	Payroll Trust Fund	Totals	
					2004	2003
69,351	5,547	6,001,080	635,963	1,081,406	10,410,515	9,650,936
-	-	-	-	-	339,621	330,090
-	-	24,034	-	-	24,034	5,090
-	31	3,430	-	-	18,269	28,817
-	-	25,966	-	-	30,483	8,596
-	-	8	-	-	8	5,127
<u>69,351</u>	<u>5,578</u>	<u>6,054,518</u>	<u>635,963</u>	<u>1,081,406</u>	<u>10,822,930</u>	<u>10,028,656</u>
-	-	184,200	-	-	184,200	319,548
69,351	5,578	5,870,318	635,963	1,081,406	7,662,616	6,786,534
-	-	-	-	-	2,976,114	2,922,574
<u>69,351</u>	<u>5,578</u>	<u>6,054,518</u>	<u>635,963</u>	<u>1,081,406</u>	<u>10,822,930</u>	<u>10,028,656</u>



CITY OF SAN BERNARDINO  
Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 2004

	Balance at June 30, 2003	Additions	Deletions	Balance at June 30, 2004
<u>Assessment District # 961</u>				
Assets:				
Cash and investments	\$ 2,360,383	1,083,469	1,040,678	2,403,174
Receivables:				
Interest	21,227	13,600	21,227	13,600
Total assets	\$ 2,381,610	1,097,069	1,061,905	2,416,774
Liabilities:				
Due to bondholders	\$ 2,381,610	1,097,069	1,061,905	2,416,774
Total liabilities	\$ 2,381,610	1,097,069	1,061,905	2,416,774
 <u>Assessment District # 977A</u>				
Assets:				
Cash and investments	\$ 2,109	62,361	63,323	1,147
Cash and investments with fiscal agent	127,720	57,294	53,108	131,906
Receivables:				
Interest	19	6	19	6
Due from other governmental agencies	121	753	121	753
Total assets	\$ 129,969	120,414	116,571	133,812
Liabilities:				
Due to bondholders	\$ 129,969	120,414	116,571	133,812
Total liabilities	\$ 129,969	120,414	116,571	133,812

(Continued)



CITY OF SAN BERNARDINO  
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	<u>Balance at June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2004</u>
<u>Assessment District # 977B</u>				
Assets:				
Cash and investments	\$ 2,386	98,650	99,803	1,233
Cash and investments with fiscal agent	202,369	93,040	87,694	207,715
Receivables:				
Interest	21	5	21	5
Due from other governmental agencies	<u>1,051</u>	<u>1,647</u>	<u>1,051</u>	<u>1,647</u>
Total assets	<u>\$ 205,827</u>	<u>193,342</u>	<u>188,569</u>	<u>210,600</u>
Liabilities:				
Due to bondholders	<u>\$ 205,827</u>	<u>193,342</u>	<u>188,569</u>	<u>210,600</u>
Total liabilities	<u>\$ 205,827</u>	<u>193,342</u>	<u>188,569</u>	<u>210,600</u>
 <u>Assessment District # 1003</u>				
Assets:				
Cash and investments	\$ 201,320	87,096	76,802	211,614
Receivables:				
Interest	1,810	1,197	1,810	1,197
Due from other government agencies	<u>2,038</u>	<u>2,117</u>	<u>2,038</u>	<u>2,117</u>
Total assets	<u>\$ 205,168</u>	<u>90,410</u>	<u>80,650</u>	<u>214,928</u>
Liabilities:				
Due to bondholders	<u>\$ 205,168</u>	<u>90,410</u>	<u>80,650</u>	<u>214,928</u>
Total liabilities	<u>\$ 205,168</u>	<u>90,410</u>	<u>80,650</u>	<u>214,928</u>

(Continued)



CITY OF SAN BERNARDINO  
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at June 30, 2003	Additions	Deletions	Balance at June 30, 2004
<u>Industrial Revenue Bonds</u>				
Assets:				
Cash and investments	\$ 69,351	-	-	69,351
Total assets	\$ 69,351	-	-	69,351
Liabilities:				
Deposits payable	\$ 69,351	-	-	69,351
Total liabilities	\$ 69,351	-	-	69,351
 <u>Community Facilities District # 995</u>				
Assets:				
Cash and investments	\$ 4,832	715	-	5,547
Cash and investments with fiscal agent	1	-	1	-
Receivables:				
Interest	44	31	44	31
Total assets	\$ 4,877	746	45	5,578
Liabilities:				
Deposits payable	\$ 4,877	746	45	5,578
Total liabilities	\$ 4,877	746	45	5,578

(Continued)



CITY OF SAN BERNARDINO  
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at June 30, 2003	Additions	Deletions	Balance at June 30, 2004
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 5,092,031	6,389,657	5,480,608	6,001,080
Receivables:				
Accounts	5,090	24,034	5,090	24,034
Interest	5,696	3,430	5,696	3,430
Prepaid items	4,877	8	4,877	8
Due from other governmental agencies	5,386	25,966	5,386	25,966
Total assets	\$ 5,113,080	6,443,095	5,501,657	6,054,518
Liabilities:				
Accounts payable	\$ 233,975	184,200	233,975	184,200
Deposits payable	4,879,105	6,258,895	5,267,682	5,870,318
Total liabilities	\$ 5,113,080	6,443,095	5,501,657	6,054,518
<u>Cemetery Perpetual Care</u>				
Assets:				
Cash and investments	\$ 631,519	4,529	85	635,963
Total assets	\$ 631,519	4,529	85	635,963
Liabilities:				
Deposits payable	\$ 631,519	4,529	85	635,963
Total liabilities	\$ 631,519	4,529	85	635,963

(Continued)



CITY OF SAN BERNARDINO  
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at June 30, 2003	Additions	Deletions	Balance at June 30, 2004
<u>Payroll Trust Fund</u>				
Assets:				
Cash and investments	\$ 1,287,005	90,069,715	90,275,314	1,081,406
Prepaid expense	250	-	250	-
Total assets	\$ 1,287,255	90,069,715	90,275,564	1,081,406
Liabilities:				
Accounts payable	\$ 85,573	-	85,573	-
Deposits payable	1,201,682	90,069,715	90,189,991	1,081,406
Total liabilities	\$ 1,287,255	90,069,715	90,275,564	1,081,406
 <u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 9,650,936	97,796,192	97,036,613	10,410,515
Cash and investments with fiscal agent	330,090	150,334	140,803	339,621
Receivables:				
Accounts	5,090	24,034	5,090	24,034
Interest	28,817	18,269	28,817	18,269
Due from other governmental agencies	8,596	30,483	8,596	30,483
Prepaid expense	5,127	8	5,127	8
Total assets	\$ 10,028,656	98,019,320	97,225,046	10,822,930
Liabilities:				
Accounts payable	\$ 319,548	184,200	319,548	184,200
Deposits payable	6,786,534	96,333,885	95,457,803	7,662,616
Due to bondholders	2,922,574	1,501,235	1,447,695	2,976,114
Total liabilities	\$ 10,028,656	98,019,320	97,225,046	10,822,930



STATISTICAL SECTION



CITY OF SAN BERNARDINO

GENERAL GOVERNMENTAL REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(In Thousands)

<u>Fiscal Year Ended June 30</u>	<u>Property Taxes</u>	<u>Other Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeits</u>	<u>Use of Money and Property</u>	<u>Inter Governmental</u>	<u>Charges for Services</u>	<u>Other Revenues</u>	<u>Total</u>
1995	29,048	39,604	5,009	1,362	10,464	36,953	3,827	4,431	130,698
1996	29,147	40,996	5,084	724	8,398	32,436	4,549	9,943	131,277
1997	29,391	41,449	5,175	814	7,927	36,796	3,901	2,633	128,086
1998	23,705	42,543	5,299	832	9,477	39,256	4,887	2,994	128,993
1999	24,450	43,921	5,425	1,411	8,453	41,879	5,272	5,773	136,584
2000	24,673	45,243	5,931	1,431	6,172	39,707	6,462	4,558	134,177
2001	25,457	49,989	6,225	1,561	9,161	39,492	6,737	6,288	144,910
2002	26,484	52,807	6,735	1,541	6,539	38,908	7,467	7,141	147,622
2003	27,431	56,692	7,262	1,560	6,053	39,313	9,513	11,584	159,408
2004	30,298	61,458	7,877	1,758	5,397	46,349	10,067	10,856	174,060



CITY OF SAN BERNARDINO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

(In Thousands)

<u>Fiscal Year Ended June 30</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Public Works</u>	<u>Culture and Recreation</u>	<u>Community Development Redevelopment</u>	<u>Community Service</u>	<u>Economic Development</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
1995	21,243	44,822		10,968	7,977	30,760			15,900	16,765	148,435
1996	22,356	45,688		9,957	7,906	37,733			21,062	18,973	163,675
1997	42,634	47,625		9,162	6,939	8,260			12,383	41,648	168,651
1998	28,461	51,331		11,774	6,467	7,373			15,051	20,291	140,748
1999	25,518	54,888		12,049	6,320	11,466			12,799	20,647	143,687
2000	19,814	57,818		12,459	6,299	10,027			10,524	21,499	138,440
2001	17,613	59,041		12,565	7,083	9,440			11,741	28,307	145,790
2002	14,869	65,805	15,900		7,671	9,629	8,563	10,798		27,274	160,509
2003	15,318	69,743	17,174		6,901	12,763	10,827	15,039		21,114	168,879
2004	18,561	73,516	17,101		7,450	20,292	6,978	17,594		22,702	184,194

Note: Changes in format commencing fiscal year ended June 30, 2002, are due to GASB 34 reporting changes.



CITY OF SAN BERNARDINO

ASSESSED VALUATIONS

LAST TEN FISCAL YEARS

	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>	<u>Total After Rdv. Increment</u>
1994-95	5,049,552,067	27,924,635	440,499,105	5,517,975,807	3,745,265,455
1995-96	5,016,102,119	33,972,416	464,202,379	5,514,276,914	3,772,429,177
1996-97	5,050,173,382	34,401,872	425,903,300	5,510,478,554	3,792,490,673
1997-98	4,990,803,794	32,514,981	443,192,777	5,466,511,552	3,818,560,002
1998-99	5,039,639,802	38,281,800	441,255,042	5,519,176,644	3,856,207,176
1999-00	5,110,172,422	37,427,381	449,328,873	5,596,928,676	3,889,385,316
2000-01	5,210,691,429	37,726,029	446,251,211	5,694,668,669	3,933,968,675
2001-02	5,396,894,051	40,763,295	501,263,043	5,938,920,389	4,021,058,224
2002-03	5,617,337,264	35,780,992	510,143,037	6,163,261,293	4,131,626,923
2003-04	6,073,348,053	32,556,854	553,533,999	6,659,438,906	4,374,324,944

Source: San Bernardino County Auditor/Controller



CITY OF SAN BERNARDINO

LISTING OF TOP 25 PROPERTY OWNERS BY ASSESSED VALUE

<u>Property Owner</u>	<u>Number of Parcels</u>	<u>2002 Assessed Value</u>
Catholic Healthcare West, Southern California	1	\$ 101,698,219
St. Bernardine Hospital/Medical Center Foundation	17	47,973,462
Pera Castlepark, Inc.	3	39,366,000
CNP & Media News Group	2	27,031,223
Rancon Realty Fund IV	13	22,626,272
Kohl's Department Stores, Inc.	1	21,907,600
Capital Foresight - San Bernardino	1	21,600,000
RRF V Tri City	3	20,160,792
Universe at Acacia LLC	1	19,400,000
6155 Palm Avenue Apartments LLC	1	18,054,000
Stater Bros Markets	20	15,846,217
Rancon Realty Fund V	17	14,662,727
San Bernardino Community Hospital	8	13,914,897
Yellow Freight System, Inc.	1	13,190,399
Delta Investors II LLC	1	12,970,084
California Newspapers Partnership	3	11,259,416
Costco Wholesale Corporation	1	10,716,279
SB Tri-City Associates	1	10,469,242
Cinemastar Luxery Theaters, Inc.	1	10,404,000
Roman Catholic Bishop of San Bernardino	29	9,127,990
Central City Companu LLC	7	8,736,700
Secretary of Housing & Urban Development	106	8,714,043
RRF IV Tri-City	6	8,705,822
Home Depot USA	3	8,464,472
C & M Fine Pack, Inc.	1	5,775,000
<b>Grand Total</b>		<b>\$ 502,774,856</b>

Source: City of San Bernardino, Real Property Section



CITY OF SAN BERNARDINO  
LISTING OF TOP 25 SALES TAX GENERATORS  
CALENDAR YEAR 2003  
IN ALPHABETICAL ORDER

Acoustical Material Services  
Arco AM/PM Mini Mart  
Barr Lumber Company  
Best Buy Stores  
Center Chevrolet  
Chaparral Motor Supply  
Circuit City  
Costco Wholesale  
Crest Chevrolet  
Eastman Office Supplies  
Fairview Ford Sales  
Home Depot  
Home Lumber Company  
Inland Valley Pontiac/GMC/Buick  
La Mesa RV Center  
Metro Nissan of San Bernardino  
Moss Bros. Dodge  
Robinson-May Department Store  
Sam's Club  
Sears Roebuck & Company  
Shaver Auto Center  
Stater Bros. Markets  
Target Stores  
Toyota of San Bernardino  
Wal-Mart Store

Source: MBIA MuniServices Company



**CITY OF SAN BERNARDINO**  
**Schedule of Direct and Overlapping Bonded Debt**

2003-04 Assessed Valuation:	\$6,659,438,906
Redevelopment Incremental Valuation:	<u>2,285,113,962</u>
Adjusted Assessed Valuation:	4,374,324,944

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>%Applicable</u>	<u>Debt 6/30/04</u>
San Bernardino Community College District	16.495 %	\$11,546,500
Colton Joint Unified School District	4.054	1,142,823
Redlands Unified School District	1.287	597,278
Rialto Unified School District	11.340	6,511,432
San Bernardino City Unified School District	71.641	29,074,200
City of San Bernardino CFD No. 995	100.000	2,515,000
City of San Bernardino 1915 Act Bonds	100.000	4,690,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<u>\$56,077,233</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
San Bernardino County General Fund Obligations	5.650 %	\$54,572,503
San Bernardino County Pension Obligations	5.650	45,045,788
Colton Joint Unified School District Certificates of Participation	4.054	361,009
Redlands Unified School District Certificates of Participation	1.287	156,004
Rialto Unified School District Certificates of Participation	11.340	1,335,852
San Bernardino City Unified School Dist. Cert. of Participation	71.641	40,835,370
City of San Bernardino General Fund Obligations	100.000	35,372,264
San Bdn Valley Muni Water Dist Cert of Part.	23.337	1,557,745
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<u>\$179,236,535</u>
Less: City of San Bernardino self-supporting issues		7,485,240
San Bernardino Valley Muni Water Dist Certificates of Part		1,557,745
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<u>\$170,193,550</u>

GROSS COMBINED TOTAL DEBT	\$235,313,768 (1)
NET COMBINED TOTAL DEBT	<u>\$226,270,783</u>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2003-04 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.84 %
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Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$35,372,264)	0.81 %
Net Combined Direct Debt (\$27,887,024)	0.64 %
Gross Combined Total Debt	5.38 %
Net Combined Total Debt	5.17 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04:      \$111

Source: California Municipal Statistics, Inc.



CITY OF SAN BERNARDINO

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2004

Total assessed value of all real and personal property:	<u>1,093,581,236</u>
Legal Debt Limit: 15% of assessed valuation	164,037,185
Amount of debt applicable to debt limit:	<u>28,090,000</u>
Legal Debt Margin:	<u>135,947,185</u>

Source: San Bernardino County Auditor/Controller, City Finance Department

Note: The San Bernardino Redevelopment Agency is not included in the above computation.



CITY OF SAN BERNARDINO  
SCHEDULE OF INSURANCE IN FORCE

As of June 30, 2004

<u>Coverage</u>	<u>Limits</u>	<u>Carrier</u>	<u>Expiration</u>
General Liability incl. Auto Liability	\$1,000,000	Self-insured	Indefinite
Excess Liability	\$22,000,000 Total: \$20,000,000 excess of City's \$1,000,000 SIR (plus City share of 50% of \$1,000,000 excess of SIR)	Big Independent Cities Excess Pool (BICEP) with Evanston Ins. Co., Claredon American Ins. Co., and Interstate Ins. Group	July 2005
Workers' Compensation	\$1,000,000	Self-insured	Indefinite
Excess Workers' Compensation	\$45,000,000 excess of \$5,000,000 (CSAC EIA) excess of \$1,000,000 SIR	CSAC EIA, reinsured by American Re-Insurance Company	July 2005
Auto Liability (Animal Control for City of Fontana)	\$1,000,000	National Liability & Fire Insurance Co.	April 2005
Commercial Liability for CID (Ctr. For Individuals Development)	\$1,000,000	Western World Insurance Co.	April 2005
Special Events General Liability	\$1,000,000	Evanston Insurance Co.	January 2005
Crime/Employee Dishonesty	\$250,000	St Paul Travelers Insurance Co.	July 2005
Public Official Bonds	Varies from \$1,000-\$100,000	The Hartford Insurance Co.	Varies
Property:		Commonwealth Ins. Co. and Multiple Insurance Companies	July 2005
- All Risk	\$125,000,000		
- Earthquake & Flood	\$50,000,000		
- Boiler & Machinery	\$10,000,000		

Source: Human Resources Department, City of San Bernardino



CITY OF SAN BERNARDINO

DEMOGRAPHIC STATISTICS

<u>Year</u>	<u>City of San Bernardino</u>		<u>County of San Bernardino</u>		<u>City Population as a Percentage of County</u>
	<u>Population</u>	<u>Percentage Increase</u>	<u>Population</u>	<u>Percentage Increase</u>	
1987	140,851	2.64	1,167,175	5.19	12.07
1988	148,370	5.34	1,239,967	6.24	11.97
1989	153,660	3.57	1,324,611	6.83	11.60
1990	159,923	4.08	1,423,760	7.49	11.23
1991	171,562	7.28	1,471,292	3.34	11.66
1992	175,813	2.48	1,530,562	4.03	11.49
1993	181,043	2.97	1,556,251	1.68	11.63
1994	184,397	1.85	1,591,780	2.28	11.58
1995	185,942	0.84	1,618,158	1.66	11.49
1996	181,701	-2.28	1,589,470	-1.77	11.43
1997	180,306	-0.77	1,587,387	-0.13	11.36
1998	182,554	1.25	1,621,874	2.17	11.26
1999	184,986	1.33	1,654,007	1.98	11.18
2000	186,351	0.74	1,689,281	2.13	11.03
2001	190,232	2.08	1,764,334	4.44	10.78
2002	189,800	-0.23	1,783,700	1.10	10.64
2003	194,100	2.27	1,833,000	2.76	10.59
2004	196,300	1.13	1,886,500	2.92	10.41

Source: California Department of Finance, Demographic Research Unit



## CITY OF SAN BERNARDINO

### MISCELLANEOUS STATISTICAL INFORMATION

As of June 30, 2004

Date of Incorporation (General Law):	1854
Form of Government	City Charter/Strong Mayor
Land Area:	59.44 square miles
Population:	194,120
Miles of Streets:	621
Number of Street Lights (City maintained):	5,000
Number of Street Lights (leased from SCE):	6,351
Street Traffic Controllers (signals):	246
Street Traffic Controllers (Ped-xing):	21
Recreation and Parks:	
Number of Parks:	43
Number of Acres:	510.078
Municipal Water Utility:	
Customers:	42,608
Gallons Delivered:	15,116 million
Miles of Water Main:	590.0
Municipal Sewer Utility:	
Customers:	36,793
Miles of Sanitary Sewer:	507
Police Protection/Public Safety:	
Number of Stations:	1
Sworn Personnel:	301
Non-Sworn Personnel:	159
Number of Responded Calls	109,106
Response Times:	
Dispatcher:	2:15 minutes
Officer:	4:03 minutes
Fire Protection	
Number of Stations:	12
Sworn Personnel:	156
Non-Sworn Personnel:	38
Number of Responded Calls	24,632
Response Times:	
All Categories:	5.9 minutes

Source: Various City departments



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