CITY OF SAN BERNARDINO, CALIFORNIA

CITY OF

San Bernardino

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2003

CITY OF SAN BERNARDINO, CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2003

Prepared by

FINANCE DEPARTMENT

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CITY OF SAN BERNARDINO

Comprehensive Annual Financial Report

Year ended June 30, 2003

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i
Roster of City Officials	v
Organization Chart	vi
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20
Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Assets	25
Statement of Revenues, Expenditures and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Proprietary Funds:	
Statement of Net Assets	30
Statement of Revenues, Expenses and Changes in Fund Net Assets	34
Statement of Cash Flows	36

CITY OF SAN BERNARDINO

Comprehensive Annual Financial Report

Year ended June 30, 2003

TABLE OF CONTENTS, (CONTINUED)

	Page
FINANCIAL SECTION, (CONTINUED)	
Agency Funds:	
Statement of Fiduciary Assets and Liabilities	40
Notes to Basic Financial Statements	41
Required Supplementary Information:	
Notes to Required Supplementary Information	103
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	105
Major Special Revenue Funds:	
Federal and State Programs Fund	110
Economic Development Agency Fund	111
Supplementary Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	113
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	114
Nonmajor Special Revenue Funds:	
Combining Balance Sheet – Nonmajor Special Revenue Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	122
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Library Fund	126
Cemetery Fund	127
Cable TV Fund	128
Asset Seizure Fund	129

CITY OF SAN BERNARDINO

Comprehensive Annual Financial Report

Year ended June 30, 2003

TABLE OF CONTENTS, (CONTINUED)

	Page
FINANCIAL SECTION, (CONTINUED)	
Alternative Transportation Fund	130
Local Transportation Fund	131
Animal Control Fund	132
Traffic Congestion Fund	133
Special Gas Tax Fund	134
Traffic Safety Fund	135
Sewerline Maintenance Fund	136
Sales and Road Fund	137
Baseball Stadium Fund	138
Soccer Field Fund	139
Major and Nonmajor Debt Service Funds:	
Combining Balance Sheet – Nonmajor Debt Service Funds	142
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	143
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Assessment District #971 Fund	144
Assessment District #985 Fund	145
Assessment District #987 Fund	146
Assessment District #1015 Fund	147
Verdemont Improvement Loan Fund	148
Economic Development Agency Fund	149
Major and Nonmajor Capital Projects Funds:	
Combining Balance Sheet – Nonmajor Capital Projects Funds	152
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	156
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Public Park Extension Fund	159
Park Construction Fee Fund	160
Cemetery Construction Fund	161
Public Improvements Fund	162
Storm Drain Construction Fund	163
Special Assessments Fund	164
Cultural Development Construction Fee Fund	165

CITY OF SAN BERNARDINO

Comprehensive Annual Financial Report

Year ended June 30, 2003

TABLE OF CONTENTS, (CONTINUED)

	Page
FINANCIAL SECTION, (CONTINUED)	
Traffic Systems Fund	166
Street Lighting/Sweeping Fund	167
Assessment District #1015 Fund	168
City Hall Refunding Fund	169
Fire Equipment Acquisition Fund	170
Street Construction Fund	171
Sewerline Construction Fund	172
Economic Development Agency Fund	173
Internal Service Funds:	
Combining Statement of Net Assets	176
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	178
Combining Statement of Cash Flows	180
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities	186
STATISTICAL SECTION	
General Governmental Revenues by Source	192
General Governmental Expenditures by Function	193
Assessed Valuations	194
Listing of Top 25 Property Owners by Assessed Value	195
Listing of Top 25 Sales Tax Generators	196
Schedule Direct and Overlapping Bonded Debt	197
Computation of Legal Debt Margin	198
Schedule of Insurance In Force	199
Demographics Statistics	200
Miscellaneous Statistical Information	201

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www.ci.san-bernardino.ca.us

November 4, 2003

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, 2003.

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, 2003, 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, 2003, 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.

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 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 less than 1,000. The average yield on investments was 4.68 percent. Investment income includes appreciation in the fair value of investments. Increases 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, 2003 for these activities is $9,478,783. Although the City has set aside $4,422,191 to meet these obligations, prior unfunded loses 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, 2002 (the most recent year for which the calculation is available), the city of San Bernardino has succeeded in funding 78% 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.

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 320 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, 2003

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

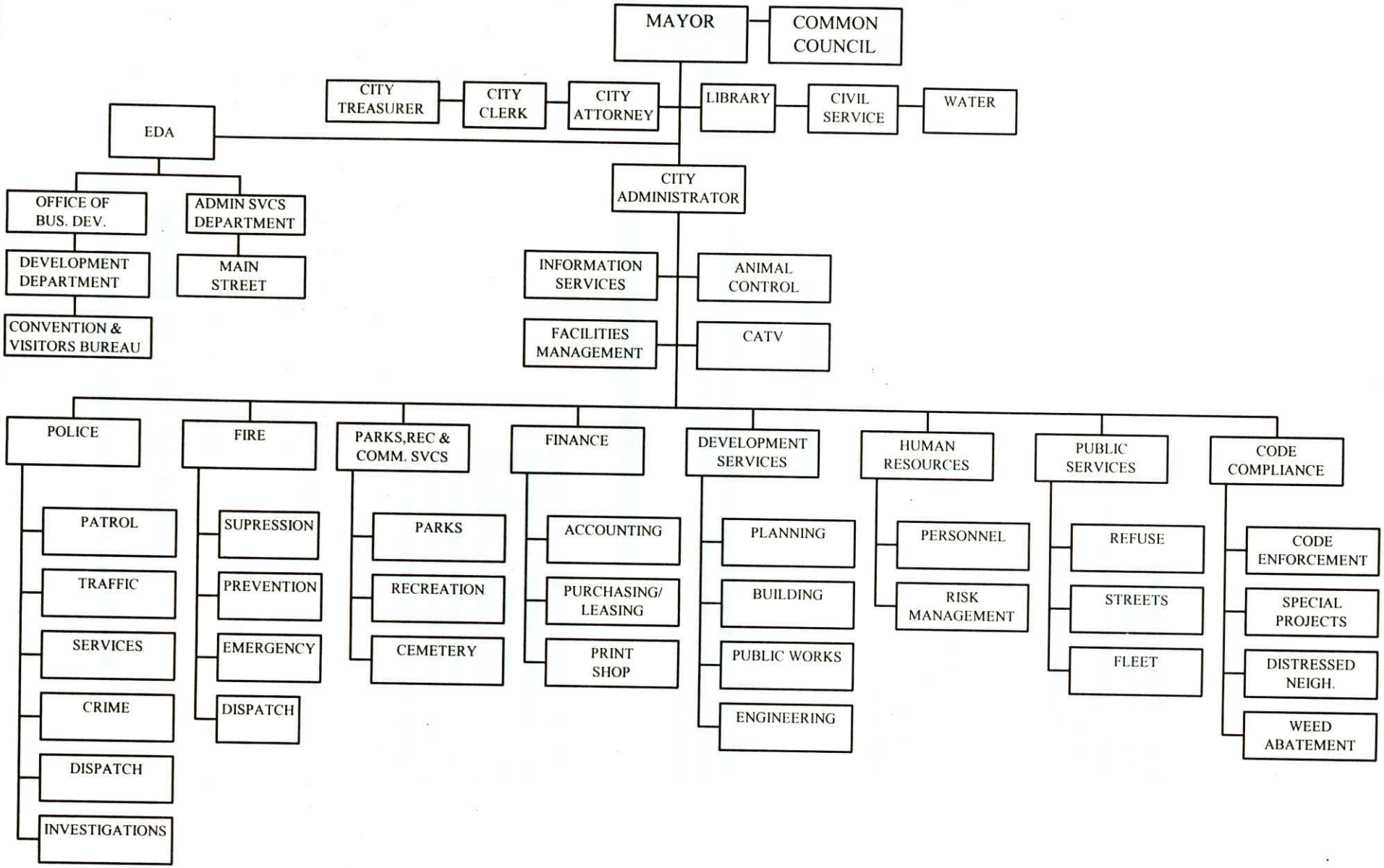
Fred Wilson	City Administrator
Gary Van Osdel	Executive Director, Economic Development Agency
Bernard Kersey	General Manager, San Bernardino Municipal Water Department

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



9/22/03

CONRAD AND ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2301 DUPONT DRIVE, SUITE 200
IRVINE, CALIFORNIA 92612
(949) 474-2020
Fax (949) 263-5520

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, 2003, 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, 2003, 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.

MEMBERS OF AICPA AND CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES PRACTICE SECTION

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 4, 2003 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 4, 2003

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, 2003. 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

	Government-wide Statements	Governmental Funds	Proprietary Funds
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	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
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, 2003 and 2002
(in millions)

	June 30, 2003			June 30, 2002		
	Governmental Activities	Business Type Activities	Total Primary Govt.	Govt. Activities	Business Type Activities	Total Primary Govt.
Current and other assets	$159.1	$ 60.2	$219.3	$159.5	$ 55.2	$214.7
Capital assets	190.1	194.9	385.0	224.2	198.7	422.9
Total assets	349.2	255.1	604.3	383.7	253.9	637.6
Long-term debt outstanding	218.9	68.2	287.1	229.8	73.7	303.5
Other liabilities	9.4	9.2	18.6	11.9	9.4	21.3
Total liabilities	228.3	77.4	305.7	241.7	83.1	324.8
Net assets:						
Invested in capital assets, net of debt	160.0	133.0	293.0	191.5	130.8	322.3
Restricted	44.1	8.7	52.8	43.1	6.1	49.2
Unrestricted	(83.2)	36.0	(47.2)	(92.6)	33.9	(58.7)
Total net assets	120.9	177.7	298.6	142.0	170.8	312.8

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

Table 2
Changes in Net Assets
Year ended June 30, 2003 and 2002
(in millions)

	June 30, 2003			June 30, 2002		
	Govt. Activities	Business Type Activities	Total	Govt. Activities	Business Type Activities	Total
Revenues						
Program revenues:						
Charges for services	$ 17.9	$ 55.7	$ 73.6	$ 15.1	$ 54.7	$69.8
Federal and state grants	31.4	7.3	38.7	25.8	6.9	32.7
General revenues:						
Sales taxes	29.9		29.9	27.1		27.1
Property taxes	26.3		26.3	25.5		25.5
Other taxes	30.8		30.8	26.5		26.5
Other general revenues	28.1	2.4	30.5	30.2	2.6	32.8
Total revenues	164.4	65.4	229.8	150.2	64.2	214.4
Program expenses:						
General government	10.1		10.1	20.3		20.3
Public safety	71.5		71.5	66.1		66.1
Streets	12.3		12.3	12.4		12.4
Culture & recreation	6.7		6.7	6.1		6.1
Community development	6.1		6.1	1.8		1.8
Economic development	20.3		20.3	17.6		17.6
Community service	11.1		11.1	8.7		8.7
Interest on long-term debt	13.0		13.0	13.1		13.1
Refuse		15.0	15.0		15.7	15.7
Water		18.8	18.8		18.8	18.8
Sewer		19.4	19.4		18.7	18.7
Total expenses	151.1	53.2	204.3	146.1	53.2	199.3
Excess (deficiency) before Special items and transfers	13.3	12.2	25.5	4.1	11.0	15.1
Transfers	1.6	(1.6)	-	1.6	(1.6)	
Increase (decrease) in net assets	14.9	10.6	25.5	5.7	9.4	15.1
Beginning net assets	106.0	167.1	273.1	136.3	161.3	297.6
Ending net assets	120.9	177.7	298.6	142.0	170.7	312.7

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 decreased by 13.8 percent ($120.9 million compared to $140.2 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 $ 83.2 million deficit at the end of this year. The net assets of the City's business-type activities increased by 4.0 percent ($177.7 million compared to $170.7 million) in 2003. 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

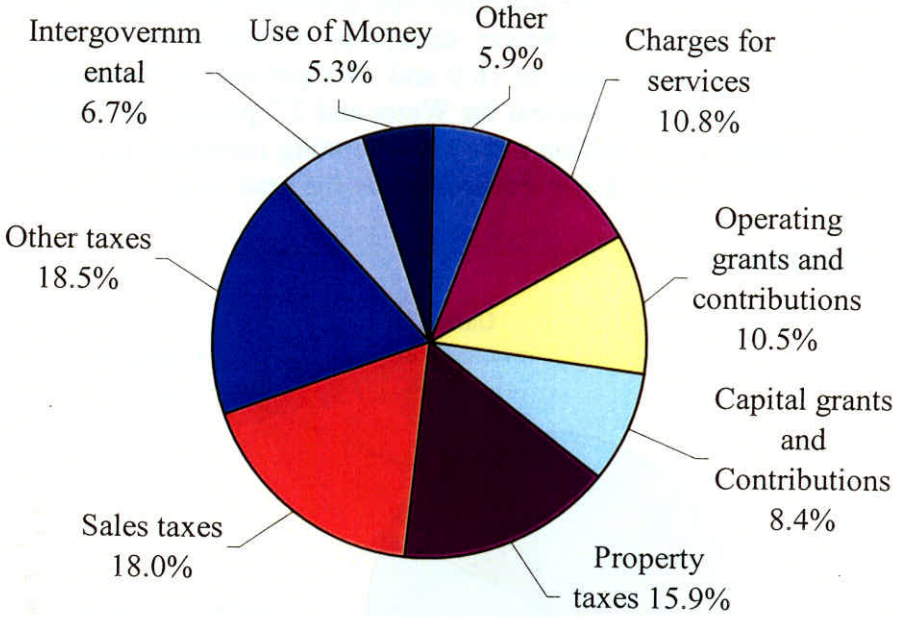
The cost of all *governmental* activities this year was $151.1 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only $101.9 million because some of the cost was paid by those who directly benefited from the programs ($17.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($31.3 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services were $49.2 million. The City paid for the remaining "public benefit" portion of governmental activities with $87.0 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:

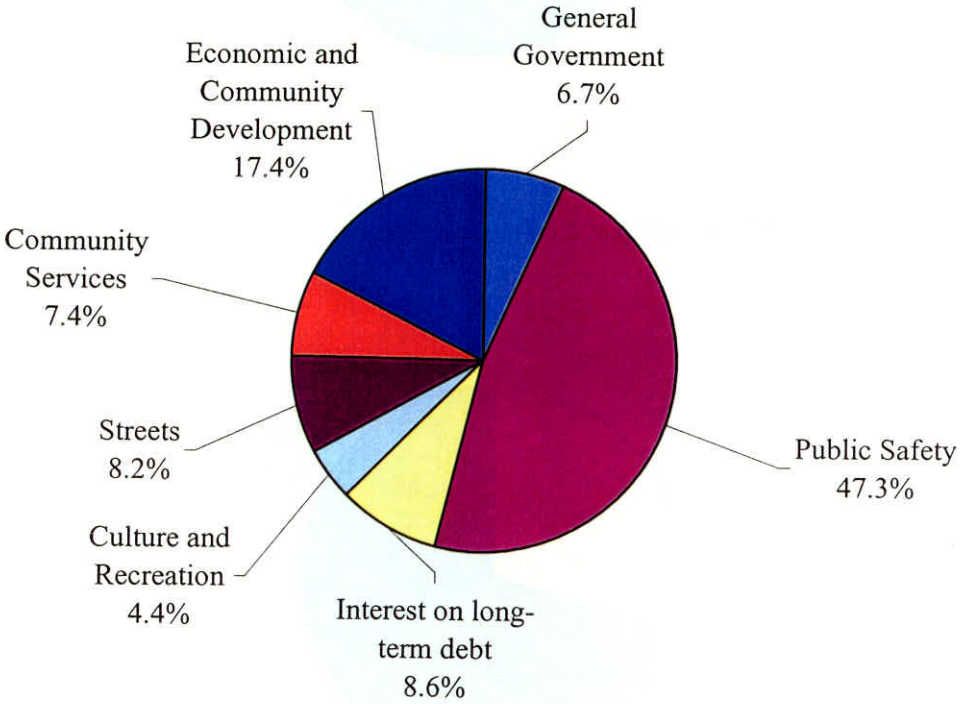
- Prior period adjustments relating to land valuations in governmental activities of $36.0 million and $3.6 million relating to capital assets and accumulated depreciation in business type activities resulted in a reduction of net assets of $39.6 million from June 30, 2002 balances to current year's beginning amounts.

- Total revenues in governmental activities increases by 9.4% ($164.4 million in 2003 vs $150.2 million in 2002).

Revenues by Source – Governmental Activities



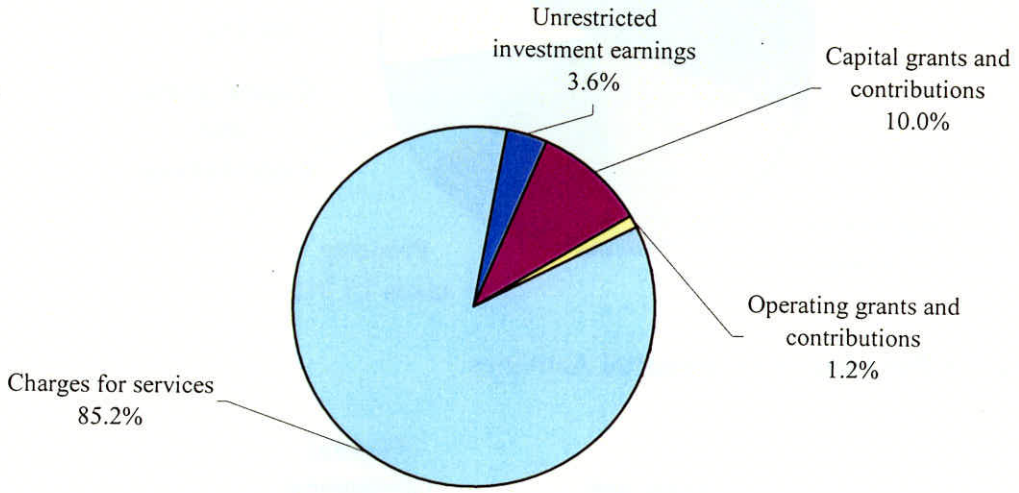
Expenses by Function – Governmental Activities



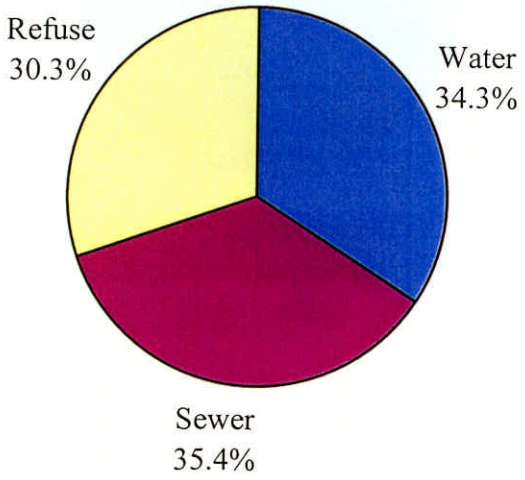
Business-Type Activities

Current years operating revenues of the City's business-type activities increased .4% for Water, increased by .6% for Refuse and in the Sewer enterprise increased by 1.2%. Capital Contributions in Water and Sewer were equal to 16.0 and 19.1 percent of operating revenues, respectively. Net assets increased by 12.2 percent for Water and 2.7 percent for Sewer. Refuse net assets for the year increased by 1.6 million after non-operating revenues and expenses and transfers which amounted to a 157% 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 $4.7 million, the designated budget reserve was $6.8 million while total fund balance fell to $12.9 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 4.7 percent of total general fund expenditures, while total fund balance represents 13.1 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 $5.2 million, with the largest increase in Taxes ($4.1 million). Sales tax increased by $2.8 million (a 10.1% increase over the prior year).

- Expenditures in the General Fund increased by $5.3 million (5.4 percent). The largest increase was in Public Safety ($5.0 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 $2.0 million in 2002/03.

Total fund balances of **Other Major Funds** related to the ***Economic Development Agency*** increased by $1.2 million for the year. Federal and State Programs (a new major fund in 2002/03) showed a decline in fund balance of $3.0 million in the current year. It is anticipated this deficiency will be revised in future years.

Major Enterprise Funds. Unrestricted net assets of the **Sewer Fund** were $21.7 million, $13.5 million for the **Water Fund** and $826,410 for the **Refuse Fund**. The total growth in net assets for the funds was $2.4 million, 6.3 million and $1.6 million 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:

- Sales Tax Revenue was $2.0 million greater than budget
- Total Revenues were $4.4 million more than budget
- General Government Expenditure were $1.1 million less than budget
- Total expenditures were $2.4 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, 2003 and 2002
(in millions)

	June 30, 2003			June 30, 2002		
	Govt Activities	Business Type Activities	Total	Govt Activities	Business Type Activities	Total
Land	$127.7	$ 15.2	$142.9	$127.7	$ 14.9	$ 146.6
Infrastructure	6.3		6.3	3.7		3.7
Buildings & Improv.	36.8	96.2	133.0	38.8	99.9	138.7
Machinery & Equip	14.1	69.2	83.3	15.5	70.8	86.3
Construction in Progress	5.3	14.4	19.7	2.2	9.4	11.6
Total	190.2	195.0	385.2	187.9	195.0	382.9

The major additions to capital assets during the year ended June 30, 2003 were as follows:

- $5.9 million of infrastructure expenditures for street improvements (including $3.1 million of construction in progress)
- $2.8 million of equipment (including $994,180 computer equipment and $897,115 in vehicles) purchased for governmental activities
- Water Department construction in progress increased by $4.9 million

LONG-TERM DEBT

At the end of the current fiscal year, the City had bonded debt outstanding of $215.3 million and additional debt of $71.8 million. Of the bonded indebtedness $142.2 million relates to tax allocation bonds, $25.1 million is revenue bonds and $47.3 million in certificates of participation and $.7 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, 2003 and 2002
(in millions)

	June 30, 2003			June 30, 2002		
	Govt Activities	Business Type Activities	Total	Govt Activities	Business Type Activities	Total
Tax Allocation Bonds	$142.2	$	$142.2	$146.2	$	$146.2
Revenue Bonds	21.5	3.6	25.1	22.9	4.6	27.5
Notes Payable	7.6	24.0	31.6	9.9	25.7	35.6
Cert. of Part.	14.5	32.8	47.3	14.8	34.4	49.2
Assmt Dist Bonds	.7	-	0.7	.7		.7
Other	32.4	7.8	40.2	35.3	9.0	44.3
Total	218.9	68.2	287.1	229.8	73.7	303.5

The City's total debt decreased by $16.4 million (5.4 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 $154,936,010 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, 2003

	Governmental Activities	Business-type Activities	Totals 2003	Totals 2002
ASSETS:				
Cash and investments (note 2)	$ 49,040,593	43,621,528	92,662,121	88,752,311
Cash and investments with fiscal agent (note 2)	24,804,508	3,949,752	28,754,260	28,642,234
Receivables (net of allowance for uncollectibles):				
Accounts	5,746,542	7,454,628	13,201,170	13,823,561
Interest	235,249	736,036	971,285	1,159,523
Notes	27,502,337	-	27,502,337	29,805,990
Other	682,328	-	682,328	1,402,455
Inventory	311,978	1,374,613	1,686,591	1,397,847
Prepaid items	80,310	79,186	159,496	608,589
Due from other governments	17,572,972	1,829,014	19,401,986	10,252,336
Land held for resale	32,398,259	-	32,398,259	36,395,133
Other assets	675,074	1,038,111	1,713,185	2,477,999
Capital assets, undepreciated (note 4)	133,032,664	29,593,157	162,625,821	190,447,717
Capital assets, net of accumulated depreciation (note 4)	57,140,574	165,453,385	222,593,959	232,449,786
Total assets	349,223,388	255,129,410	604,352,798	637,615,481
LIABILITIES:				
Accounts payable and other current liabilities	5,631,284	6,345,205	11,976,489	10,203,378
Retentions payable	194,272	-	194,272	299,831
Deferred revenue	778,285	-	778,285	2,876,266
Due to other governments	595,311	-	595,311	2,261,870
Interest payable	2,211,323	838,433	3,049,756	2,953,796
Deposits payable	-	2,024,812	2,024,812	2,764,014
Noncurrent liabilities (notes 5 to 10):				
Due within one year	15,993,271	7,095,686	23,088,957	24,323,819
Due in more than one year	202,934,121	61,149,987	264,084,108	279,187,747
Total liabilities	228,337,867	77,454,123	305,791,990	324,870,721
NET ASSETS:				
Invested in capital assets, net of related debt	159,997,876	132,932,983	292,930,859	322,307,794
Restricted for:				
Streets	9,483,497	-	9,483,497	7,614,878
Economic development	28,473,779	-	28,473,779	26,297,117
Other purposes	6,084,216	8,719,489	14,803,705	15,293,300
Unrestricted	(83,153,847)	36,022,815	(47,131,032)	(58,768,329)
Total net assets	$ 120,885,521	177,675,287	298,560,808	312,744,760

See accompanying notes to basic financial statements.

CITY OF SAN BERNARDINO
Statement of Activities
For the Year Ended June 30, 2003

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 10,110,920	2,747,466	363,657	-
Public safety	71,475,265	4,685,593	3,228,609	-
Streets	12,349,490	4,650,313	-	8,695,771
Culture and recreation	6,691,192	1,351,930	237,218	-
Community development	6,065,117	3,055,541	-	4,537,838
Economic development	20,259,952	-	6,891,721	720,324
Community service	11,133,083	1,438,110	6,639,035	-
Interest on long-term debt	13,031,339	-	-	-
Total governmental activities	151,116,358	17,928,953	17,360,240	13,953,933
Business-type activities:				
Refuse	15,040,394	18,412,352	-	-
Water	18,825,102	20,306,056	794,044	3,257,409
Sewer	19,413,795	17,009,204	-	3,263,160
Total primary government	$ 204,395,649	73,656,565	18,154,284	20,474,502

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 19)

Net assets at end of year

Net (Expense) Revenue	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Business-type Activities	Totals 2003	Totals 2002
(6,999,797)	(6,999,797)	-	(6,999,797)	(17,627,015)
(63,561,063)	(63,561,063)	-	(63,561,063)	(58,042,224)
996,594	996,594	-	996,594	(1,371,508)
(5,102,044)	(5,102,044)	-	(5,102,044)	(5,193,723)
1,528,262	1,528,262	-	1,528,262	1,731,471
(12,647,907)	(12,647,907)	-	(12,647,907)	(9,198,652)
(3,055,938)	(3,055,938)	-	(3,055,938)	(2,542,510)
(13,031,339)	(13,031,339)	-	(13,031,339)	(13,060,843)
(101,873,232)	(101,873,232)	-	(101,873,232)	(105,305,004)
3,371,958	-	3,371,958	3,371,958	1,772,422
5,532,407	-	5,532,407	5,532,407	6,190,283
858,569	-	858,569	858,569	437,674
(92,110,298)	(101,873,232)	9,762,934	(92,110,298)	(96,904,625)
	29,894,441	-	29,894,441	27,102,137
	26,327,504	-	26,327,504	25,523,014
	27,919,423	-	27,919,423	26,520,455
	2,878,719	-	2,878,719	2,879,949
	8,850,414	2,382,963	11,233,377	13,035,542
	8,140,146	-	8,140,146	6,167,267
	11,142,549	-	11,142,549	10,733,002
	1,598,246	(1,598,246)	-	-
	116,751,442	784,717	117,536,159	111,961,366
	14,878,210	10,547,651	25,425,861	15,056,741
	106,007,311	167,127,636	273,134,947	297,688,019
	$ 120,885,521	177,675,287	298,560,808	312,744,760

See accompanying notes to basic financial statements.

CITY OF SAN BERNARDINO
Governmental Funds

Balance Sheet

June 30, 2003

		Special Revenue Funds	
	General	Federal and State Programs	Economic Development Agency
Assets:			
Cash and investments	$ -	-	9,930,161
Cash and investments with fiscal agent	-	-	249,908
Deposits	-	-	-
Receivables:			
Accounts	2,572,817	11,909	-
Interest	139,296	8,901	21,947
Taxes	-	-	-
Special assessments	-	-	-
Notes	-	-	21,901,667
Other	-	-	46,193
Inventory	67,827	-	-
Prepaid items	46,915	860	-
Due from other governmental agencies	5,244,618	5,782,460	1,736,294
Due from other funds (note 3)	5,835,315	-	-
Advances to other funds (note 3)	-	-	3,993,069
Property held for resale	-	-	4,169,547
Other assets	-	-	15,820
Total assets	$ 13,906,788	5,804,130	42,064,606

See accompanying notes to basic financial statements.

Debt Service Fund	Capital Projects Fund			
Economic Development Agency	Economic Development Agency	Nonmajor Governmental Funds	Totals 2003	Totals 2002
-	16,212,083	18,505,805	44,648,049	42,200,620
23,809,612	-	332,843	24,392,363	24,143,902
-	293,657	-	293,657	785,069
-	-	21,114	2,605,840	1,989,410
25,497	187,805	185,059	568,505	843,275
-	392,012	-	392,012	473,042
-	-	2,762,404	2,762,404	2,858,476
-	5,600,670	-	27,502,337	27,814,120
-	244,123	-	290,316	929,413
-	-	-	67,827	71,968
-	-	86	47,861	116,306
-	-	2,746,340	15,509,712	9,775,989
-	-	-	5,835,315	2,439,077
-	9,131,621	317,400	13,442,090	11,343,772
-	28,228,712	-	32,398,259	36,395,133
-	150,827	214,671	381,318	381,320
23,835,109	60,441,510	25,085,722	171,137,865	162,560,892

(Continued)

CITY OF SAN BERNARDINO
Governmental Funds
Balance Sheet
(Continued)

	General	Special Revenue Funds: Federal and State Programs	Special Revenue Funds: Economic Development Agency
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 844,220	1,137,769	834,318
Due to other funds (note 3)	-	4,060,560	-
Deposits payable	-	-	-
Retentions payable	-	-	-
Deferred revenue	172,485	3,584,585	8,378,559
Advances from other funds (note 3)	-	-	7,068,651
Total liabilities	1,016,705	8,782,914	16,281,528
Fund balances (deficit):			
Reserved for:			
Encumbrances	446,100	-	-
Deposits	-	-	-
Notes receivable	-	-	21,901,667
Inventory	67,827	-	-
Prepaid items	46,915	860	-
Debt service	-	-	-
Grant restrictions	-	-	-
Advances to other funds	-	-	3,993,069
Long-term receivables	584,000	-	-
Property held for resale	-	-	4,169,547
Sewer capacity rights	-	-	15,820
Petty cash	4,325	-	-
Unreserved:			
General fund:			
Designated for continuing appropriations	317,300	-	-
Designated for budget reserve	6,761,700	-	-
Undesignated	4,661,916	-	-
Special revenue funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	(2,979,644)	-
Debt service - undesignated	-	-	-
Capital projects funds:			
Designated for continuing appropriations	-	-	-
Undesignated	-	-	(4,297,025)
Total fund balances (deficit)	12,890,083	(2,978,784)	25,783,078
Total liabilities and fund balances	$ 13,906,788	5,804,130	42,064,606

See accompanying notes to basic financial statements.

Debt Service Fund	Capital Projects Fund			
Economic Development Agency	Economic Development Agency	Nonmajor Governmental Funds	Totals 2003	Totals 2002
-	847,495	1,158,822	4,822,624	2,951,650
-	-	3,993,450	8,054,010	1,840,037
-	2,500	10,553	13,053	2,904
-	-	194,272	194,272	299,831
-	-	2,762,404	14,898,033	13,408,205
-	3,993,069	2,380,370	13,442,090	11,343,772
-	4,843,064	10,499,871	41,424,082	29,846,399
-	-	1,210,700	1,656,800	2,613,800
-	293,657	-	293,657	785,069
-	5,600,670	-	27,502,337	20,409,692
-	-	-	67,827	71,968
-	-	86	47,861	116,306
23,835,109	-	225,308	24,060,417	24,077,880
-	-	243,631	243,631	110,241
-	9,131,621	317,400	13,442,090	9,041,525
-	-	1,236,965	1,820,965	1,225,765
-	28,228,712	-	32,398,259	36,395,133
-	150,827	214,671	381,318	381,320
-	-	3,330	7,655	4,600
-	-	-	317,300	617,400
-	-	-	6,761,700	9,829,900
-	-	-	4,661,916	3,001,853
-	-	89,600	89,600	-
-	-	9,289,863	6,310,219	7,959,410
-	-	(2,226,126)	(2,226,126)	(2,319,926)
-	-	241,800	241,800	-
-	12,192,959	3,738,623	11,634,557	18,392,557
23,835,109	55,598,446	14,585,851	129,713,783	132,714,493
23,835,109	60,441,510	25,085,722	171,137,865	162,560,892

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CITY OF SAN BERNARDINO

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

June 30, 2003

Fund balances of governmental funds	$ 129,713,783
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.	182,729,519
Long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	(205,027,375)
Accrued interest payable on long-term liabilities is not due and payable in the current period and is, therefore, not reported in the funds.	(2,042,967)
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.	15,777,486
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	7,443,719
Long-term liabilities	(13,900,017)
Other assets and liabilities	6,191,373
Net assets of governmental activities	$ 120,885,521

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, 2003

		Special Revenue Funds	
	General	Federal and State Programs	Economic Development Agency
Revenues:			
Taxes	$ 64,654,061	-	-
Licenses and permits	6,749,183	-	-
Fines and forfeits	885,801	-	-
Investment income	829,719	-	389,946
Intergovernmental revenues	14,921,832	10,424,493	6,509,032
Charges for services	4,720,568	-	-
Other revenues	2,749,041	-	3,826,643
Total revenues	95,510,205	10,424,493	10,725,621
Expenditures:			
Current:			
General government	14,562,611	130,285	-
Public safety	66,837,230	1,894,286	-
Streets	9,093,959	-	-
Culture and recreation	5,427,131	231,140	-
Community development	1,669,193	4,545,933	6,548,193
Community service	-	6,601,633	-
Economic development	-	-	4,883,542
Debt service:			
Principal	494,288	-	684,760
Interest	147,383	-	124,388
Fiscal charges	-	-	-
Payment to escrow agent	-	-	-
Total expenditures	98,231,795	13,403,277	12,240,883
Excess (deficiency) of revenues over (under) expenditures	(2,721,590)	(2,978,784)	(1,515,262)
Other financing sources (uses):			
Transfers in (note 3)	7,045,753	-	3,692,504
Transfers out (note 3)	(6,319,242)	-	(1,816,499)
Issuance of long-term debt	-	-	3,500,000
Payments to bond escrow agent	-	-	-
Total other financing sources (uses)	726,511	-	5,376,005
Net change in fund balances	(1,995,079)	(2,978,784)	3,860,743
Fund balances at beginning of year, as restated (note 19)	14,885,162	-	21,922,335
Fund balances (deficit) at end of year	$ 12,890,083	(2,978,784)	25,783,078

See accompanying notes to basic financial statements.

Debt Service Fund Economic Development Agency	Capital Projects Fund Economic Development Agency	Nonmajor Governmental Funds	Totals 2003	Totals 2002
-	18,461,521	1,007,683	84,123,265	79,291,036
-	-	512,925	7,262,108	6,735,142
-	-	674,039	1,559,840	1,541,486
1,379,984	2,777,370	676,087	6,053,106	6,539,320
-	-	7,457,992	39,313,349	38,907,758
-	-	4,792,088	9,512,656	7,466,950
-	3,635,172	1,372,753	11,583,609	7,141,110
1,379,984	24,874,063	16,493,567	159,407,933	147,622,802
-	-	624,905	15,317,801	14,868,972
-	-	1,011,454	69,742,970	65,804,551
-	-	8,079,990	17,173,949	15,899,968
-	-	1,242,923	6,901,194	7,671,272
-	-	-	12,763,319	9,629,321
-	-	4,225,460	10,827,093	8,563,476
-	10,154,894	-	15,038,436	10,797,518
5,464,999	2,885,570	55,000	9,584,617	14,069,891
10,340,175	675,332	229,022	11,516,300	11,436,948
13,330	-	-	13,330	296,619
-	-	-	-	1,470,150
15,818,504	13,715,796	15,468,754	168,879,009	160,508,686
(14,438,520)	11,158,267	1,024,813	(9,471,076)	(12,885,884)
14,417,633	1,425,940	4,561,542	31,143,372	43,028,600
(9,584)	(15,394,129)	(4,964,472)	(28,503,926)	(43,067,300)
-	-	-	3,500,000	36,142,464
-	-	-	-	(16,309,848)
14,408,049	(13,968,189)	(402,930)	6,139,446	19,793,916
(30,471)	(2,809,922)	621,883	(3,331,630)	6,908,032
23,865,580	58,408,368	13,963,968	133,045,413	125,806,461
23,835,109	55,598,446	14,585,851	129,713,783	132,714,493

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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, 2003

Net change in fund balances - total governmental funds	$ (3,331,630)
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.	2,857,182
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.	6,842,795
Accrued interest expense related to long-term liabilities, including bonds payable. This is the net change in accrued interest for the current period.	25,058
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.	3,494,065
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.	4,990,740
Changes in net assets of governmental activities	$ 14,878,210

See accompanying notes to basic financial statements.

CITY OF SAN BERNARDINO
Proprietary Funds

Statement of Net Assets

June 30, 2003

	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
Assets			
Current assets:			
Cash and investments	$ 871,217	11,990,239	19,957,510
Cash and investments with fiscal agent	-	-	-
Receivables:			
Accounts	2,017,868	3,220,362	2,216,398
Interest	7,597	243,360	404,314
Other	-	-	-
Inventory	-	1,374,613	-
Prepaid items	7,742	50,465	20,979
Due from other governmental agencies	50,042	1,584,304	194,668
Due from other funds (note 3)	-	28,790	-
Total current assets	2,954,466	18,492,133	22,793,869
Restricted assets:			
Cash and investments:			
Restricted for capital-related fees	-	2,026,374	6,693,115
Restricted for deposits	-	2,066,143	-
Restricted for debt service	-	16,930	-
Cash and investments with fiscal agent:			
Restricted for debt service	-	440,747	3,509,005
Interest receivable	-	-	80,765
Total restricted assets	-	4,550,194	10,282,885
Capital assets (note 4):			
Land and easements	-	2,702,033	12,470,740
Construction in progress	-	12,331,875	2,088,509
Capital assets being depreciated	14,160,458	99,086,114	154,568,841
Less accumulated depreciation and amortization	(7,451,761)	(40,348,896)	(54,561,371)
Total capital assets	6,708,697	73,771,126	114,566,719
Other assets	-	32,386	1,005,725
Total assets	9,663,163	96,845,839	148,649,198

See accompanying notes to basic financial statements.

Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	Totals	
Nonmajor Fund-EMS	Totals		2003	2002
-	32,818,966	4,392,544	37,211,510	38,474,710
-	-	412,145	412,145	434,157
-	7,454,628	-	7,454,628	8,406,719
-	655,271	39,188	694,459	800,222
-	-	5,729	5,729	4,220
-	1,374,613	244,151	1,618,764	1,489,212
-	79,186	32,449	111,635	492,196
-	1,829,014	135,648	1,964,662	105,214
-	28,790	4,166,320	4,195,110	1,891,010
-	44,240,468	9,428,174	53,668,642	52,097,660
-	8,719,489	-	8,719,489	6,079,305
-	2,066,143	-	2,066,143	1,983,269
-	16,930	-	16,930	14,407
-	3,949,752	-	3,949,752	4,064,175
-	80,765	-	80,765	80,765
-	14,833,079	-	14,833,079	12,221,921
-	15,172,773	-	15,172,773	14,871,556
-	14,420,384	-	14,420,384	9,397,218
-	267,815,413	26,495,565	294,310,978	296,255,384
-	(102,362,028)	(19,051,846)	(121,413,874)	(113,798,998)
-	195,046,542	7,443,719	202,490,261	206,725,160
-	1,038,111	-	1,038,111	1,148,277
-	255,158,200	16,871,893	272,030,093	272,193,018

(Continued)

CITY OF SAN BERNARDINO
Proprietary Funds

Statement of Net Assets

(Continued)

	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
Liabilities			
Current liabilities:			
Accounts payable	1,416,140	2,311,278	1,225,563
Due to other funds (note 3)	-	-	28,790
Deposits payable	293,482	563,974	7,189
Claims and judgments payable, current (notes 5 and 9)	-	-	-
Compensated absences - current (notes 5, 6 and 7)	164,047	706,533	254,168
Capital leases payable - current (notes 5 and 6)	1,568,034	-	-
Notes payable - current (note 6)	-	-	1,670,365
Lease revenue bonds - current (note 5)	-	-	-
Other liabilities	-	382,899	144,680
Total current liabilities	3,441,703	3,964,684	3,330,755
Current liabilities payable from restricted assets:			
Deposits payable	-	2,024,812	-
Interest payable	-	38,886	799,547
Water bonds payable - current (note 6)	-	1,107,662	-
Certificates of participation - current (note 6)	-	-	1,624,877
Total current liabilities payable from restricted assets	-	3,171,360	2,424,424
Long-term liabilities:			
Claims and judgments payable (notes 5 and 9)	-	-	-
Compensated absences (notes 5, 6 and 7)	254,387	1,105,089	397,545
Capital leases payable (notes 5 and 6)	3,298,301	-	-
Lease revenue bonds payable (note 5)	-	-	-
Notes payable (note 6)	-	-	22,380,771
Water bonds payable (note 6)	-	2,485,164	-
Certificates of participation (note 6)	-	-	31,228,730
Total long-term liabilities	3,552,688	3,590,253	54,007,046
Total liabilities	6,994,391	10,726,297	59,762,225
Net Assets			
Net assets:			
Invested in capital assets, net of related debt	1,842,362	70,638,422	60,452,199
Restricted for:			
Capital-related fees	-	2,026,374	6,693,115
Unrestricted (deficit)	826,410	13,454,746	21,741,659
Total net assets (deficit)	$ 2,668,772	86,119,542	88,886,973

See accompanying notes to basic financial statements.

Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	Totals	
Nonmajor Fund-EMS	Totals		2003	2002
-	4,952,981	1,289,173	6,242,154	6,758,375
-	28,790	1,947,625	1,976,415	2,490,050
-	864,645	-	864,645	840,718
-	-	3,050,000	3,050,000	2,587,500
-	1,124,748	157,179	1,281,927	1,148,902
-	1,568,034	773,422	2,341,456	2,641,968
-	1,670,365	-	1,670,365	1,614,963
-	-	425,000	425,000	410,000
-	527,579	-	527,579	389,227
				105,214
-	10,737,142	7,642,399	18,379,541	18,881,703
-	2,024,812	-	2,024,812	1,923,296
-	838,433	-	838,433	885,771
-	1,107,662	-	1,107,662	1,025,984
-	1,624,877	-	1,624,877	1,549,467
-	5,595,784	-	5,595,784	5,384,518
-	-	6,428,783	6,428,783	11,626,509
-	1,757,021	243,737	2,000,758	1,811,581
-	3,298,301	1,131,896	4,430,197	6,359,409
-	-	1,690,000	1,690,000	2,115,000
-	22,380,771	-	22,380,771	24,055,161
-	2,485,164	-	2,485,164	3,592,826
-	31,228,730	-	31,228,730	32,853,607
-	61,149,987	9,494,416	70,644,403	82,414,093
-	77,482,913	17,136,815	94,619,728	106,680,314
-	132,932,983	3,835,546	136,768,529	133,780,351
-	8,719,489	-	8,719,489	6,079,305
-	36,022,815	(4,100,468)	31,922,347	25,653,048
-	177,675,287	(264,922)	177,410,365	165,512,704

CITY OF SAN BERNARDINO
Proprietary Funds

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

Years ended June 30, 2003

	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
Operating revenues:			
Charges for services	$ 17,599,451	18,820,801	16,459,446
Other operating revenues	-	1,594,028	610,462
Total operating revenues	17,599,451	20,414,829	17,069,908
Operating expenses:			
Cost of sales and services	11,727,234	-	-
Administration	1,959,588	4,946,327	1,033,920
Engineering, operations, and distribution administration	-	591,367	1,324,348
Plant operations	-	5,818,947	7,792,183
Maintenance	-	1,062,255	2,193,534
Environmental control	-	-	316,238
Distribution	-	2,441,589	-
Engineering	-	1,288,902	-
Claims expense (note 9)	-	-	-
Depreciation and amortization	1,072,402	2,423,163	4,205,205
Total operating expenses	14,759,224	18,572,550	16,865,428
Operating income (loss)	2,840,227	1,842,279	204,480
Non-operating revenues (expenses):			
Investment income	24,255	819,661	1,539,047
Noncapital grant funds	-	794,044	-
Interest expense	(281,170)	(252,552)	(2,548,367)
Gain (loss) on sale of capital assets	(5,809)	(135,495)	3,666
Miscellaneous income (expense)	818,710	26,722	(64,370)
Total non-operating revenues (expenses)	555,986	1,252,380	(1,070,024)
Income (loss) before contributions and transfers	3,396,213	3,094,659	(865,544)
Contributions and transfers:			
Capital contributions	-	3,257,409	3,263,160
Transfers in (note 3)	65,000	-	-
Transfers out (note 3)	(1,831,200)	-	-
Total contributions and transfers	(1,766,200)	3,257,409	3,263,160
Change in net assets	1,630,013	6,352,068	2,397,616
Net assets (deficit) at beginning of year, as restated (note 19)	1,038,759	79,767,474	86,489,357
Net assets (deficit) at end of year	$ 2,668,772	86,119,542	88,886,973

See accompanying notes to basic financial statements.

Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	Totals	
Nonmajor Fund-EMS	Totals		2003	2002
-	52,879,698	21,714,885	74,594,583	73,208,118
-	2,204,490	-	2,204,490	1,892,513
-	55,084,188	21,714,885	76,799,073	75,100,631
-	11,727,234	13,941,410	25,668,644	25,520,143
-	7,939,835	-	7,939,835	8,288,067
-	1,915,715	-	1,915,715	1,433,115
-	13,611,130	-	13,611,130	12,697,950
-	3,255,789	-	3,255,789	3,092,290
-	316,238	-	316,238	253,959
-	2,441,589	-	2,441,589	2,709,824
-	1,288,902	-	1,288,902	1,161,730
-	-	(768,005)	(768,005)	8,082,399
-	7,700,770	2,703,482	10,404,252	10,865,000
-	50,197,202	15,876,887	66,074,089	74,104,477
-	4,886,986	5,837,998	10,724,984	996,154
-	2,382,963	108,587	2,491,550	2,870,059
-	794,044	-	794,044	990,282
-	(3,082,089)	(227,755)	(3,309,844)	(3,554,572)
-	(137,638)	(4,266)	(141,904)	(535,850)
-	781,062	317,379	1,098,441	363,721
-	738,342	193,945	932,287	133,640
-	5,625,328	6,031,943	11,657,271	1,129,794
-	6,520,569	-	6,520,569	6,796,908
167,954	232,954	422,000	654,954	2,069,900
-	(1,831,200)	(1,463,200)	(3,294,400)	(2,031,200)
167,954	4,922,323	(1,041,200)	3,881,123	6,835,608
167,954	10,547,651	4,990,743	15,538,394	7,965,402
(167,954)	167,127,636	(5,255,665)	161,871,971	157,547,302
-	177,675,287	(264,922)	177,410,365	165,512,704

CITY OF SAN BERNARDINO
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2003

	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
Cash flows from operating activities:			
Cash received from customers	$ 17,781,463	19,737,909	17,331,960
Cash received from user departments	-	-	-
Cash payments to suppliers for goods and services	(9,353,284)	(7,280,915)	(3,089,416)
Cash payments for claims	-	-	-
Cash payments to employees for services	(4,595,125)	(6,151,671)	(9,137,054)
Cash received (paid) for other activities	818,710	(18,464)	15,442
Net cash provided by (used for) operating activities	4,651,764	6,286,859	5,120,932
Cash flows from noncapital financing activities:			
Cash received from other funds	65,000	-	-
Cash paid to other funds	(1,946,312)	-	-
Grant proceeds received	-	794,044	-
Net cash provided by (used for) noncapital financing activities	(1,881,312)	794,044	-
Cash flows from capital and related financing activities:			
Cash paid for acquisition of capital assets	(98,223)	(8,778,941)	(1,209,186)
Cash received from sale of capital assets	15,181	-	-
Cash received from issuance of debt	-	-	-
Charges to property owners for capital projects	-	1,902,908	3,263,160
Grant proceeds received	-	1,159,787	-
Principal payments on long-term debt	(1,559,278)	(1,025,984)	(3,168,455)
Interest paid on long-term debt	(281,170)	(263,912)	(2,542,219)
Net cash provided by (used for) capital and related financing activities	(1,923,490)	(7,006,142)	(3,656,700)
Cash flows from investing activities:			
Interest received	24,255	749,833	1,510,460
Net cash provided by (used for) investing activities	24,255	749,833	1,510,460
Net increase (decrease) in cash and cash equivalents	871,217	824,594	2,974,692
Cash and cash equivalents at beginning of year	-	15,715,839	23,711,188
Cash and cash equivalents at end of year	$ 871,217	16,540,433	26,685,880

See accompanying notes to basic financial statements.

Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	Totals	
Nonmajor Fund-EMS	Totals		2003	2002
-	54,851,332	-	54,851,332	54,633,028
-	-	21,694,228	21,694,228	20,270,851
-	(19,723,615)	(11,122,873)	(30,846,488)	(35,045,062)
-	-	(3,837,551)	(3,837,551)	(3,870,301)
-	(19,883,850)	(3,579,372)	(23,463,222)	(21,948,466)
-	815,688	332,797	1,148,485	437,746
-	16,059,555	3,487,229	19,546,784	14,477,796
167,954	232,954	434,162	667,116	3,651,246
(167,954)	(2,114,266)	(4,010,031)	(6,124,297)	(4,154,205)
-	794,044	-	794,044	990,282
-	(1,087,268)	(3,575,869)	(4,663,137)	487,323
-	(10,086,350)	(2,074,853)	(12,161,203)	(4,922,403)
-	15,181	-	15,181	129,306
-	-	412,245	412,245	434,157
-	5,166,068	-	5,166,068	5,348,439
-	1,159,787	-	1,159,787	1,448,469
-	(5,753,717)	(1,492,693)	(7,246,410)	(6,643,808)
-	(3,087,301)	(227,755)	(3,315,056)	(3,557,001)
-	(12,586,332)	(3,383,056)	(15,969,388)	(7,762,841)
-	2,284,548	127,139	2,411,687	2,874,235
-	2,284,548	127,139	2,411,687	2,874,235
-	4,670,503	(3,344,557)	1,325,946	10,076,513
-	39,427,027	8,149,246	47,576,273	37,499,760
-	44,097,530	4,804,689	48,902,219	47,576,273

(Continued)

CITY OF SAN BERNARDINO
Proprietary Funds

Statement of Cash Flows

(Continued)

	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
Reconciliation of cash and cash equivalents to amounts reported on the balance sheet:			
Reported on the balance sheet:			
Cash and investments	$ 871,217	11,990,239	19,957,510
Restricted assets	-	4,550,194	10,282,885
Less restricted assets not meeting the definition of cash equivalents:			
Investment agreements	-	-	(3,473,750)
Interest and other receivables	-	-	(80,765)
Cash and cash equivalents at end of year	$ 871,217	16,540,433	26,685,880
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 2,840,227	1,842,279	204,480
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,072,402	2,423,163	4,205,205
(Increase) decrease in accounts receivable	137,215	218,892	(62,049)
(Increase) decrease in interest receivable	-	45,183	49,625
(Increase) decrease in other receivables	-	-	-
(Increase) decrease in inventory	-	(48,734)	-
(Increase) decrease in prepaid items	2,555	147,395	263,060
(Increase) decrease in due from other governmental agencies	(15,159)	(1,132,763)	4,227
(Increase) decrease in due from other funds	-	72,432	-
(Increase) decrease in other assets	818,710	2,082,891	434,662
Increase (decrease) in accounts payable	(293,084)	304,021	104,693
Increase (decrease) in due to other funds	-	-	(69,637)
Increase (decrease) in deposits payable	44,797	73,457	7,189
Increase (decrease) in other liabilities	-	-	-
Increase (decrease) in claims and judgments payable	-	-	-
Increase (decrease) in compensated absences	44,101	258,643	(20,523)
Total adjustments	1,811,537	4,444,580	4,916,452
Net cash provided by (used for) operating activities	$ 4,651,764	6,286,859	5,120,932
Noncash financing activities:			
Acquisition of fixed assets	$ -	-	-
Issuance of capital lease	-	-	-
Total noncash financing activities	$ -	-	-

See accompanying notes to basic financial statements.

Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	Totals	
Nonmajor Fund-EMS	Totals		2003	2002
-	32,818,966	4,804,689	37,623,655	38,908,867
-	14,833,079	-	14,833,079	12,221,921
-	(3,473,750)	-	(3,473,750)	(3,473,750)
-	(80,765)	-	(80,765)	(80,765)
-	44,097,530	4,804,689	48,902,219	47,576,273
-	4,886,986	5,837,998	10,724,984	996,154
-	7,700,770	2,703,482	10,404,252	10,865,000
-	294,058	-	294,058	(2,390)
-	94,808	-	94,808	(307,317)
-	-	(1,509)	(1,509)	(464)
-	(48,734)	(80,818)	(129,552)	27,714
-	413,010	(32,449)	380,561	(163,863)
-	(1,143,695)	(65,317)	(1,209,012)	54,863
-	72,432	-	72,432	53,512
-	3,336,263	317,379	3,653,642	(1,867,827)
-	115,630	(496,292)	(380,662)	31,159
-	(69,637)	-	(69,637)	46,103
-	125,443	-	125,443	505,476
-	-	-	-	(40,125)
-	-	(4,735,226)	(4,735,226)	4,126,945
-	282,221	39,981	322,202	152,856
-	11,172,569	(2,350,769)	8,821,800	13,481,642
-	16,059,555	3,487,229	19,546,784	14,477,796
-	-	-	-	(4,583,475)
-	-	-	-	4,583,475
-	-	-	-	-

CITY OF SAN BERNARDINO
Agency Funds

Statement of Fiduciary Assets and Liabilities

June 30, 2003

	2003	2002
Assets		
Cash and investments (note 2)	$ 9,650,936	10,161,561
Cash and investments with fiscal agent (note 2)	330,090	320,878
Accounts receivable	5,090	7,144
Interest receivable	28,817	43,308
Due from other government agencies	8,596	9,580
Prepaid expense	5,127	-
Total assets	$ 10,028,656	10,542,471
Liabilities		
Accounts payable	$ 319,548	333,114
Deposits payable	6,786,534	6,713,500
Due to bondholders	2,922,574	3,495,857
Total liabilities	$ 10,028,656	10,542,471

See accompanying notes to basic financial statements.

(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.

(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.

(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.

(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.

(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.

(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.

(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 Project 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.

(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.

(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:

	Years
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

(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.

(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.

(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, 2003 as follows:

Statement of Net Assets:	
Cash and investments	$ 92,662,121
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	9,650,936
Total cash and investments	$102,313,057
Statement of Net Assets:	
Cash and investments with fiscal agent	$ 28,754,260
Statement of Fiduciary Assets and Liabilities:	
Cash and investments with fiscal agent	330,090
Total cash and investments with fiscal agent	$ 29,084,350

(2) Cash and Investments, (Continued)

Cash and investments held by the City at June 30, 2003 consisted of the following:

Petty cash	$ 14,055
Demand deposits	(3,459,633)
State of California Treasurer's investment pool (LAIF)	29,807,638
Federal agency issues	65,501,026
Corporate bonds	8,505,672
Repurchase agreements (U.S. Treasuries)	675,000
Sweep account (money market fund)	1,216,000
Money market mutual funds	53,299
Total cash and investments held by the City	$ 102,313,057

Cash and investments held by fiscal agents at June 30, 2003 consisted of the following:

Money market mutual funds (government securities)	$ 6,587,200
U.S. Government guaranteed notes	301,176
U.S. Treasury bills	472,744
U.S. Treasury notes	4,760,255
Federal National Mortgage Association Note	2,688,375
Resolution Funding Corp. Note	1,456,000
Investment contracts	12,818,600
Total cash and investments held by fiscal agents	$ 29,084,350

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:

(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:

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Deposits held by City:					
Demand deposits	$817,079	449,724	-	1,266,803	(3,459,633)
Total deposits	$817,079	449,724	-	1,266,803	(3,459,633)

(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.

(2) Cash and Investments, (Continued)

Form of Investment	Category 1	Category 2	Category 3	Carrying Amount
Investments held by City subject to categorization:				
Federal agency issues	$58,908,439	6,592,587	-	65,501,026
Corporate bonds	8,505,672	-	-	8,505,672
Repurchase agreements	-	675,000	-	675,000
Investments held by fiscal agents subject to categorization:				
U.S. guaranteed notes	-	301,176	-	301,176
U.S. Treasury bills	-	472,744	-	472,744
U.S. Treasury notes	-	4,725,000	35,255	4,760,255
Federal National Mortgage Association Note	-	2,688,375	-	2,688,375
Resolution Funding Corp. Note	-	1,456,000	-	1,456,000
Total investments subject to categorization	$67,414,111	16,910,882	35,255	84,360,248
Investments held by City not subject to categorization:				
State of California Treasurer's Investment Pool (LAIF)				29,807,638
Sweep account (money market fund)				1,216,000
Money market mutual funds				53,299
Investments held by fiscal agents not subject to categorization				
Money market mutual funds (government securities)				6,587,200
Investment contracts				12,818,600
Total investments				$134,842,985

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.

(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, 2003, are as follows:

Due to General Fund from:	
Federal and State Programs Special Revenue Fund	$4,060,560
Nonmajor governmental funds	1,774,755
Total due to General Fund from other funds	$5,835,315
Due to Water Enterprise Fund from:	
Sewer Enterprise Fund	$ 28,790
Due to internal service funds from:	
Nonmajor governmental funds	$2,218,695
Other internal services funds	1,947,625
Total due to internal service funds from other funds	$4,166,320

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

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, 2003 are as follows:

Advances from Economic Development Agency Special Revenue Fund to:	
Economic Development Agency Capital Projects Fund	$3,993,069
Advances from Economic Development Agency Capital Projects Fund to:	
Economic Development Agency Special Revenue Fund	$7,068,651
Nonmajor governmental funds	2,062,970
Total advances from Economic Development Agency Capital Projects Fund to other funds	$9,131,621
Advances from nonmajor governmental funds to:	
Other nonmajor governmental funds	$ 317,400

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
Assessment District No. 1015	
Interest 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.	250,900
Storm Drain Construction	81,200
	$2,062,970

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

Interfund transfers during the year ended June 30, 2003 were as follows:

Transfers in to General Fund from:	
Refuse Enterprise Fund	$1,831,200
Nonmajor governmental funds	4,264,553
Internal service funds	950,000
Total transfers in to General Fund from other funds	$7,045,753
Transfers in to Economic Development Agency Special Revenue Fund from:	
Economic Development Agency Capital Projects Fund	$3,692,504
Transfers in to Economic Development Agency Debt Service Fund from:	
General Fund	$1,641,559
Economic Development Agency Special Revenue Fund	400,143
Economic Development Agency Capital Projects Fund	11,701,625
Nonmajor governmental funds	674,306
Total transfers in to Economic Development Agency Special Revenue Fund from other funds	$14,417,633
Transfers in to Economic Development Agency Capital Projects Fund from:	
Economic Development Agency Special Revenue Fund	$1,416,356
Economic Development Agency Debt Service Fund	9,584
Total transfers in to Economic Development Agency Capital Projects Fund from other funds	$1,425,940
Transfers in to Refuse Enterprise Fund from:	
General Fund	$ 65,000
Transfers in to nonmajor governmental funds from:	
General Fund	$4,044,729
Other nonmajor governmental funds	25,613
Internal service funds	491,200
Total transfers in to nonmajor governmental funds from other funds	$4,561,542

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

Transfers in to nonmajor enterprise fund from:	
General Fund	$ 167,954
Transfers in to internal service funds from:	
General Fund	$ 400,000
Other internal service funds	22,000
Total transfers in to internal service funds from other funds	$ 422,000

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

(4) Capital Assets

Capital asset activity for the year ended June 30, 2003 was as follows:

	Balance at July 1, 2002, as restated*	Additions	Deletions	Balance at June 30, 2003
Governmental Activities:				
Capital assets not being depreciated:				
Land (1)	$127,729,125	-	-	127,729,125
Construction in progress	2,149,818	3,153,721	-	5,303,539
Total capital assets not being depreciated	129,878,943	3,153,721	-	133,032,664
Capital assets being depreciated:				
Infrastructure	3,743,979	2,788,494	-	6,532,473
Buildings and improvements	81,505,523	-	-	81,505,523
Machinery, vehicles and equipment	45,632,103	2,923,125	(413,553)	48,141,675
Total capital assets being depreciated	130,881,605	5,711,619	(413,553)	136,179,671
Less accumulated depreciation for:				
Infrastructure	-	(200,280)	-	(200,280)
Buildings and improvements	(42,712,964)	(2,005,368)	-	(44,718,332)
Machinery, vehicles and equipment	(30,098,627)	(4,431,145)	409,287	(34,120,485)
Total accumulated depreciation	(72,811,591)	(6,636,793)	409,287	(79,039,097)
Total capital assets being depreciated, net	58,070,014	(925,174)	(4,266)	57,140,574
Governmental activities capital assets, net	$187,948,957	2,228,547	(4,266)	190,173,238

* The beginning balance for land was decreased by $36,300,000, based on a review of the land values recorded at the time of acquisition.

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

(4) Capital Assets, (Continued)

Business-type Activities:	Balance at June 30, 2002, as restated*	Additions	Deletions	Balance at June 30, 2003
Capital projects, not being depreciated:				
Land and easements	$ 14,871,556	301,217	-	15,172,773
Construction in progress	9,397,218	7,033,868	(2,010,702)	14,420,384
Total capital assets, not being depreciated	24,268,774	7,335,085	(2,010,702)	29,593,157
Capital assets, being depreciated:				
Water rights, wells and pumping plants	38,757,956	127,732	-	38,885,688
Distribution systems	53,797,957	777,773	(298,149)	54,277,581
Building, plants and store yards	146,616,286	345,331	(357,089)	146,604,528
Machinery, vehicles and equipment	22,819,908	1,055,591	(623,258)	23,252,241
Office leasehold improvements	112,594	-	-	112,594
Office, computer, engineering equipment	3,010,018	576,803	(178,402)	3,408,419
Radio and interoffice communication equipment	260,101	2,764	-	262,865
Telemetry system and equipment	539,058	59,982	(14,092)	584,948
Miscellaneous	426,549	-	-	426,549
Total capital assets, being depreciated	266,340,427	2,945,976	(1,470,990)	267,815,413
Less accumulated depreciation for:				
Water rights, wells and pumping plants	(15,690,166)	(1,013,105)	-	(16,703,271)
Distribution systems	(20,056,956)	(656,226)	300,301	(20,412,881)
Building, plants and store yards	(46,677,283)	(3,780,182)	9,243	(50,448,222)
Machinery, vehicles and equipment	(11,625,871)	(1,561,515)	518,695	(12,668,691)
Office leasehold improvements	(54,001)	(4,464)	-	(58,465)
Office, computer and engineering equipment	(994,556)	(604,109)	111,676	(1,486,989)
Radio and interoffice computer equipment	(206,952)	(28,883)	-	(235,835)
Telemetry system and equipment	(102,154)	(39,959)	215	(141,898)
Miscellaneous	(193,449)	(12,327)	-	(205,776)
Total accumulated depreciation	(95,601,388)	(7,700,770)	940,130	(102,362,028)
Total capital assets, being depreciated, net	170,739,039	(4,754,794)	(530,860)	165,453,385
Business-type activities capital assets, net	$195,007,813	2,580,291	(2,541,562)	195,046,542

* Beginning capital assets and accumulated depreciation have been restated to properly account for individual RIX facility capital assets. See footnote 19 for further details.

(4) Capital Assets, (Continued)

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

	Governmental Activities	Business-Type Activities
General government	$ 872,786	-
Public safety	1,574,894	-
Streets	356,430	-
Culture and recreation	396,626	-
Community development	266	-
Economic development	451,869	-
Community service	280,440	-
Refuse	-	1,072,402
Water	-	2,423,163
Sewer	-	4,205,205
Internal Service	2,703,482	-
Total	$6,636,793	7,700,770

(5) Long-Term Liabilities – Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2003:

	Balance at July 1, 2002	Additions	Retirements	Balance at June 30, 2003	Amount Due Within One Year
Governmental Activities:					
Compensated absences payable	$13,303,474	6,120,628	(5,215,653)	14,208,449	5,541,295
Claims and judgments payable	14,214,009	(897,675)	(3,837,551)	9,478,783	3,050,000
Capital leases payable	5,954,576	412,245	(1,576,980)	4,789,841	1,276,829
Participation agreements:					
Costco Wholesale	495,040	-	(353,194)	141,846	22,545
Yellow Freight	811,545	-	(67,045)	744,500	-
Stater Brothers	458,475	-	(145,432)	313,043	152,704
Total participation agreements	1,765,060	-	(565,671)	1,199,389	175,249
Loan purchase agreement:					
Community reinvestment fund	-	3,500,000	(684,760)	2,815,240	-
Notes payable:					
HUD Section 108:					
Cinema Project	6,580,000	-	(230,000)	6,350,000	-
303 LLC Building	1,240,000	-	-	1,240,000	-
Bobbitt	33,380	-	(4,898)	28,482	4,898
Wells Fargo Bank LOC	2,085,000	-	(2,085,000)	-	-
Total notes payable	$ 9,938,380	-	(2,319,898)	7,618,482	4,898

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

	Balance at July 1, 2002	Additions	Retirements	Balance at June 30, 2003	Amount Due Within One Year
Lease revenue bonds:					
Public Facilities – Lease Revenue Refunding, 1997 Series A	$ 8,410,000	-	(540,000)	7,870,000	565,000
Refunding Bonds, (City Hall Project), Series 1996	14,330,000	-	(715,000)	13,615,000	745,000
Central City Parking District Project, 1977 issue	170,000	-	(170,000)	-	-
Total lease revenue bonds	22,910,000	-	(1,425,000)	21,485,000	1,310,000
Tax allocation bonds:					
Refunding Bonds, Series 2002	30,330,000	-	(790,000)	29,540,000	775,000
Mount Vernon Bonds, Series 2002A	3,635,000	-	(75,000)	3,560,000	50,000
Refunding Bonds, Series 1998A	16,940,000	-	(560,000)	16,380,000	585,000
Subordinated Refunding Bonds, Series 1998B	7,795,000	-	(225,000)	7,570,000	235,000
Low and Moderate Income Housing, Series 1999	4,035,000	-	(240,000)	3,795,000	245,000
Refunding Bonds, Series 1995A	86,380,000	-	(2,205,000)	84,175,000	2,310,000
Less: deferred charges	(2,951,102)	-	128,310	(2,822,792)	-
Total tax allocation bonds	$146,163,898	-	(3,966,690)	142,197,208	4,200,000

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

	Balance at July 1, 2002	Additions	Retirements	Balance at June 30, 2003	Amount Due Within One Year
Assessment District Bonds:					
Assessment District No. 985	$ 380,000	-	(30,000)	350,000	30,000
Assessment District No. 987	360,000	-	(25,000)	335,000	25,000
Total assessment district bonds	740,000	-	(55,000)	685,000	55,000
Certificates of participation:					
1999 Certificates of Participation	14,805,000	-	(355,000)	14,450,000	380,000
Total governmental activities long-term liabilities	$229,794,397	9,135,198	(20,002,203)	218,927,392	15,993,271

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, $400,916 of compensated absences, $9,478,783 of claims and judgments payable, $1,905,318 of capital leases payable, and $2,115,000 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, 2003
Capital Leases Payable	
The City has entered into several lease agreements for the financing of fire equipment, print shop equipment, air conditioning, lighting equipment, 800 MHz communications 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. An arrangement was entered into in June 2003 to acquire sixteen police vehicles for $412,245. As of June 30, 2003, the cash to acquire these assets has been advanced to the City but the assets have not yet been received.	$4,789,841

(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
2004	$1,276,829	204,323
2005	943,732	154,361
2006	802,635	116,331
2007	765,878	81,593
2008	449,649	47,602
2009	253,217	25,146
2010	145,427	14,436
2011	152,474	7,190
Total	$4,789,841	650,982

	Amount Outstanding at June 30, 2003
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 $80,936 annually through 2006. Interest accrues at 6% per annum.	$141,846

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

	Amount Outstanding at June 30, 2003
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.	313,043
Total participation agreements	$1,199,389

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

The annual requirements to amortize participation agreements outstanding as of June 30, 2003 are as follows:

Year ending June 30	Principal	Interest
2004	$175,249	44,078
2005	184,236	35,091
2006	25,331	25,640
2007	26,851	24,120
2008	28,462	22,509
2009	14,760	20,802
	$454,889	172,240

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, 2003
Loan Purchase Agreement	
On December 16, 2002, 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.	$2,815,240

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

	Amount Outstanding at June 30, 2003
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. On June 30, 2000 the Agency had advanced $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.

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

	Amount Outstanding at June 30, 2003
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.	$6,350,000
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, 2003, the Agency had only received $1,240,000 of the loan amount.	1,240,000
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, 2003, only $33,380 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.	28,482
Total notes payable	$7,618,482

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

The annual requirements to amortize notes payable outstanding as of June 30, 2003 are as follows:

Year ending June 30	Principal	Interest
2004	$ 4,898	1,424
2005	4,898	1,179
2006	4,898	935
2007	4,898	690
2008	4,897	445
2009	3,993	200
	$28,482	4,873

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, 2003 is $7,870,000.

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, 2003 the reserve requirement was $946,345 and the amount actually held in the reserve account was $1,351,218.

(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, 2003 is $13,615,000.

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, 2003 the reserve requirement was $1,497,030 and the amount actually held in the reserve account was $1,497,462.

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.

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

The annual requirements to amortize lease revenue bonds outstanding as of June 30, 2003 are as follows:

Year ending June 30	Principal	Interest
2004	$ 1,310,000	1,127,040
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	950,000	54,150
	$21,485,000	10,961,150

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 governmental activities column of the statement of net assets. The reduction/increase in total debt service payments and the economic gain/loss that resulted from this refunding is not available.

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

Tax Allocation Bonds, (Continued)

2002 Tax Allocation Refunding Bonds, (Continued)

The bonds consist of serial bonds of $9,125,000 maturing from 2003 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, 2002, 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, 2003 was $2,746,215. At June 30, 2003, $29,540,000 of the bonds were outstanding.

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 between 2006 to 2031. Principal installments are payable annually ranging in amount from $50,000 to $445,000 through December 1, 2031.

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

Tax Allocation Bonds, (Continued)

Tax Allocation Bonds, Series 2002A, (Continued)

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, 2003 was $266,419. At June 30, 2003, $3,560,000 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, 2003 is $16,380,000.

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, 2003 the reserve requirement was $1,456,515 and the amount actually held in the reserve account was $2,090,454.

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.

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

Tax Allocation Bonds, (Continued)

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, 2003 is $7,570,000.

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, 2003 the reserve requirement was $639,012 and the amount actually held in the reserve account was $656,366.

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.

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, 2003 is $3,795,000.

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

Tax Allocation Bonds, (Continued)

Low and Moderate Income Housing, Series 1999, (Continued)

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, 2003 the reserve requirement was $427,340 and the amount actually held in the reserve account was $426,879.

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, 2003 is $84,175,000.

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, 2003 the reserve requirement was $7,035,850 and the amount actually held in the reserve account was $9,286,945.

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.

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

The annual requirements to amortize tax allocation debt outstanding as of June 30, 2003 are as follows:

Year ending June 30	Principal	Interest
2004	$ 4,200,000	8,164,988
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
	145,020,000	107,645,327
Less: deferred charges	(2,822,792)	-
	$142,197,208	107,645,327

(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, 2003 was $350,000.

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 dates 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, 2003 was $335,000.

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.

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

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

Year ending June 30	Governmental Activities Principal	Interest
2004	$ 55,000	50,257
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	50,000	1,938
Total	$685,000	249,098

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 to advance refund $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, 2003 was $14,450,000.

(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, 2003, the reserve requirement was $1,147,000 and the amount actually held in the reserve account was $1,350,531.

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

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

Year ending June 30	Principal	Interest
2004	$ 380,000	766,575
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	1,080,000	59,400
	$14,450,000	10,647,559

(6) Business-Type Long-term Liabilities

The following is a summary of changes in business-type long-term liabilities for the year ended June 30, 2003:

	Balance at July 1, 2002	Additions	Deletions	Balance at June 30, 2003	Amount Due Within One Year
Enterprise Funds					
Compensated absences	$ 2,599,548	1,289,618	(1,007,397)	2,881,769	1,124,748
Capital leases payable:					
Refuse equipment	6,425,613	-	(1,559,278)	4,866,335	1,568,034
Notes Payable	25,670,124	-	(1,618,988)	24,051,136	1,670,365
Certificates of Participation:					
Refunding Sewer Revenue Certificates of Participation	34,725,000	-	(1,575,000)	33,150,000	1,650,000
Less: deferred charges	(321,926)	-	25,533	(296,393)	(25,123)
	34,403,074	-	(1,549,467)	32,853,607	1,624,877
Water Bonds:					
Waterworks Bonds, Series C	100,000	-	(5,000)	95,000	5,000
1998A Water and Wastewater revenue bonds	4,710,000	-	(1,095,000)	3,615,000	1,160,000
Less: deferred charges	(191,190)	-	74,016	(117,174)	(57,338)
	4,618,810	-	(1,025,984)	3,592,826	1,107,662
Total business-type activities long-term liabilities	$73,717,169	1,289,618	(6,761,114)	68,245,673	7,095,686

(6) Business-Type Long-term Liabilities, (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, 2003
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 $31,660 to $308,665.	$4,866,335

Year ending June 30	Business-Type Activities Principal	Interest
2004	$1,568,034	206,146
2005	1,574,973	132,940
2006	1,264,524	58,066
2007	458,804	9,830
Total	$4,866,335	406,982

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, 2003 is $95,000.

(6) Business-Type Long-term Liabilities, (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, 2003, net of unamortized discount and deferred advance refunding charge of $117,174, is $3,497,826.

The annual requirements to amortize bonds payable subsequent to June 30, 2003 are as follows:

Year ending June 30	Principal	Interest
2004	$1,165,000	138,547
2005	1,200,000	88,109
2006	1,270,000	34,308
2007	10,000	5,812
2008	10,000	5,038
2009-2013	55,000	13,560
	3,710,000	285,374
Less: deferred charges	(117,174)	-
	$3,592,826	285,374

(6) Business-Type Long-term Liabilities, (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, 2003, net of unamortized discount of $296,393, is $32,853,607.

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, 2003, the reserve was fully funded.

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

(6) Business-Type Long-term Liabilities, (Continued)

The annual requirements to amortize certificates of participation subsequent to June 30, 2003 are as follows:

Year ending June 30	Principal	Interest
2004	$ 1,650,000	1,573,768
2005	1,730,000	1,506,118
2006	1,815,000	1,434,322
2007	1,910,000	1,357,186
2008	2,010,000	1,275,056
2009-2013	11,890,000	4,818,712
2014-2017	12,145,000	1,561,812
	33,150,000	13,526,974
Less: deferred charges	(296,393)	-
	$32,853,607	13,526,974

Notes Payable

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, 2003 is $1,935,974.

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, 2003 is $3,167,802.

(6) Business-Type Long-term Liabilities, (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, 2003 is $18,947,360.

The annual requirements to amortize notes payable subsequent to June 30, 2003 are as follows:

Year ending June 30	Principal	Interest
2004	$ 1,670,365	824,079
2005	1,728,295	766,149
2006	1,788,614	705,830
2007	1,851,443	643,001
2008	1,916,909	577,535
2009-2013	10,101,073	1,812,560
2014-2017	4,994,437	282,263
	$24,051,136	5,611,417

(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, 2003, $14,208,449 and $2,881,769 have been recorded, respectively, for governmental and business-type activities accrued vacation and sick leave.

(8) Prior Year Defeasance of Debt

In prior years, the City 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, 2003, $33,270,000 of debt issuances outstanding are considered defeased. The defeased debt consisted of the following:

1995	Police Station Financing Project Certificates of Participation	$ 5,285,000
1994	State College Tax Allocation Bonds	6,010,000
1995b	Subordinated Tax Allocation Bonds	15,825,000
1978	Central City Tax Allocation Bonds	6,150,000
		$33,270,000

(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, 2003 and 2002, are as follows:

	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year
2001-2002:				
Workers' compensation	$ 6,594,314	2,105,089	(2,623,094)	6,076,309
Liability claims	3,492,750	5,892,157	(1,247,207)	8,137,700
Total 2001-2002	$10,087,064	7,997,246	(3,870,301)	14,214,009
2002-2003:				
Workers' compensation	$ 6,076,309	2,158,969	(2,653,295)	5,581,983
Liability claims	8,137,700	(3,056,644)	(1,184,256)	3,896,800
Total 2002-2003	$14,214,009	(897,675)	(3,837,551)	9,478,783

(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, 2003, 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, 2003, the following governmental funds have fund deficits that are anticipated to be funded from future grants, other revenues and operating transfers:

	Deficit Amount
Special Revenue Funds:	
Federal and State Programs	$2,978,784
Debt Service Funds:	
Assessment District #1015	568,184
Verdemont Improvement Loan	1,657,942
Capital Projects Funds:	
Street Construction	2,628,656
Special Assessments	512,443

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

At June 30, 2003, 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:

	Deficit Amount
Internal Service Funds:	
Workers' Compensation	$7,376,681
Utility	614,935

As of June 30, 2003, 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, 2003:

	Final Budget	Actual	Variance-(Unfavorable)
General Fund:			
City treasurer – personnel, salaries and benefits	$ 102,600	107,679	(5,079)
City attorney – personnel, salaries and benefits	1,530,300	1,532,864	(2,564)
Civil service – other	63,000	67,364	(4,364)
Nondepartmental – other	2,127,200	2,319,260	(192,060)
Fire – personnel, salaries and benefits	19,128,300	20,430,754	(1,302,454)
Special Revenue Funds:			
Cemetery – personnel, salaries and benefits	195,400	200,613	(5,213)
Cable TV – personnel, salaries and benefits	349,800	360,706	(10,906)
Cable TV – other	176,000	184,397	(8,397)
Animal control – other	484,300	502,504	(18,204)
Baseball stadium – personnel, salaries and benefits	126,400	130,168	(3,768)

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

	Final Budget	Actual	Variance-(Unfavorable)
Debt Service Funds:			
Verdemont Improvement Loan – other	115,000	115,544	(544)
Economic Development Agency – other	15,713,638	15,818,504	(104,866)
Capital Projects Funds:			
Fire Equipment Acquisition – other	5,500	24,386	(18,886)

(11) Defined Benefit Pension Plan

Plan Description

The City and Agency contribute to the California Public Employees Retirements System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, cost-of-living adjustments, 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. Benefit provisions and all other requirements are established by state statue and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City and Agency make the contributions required of the City and Agency employees on their behalf and for their account with the following exception: City employees hired on or after January 1, 1999, the City will pay five percent (5%) of the employee's required contribution until the employee has completed five (5) years of service at which time the City will contribute the additional two percent (2%). The City and Agency are required to contribute at an actuarially determined rate; the current rate is 0.000% for non-safety employees and 12.619% for both police and fire employees, of annual covered payroll. The Agency's current rate is 0.000%. The contribution requirements of plan members and the City are established and may be amended by PERS.

(11) Defined Benefit Pension Plan, (Continued)

Annual Pension Cost

For fiscal year 2002/03, the City's and Agency's annual pension cost of $9,468,703 and $0 for PERS was equal to the required and actual contributions. The required contributions were determined as part of the June 30, 2001, actuarial valuation using the entry age normal actuarial cost method. Paragraph 9 of GASB Statement No. 27 requires that the annual required contribution reported for the current year should be based on the results of an actuarial valuation performed as a date not more than 24 months before the *beginning* of the employer's fiscal year. Paragraph 22 of GASB Statement No. 27 requires that agent employers also disclose actuarial information for the *most recent* actuarial valuation. An actuarial valuation as of June 30, 2002 has not yet been completed and made available by PERS to the City. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The single funding horizon for the Miscellaneous Plan is June 30, 2003, and June 30, 2019, for the Safety Plan. PERS and the City could not provide the information necessary to calculate the Net Pension Obligation (NPO) as required by GASB 27. As a result, the NPO at transition has not been calculated.

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

City

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/01	$7,050	100%	-
6/30/02	8,927	100%	-
6/30/03	9,469	100%	-

Agency

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/01	$0	100%	-
6/30/02	0	100%	-
6/30/03	0	100%	-

(11) Defined Benefit Pension Plan, (Continued)

Required Supplementary Information

Schedule of Funding Progress for PERS ($ in thousands)

City

Actuarial Valuation Date	Actuarial Value of Asset (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll [(B-A)/C]
6/30/99						
Miscellaneous	$241,431	173,210	(68,221)	139.4%%	34,425	(198.175)%
Safety	257,180	234,653	(22,527)	109.6%	25,386	(88.739)%
Total	$498,611	407,863	(90,748)	122.2%	59,811	(151.725)%
6/30/00						
Miscellaneous	$262,319	185,312	(77,007)	141.6%	35,437	(217.307)%
Safety	279,618	272,665	(6,953)	102.6%	28,373	(24.506)%
Total	$541,937	457,977	(83,690)	118.3%	63,810	(131.578)%
6/30/01						
Miscellaneous	$266,083	196,467	(69,616)	135.4%	36,475	(190.859)%
Safety	284,639	302,096	17,457	94.2%	31,478	55.458%
Total	$550,722	498,563	(52,159)	110.5%	67,953	(76.757)%

Agency

Actuarial Valuation Date	Actuarial Value of Asset (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll [(B-A)/C]
6/30/99	$8,046	5,035	(3,011)	159.8%	1,183	(254.4)%
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%)

(12) Other Post-Employment Benefits

In addition to the pension benefits described in Note 14, 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, 370 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 $68,178 for the year ended June 30, 2003.

(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, 2003, $4,935,000 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, 2003 include the Multifamily Housing Revenue Bonds (Highland Lutheran Senior Housing Project) 1995 Series for $1,600,000 and the Multifamily Housing Revenue Bonds (Ramona Senior Complex Project) Series 1995 for $1,410,000.

(15) Contingencies

The Municipal Water Department (Department) is under investigation for alleged violations of the Clean Water Act by the Grand Jury of the United States District Court of the Central District of California. Although management denies any material violations of the Act, the outcome of this investigation or any subsequent actions cannot be determined at this time with any certainty. If the Department were to be found guilty of violations of the Clean Water Act, it could be subject to fines, and those fines could be material to these financial statements.

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) Contract Commitments

The City has entered into a contract with Solpac, Inc. of approximately $10,000,000 for the renovation and restoration of the San Bernardino Santa Fe Depot. At June 30, 2003, approximately $6,000,000 remains to be spent on this contract. Funding for this project is mainly in the form of grants from other governmental agencies.

(17) 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, 2003, the outstanding balance due from IVDA is $639,650.

(17) 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, 2003, the outstanding balance due from SBIAA is $238,315.

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, 2003, the outstanding balance due from the Authority is $584,000.

(18) Discontinued Operations

EMS Transport Fund

During the 1996/97 fiscal year the City established a new enterprise fund for the purpose of providing emergency medical transportation. The new EMS Transport Fund was to begin operations in May of 1997. In April of 1997 the Courts issued a stay and the City could not begin operations. On June 30, 1997, the California Supreme Court ruled that the County of San Bernardino was responsible for emergency medical transportation in the County and the City could not go into the emergency medical transport business without the County's approval. Based on the Courts decision the City has abandoned their plans to provide emergency medical transportation.

(19) Prior Period Adjustments

The accompanying financial statements reflect adjustments which resulted in a restatement of beginning fund balances/net assets of the Economic Development Agency Special Revenue Fund and Sewer Enterprise Fund.

(a) The Economic Development Agency Special Revenue Fund fund balance at June 30, 2002 has been increased by $330,920 to reflect land held for resale that had not been reported in prior years

The following schedule summarizes the effect of the prior period adjustment to the following governmental fund's opening fund balance as of June 30, 2003:

	Major Special Revenue Fund Economic Development Agency
Fund balance at beginning of year, as previously reported	$21,591,415
Recognition of land held for resale not previously reported	330,920
Fund balance at beginning of year, as restated	$21,922,335

(b) The RIX facility capital assets were examined to properly account for and depreciate assets on an individual basis rather than a group basis. That detailed analysis provided for a more precise determination of capital assets and accumulated depreciation.

The following schedule summarizes the effects of the prior period adjustments to the following proprietary fund's beginning net assets as of June 30, 2003:

	Enterprise Fund Sewer
Net assets at beginning of year, as previously reported	$90,130,090
Net effect of proper statement of capital assets and accumulated depreciation	(3,640,733)
Net assets at beginning of year, as restated	$86,489,357

(c) The governmental activities beginning net assets have also been reduced by $36,300,000 to reflect proper valuation of land.

(19) Prior Period Adjustments, (Continued)

The following schedule summarizes the effect of prior period adjustments to the governmental activities and business-type activities beginning net assets as of June 30, 2003 on the government-wide financial statements:

	Governmental Activities	Business-type Activities
Net assets at beginning of year, as previously reported	$141,976,391	170,768,369
(a) Recognition of land held for resale not previously reported	330,920	-
(b) Net effect of proper statement of capital assets and accumulated depreciation	-	(3,640,733)
(c) Properly valued land as of the date of acquisition	(36,300,000)	-
Net assets at beginning of year, as restated	$106,007,311	167,127,636

(20) Subsequent Events

On August 22, 2003, five capital lease agreements were refinanced. New capital leases in the amount of $7,640,709 were issued in order to refinance capital leases in the amount of $7,331,836.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SAN BERNARDINO

Notes to Required Supplementary Information

Year ended June 30, 2003

(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 $6,850,700.

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.

(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, 2003:

	Final Budget	Actual	Variance-(Unfavorable)
General Fund:			
City treasurer – personnel, salaries and benefits	$ 102,600	107,679	(5,079)
City attorney – personnel, salaries and benefits	1,530,300	1,532,864	(2,564)
Civil service – other	63,000	67,364	(4,364)
Nondepartmental – other	2,127,200	2,319,260	(192,060)
Fire – personnel, salaries and benefits	19,128,300	20,430,754	(1,302,454)

CITY OF SAN BERNARDINO
General Fund

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

Year ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:					
Taxes:					
Sales and use tax	$ 28,485,000	28,485,000	30,518,660	2,033,660	27,695,498
Utility users tax	19,730,000	19,730,000	20,204,082	474,082	19,442,682
Property taxes	7,526,000	7,526,000	7,962,054	436,054	7,658,918
Franchise tax	2,768,000	2,768,000	2,878,720	110,720	2,879,949
Transient occupancy tax	2,500,000	2,500,000	2,531,049	31,049	2,439,186
Property transfer tax	320,000	320,000	559,496	239,496	349,621
Total taxes	61,329,000	61,329,000	64,654,061	3,325,061	60,465,854
Licenses and permits:					
Business registration	4,250,000	4,250,000	4,624,796	374,796	4,288,966
Building permits	480,000	480,000	634,559	154,559	519,500
Mechanical permits	210,000	210,000	239,874	29,874	220,555
Onsite permits	235,000	235,000	321,320	86,320	233,649
Onsite plan check fees	120,000	120,000	87,117	(32,883)	119,011
Public works construction permit	140,000	140,000	97,552	(42,448)	159,263
Paramedics/EMS subscription	21,500	21,500	19,083	(2,417)	19,220
Street cut permit	11,000	11,000	17,370	6,370	8,422
Other	675,300	675,300	707,512	32,212	675,412
Total licenses and permits	6,142,800	6,142,800	6,749,183	606,383	6,243,998
Fines and forfeits:					
General fines	110,000	110,000	145,952	35,952	138,052
Parking citation	745,000	745,000	736,281	(8,719)	596,172
Fire citation	2,500	2,500	401	(2,099)	1,475
Vehicle abatement	1,500	1,500	3,167	1,667	1,641
Total fines and forfeits	859,000	859,000	885,801	26,801	737,340
Investment income:					
Investment income	1,000,000	1,000,000	340,466	(659,534)	1,126,289
Land and building rental	355,000	355,000	404,123	49,123	354,186
Other	90,000	90,000	85,130	(4,870)	82,580
Total investment income	1,445,000	1,445,000	829,719	(615,281)	1,563,055

(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
Intergovernmental:					
Motor vehicle in lieu tax	10,500,000	10,500,000	10,981,289	481,289	10,625,365
Homeowners exemption	152,000	152,000	155,881	3,881	102,721
State police training grants	4,000	4,000	5,379	1,379	4,916
State grants	285,000	285,000	476,027	191,027	414,030
Other	2,646,900	3,273,000	3,303,256	30,256	3,544,402
Total intergovernmental	13,587,900	14,214,000	14,921,832	707,832	14,691,434
Charges for services:					
Plan check fees	225,000	225,000	309,216	84,216	258,127
Paramedics/emergency medical services	640,000	640,000	527,196	(112,804)	626,125
Board up/demolition assessment	340,000	340,000	666,506	326,506	381,954
Storm drain utility fee	280,000	280,000	251,249	(28,751)	289,827
Weed abatement	230,000	230,000	379,550	149,550	209,782
Planning development projects	125,000	595,000	230,241	(364,759)	121,884
Sale of photos	105,000	105,000	132,543	27,543	111,266
Alarm system fee	80,000	80,000	66,252	(13,748)	76,538
Engineering fees	30,000	30,000	14,031	(15,969)	33,142
Miscellaneous police receipts	765,000	775,100	756,878	(18,222)	773,294
Swimming pool fees	57,000	57,000	56,959	(41)	54,047
Other charges	963,000	963,000	1,329,947	366,947	1,076,312
Total charges for services	3,840,000	4,320,100	4,720,568	400,468	4,012,298
Other revenues:					
Off track betting	130,000	130,000	168,861	38,861	137,370
Miscellaneous receipts	100,000	279,800	229,677	(50,123)	39,895
Other revenues	2,395,500	2,395,500	2,350,503	(44,997)	2,399,523
Total other revenues	2,625,500	2,805,300	2,749,041	(56,259)	2,576,788
Total revenues	89,829,200	91,115,200	95,510,205	4,395,005	90,290,767

(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	740,300	740,300	728,609	11,691	624,217
Other	344,200	363,400	337,441	25,959	319,118
Common council:					
Personnel salaries and benefits	352,800	352,800	262,169	90,631	234,339
Other	110,800	139,100	114,883	24,217	107,332
City clerk:					
Personnel salaries and benefits	863,700	863,700	860,156	3,544	790,052
Other	190,700	234,900	205,918	28,982	231,075
City treasurer:					
Personnel salaries and benefits	102,600	102,600	107,679	(5,079)	23,478
Other	28,100	28,100	26,802	1,298	474
City attorney:					
Personnel salaries and benefits	1,535,100	1,530,300	1,532,864	(2,564)	1,363,554
Other	737,700	973,700	967,488	6,212	683,800
City administrator:					
Personnel salaries and benefits	463,500	476,000	444,586	31,414	426,598
Other	90,200	77,700	60,169	17,531	69,670
Personnel:					
Personnel salaries and benefits	354,600	354,600	338,997	15,603	274,019
Other	130,600	147,600	126,911	20,689	129,373
Finance:					
Personnel salaries and benefits	956,100	958,000	868,844	89,156	910,036
Other	305,700	306,500	301,980	4,520	231,866
Civil service:					
Personnel salaries and benefits	226,700	226,700	181,822	44,878	175,569
Other	63,000	63,000	67,364	(4,364)	77,988
Code compliance:					
Personnel salaries and benefits	1,744,700	1,757,500	1,729,674	27,826	1,569,507
Other	1,197,500	1,427,700	1,112,259	315,441	1,381,826
Facilities Management:					
Personnel salaries and benefits	1,772,800	1,778,300	1,736,958	41,342	1,555,752
Other	2,177,200	2,474,700	2,211,923	262,777	2,206,418
Nondepartmental:					
Personnel salaries and benefits	100,000	(1,859,800)	(2,082,145)	222,345	(1,901,474)
Other	1,981,800	2,127,200	2,319,260	(192,060)	2,744,871
Total general government	16,570,400	15,644,600	14,562,611	1,081,989	14,229,458

(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
Public Safety:					
Police:					
Personnel salaries and benefits	35,777,200	37,349,100	36,564,549	784,551	34,554,019
Other	7,681,700	7,827,500	7,616,376	211,124	6,954,165
Fire:					
Personnel salaries and benefits	18,143,100	19,128,300	20,430,754	(1,302,454)	18,249,976
Other	2,191,800	2,232,800	2,225,551	7,249	2,071,087
Total public safety	63,793,800	66,537,700	66,837,230	(299,530)	61,829,247
Streets:					
Development services:					
Personnel salaries and benefits	3,071,500	3,093,400	2,810,157	283,243	3,271,996
Other	2,721,200	2,811,100	3,023,238	(212,138)	2,179,788
Public services:					
Personnel salaries and benefits	1,830,500	1,838,800	1,810,526	28,274	1,237,747
Other	1,527,600	1,610,800	1,450,038	160,762	2,521,184
Total streets	9,150,800	9,354,100	9,093,959	260,141	9,210,715
Culture and recreation:					
Park, recreation and community services:					
Personnel salaries and benefits	3,115,300	3,145,500	2,961,190	184,310	2,862,296
Other	2,332,000	2,578,500	2,465,941	112,559	2,466,597
Total culture and recreation	5,447,300	5,724,000	5,427,131	296,869	5,328,893
Community Development:					
Planning, plan check and building inspection:					
Personnel salaries and benefits	1,358,900	1,363,300	1,249,960	113,340	1,007,624
Other	461,100	1,279,900	419,233	860,667	568,882
Total community development	1,820,000	2,643,200	1,669,193	974,007	1,576,506

(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
Debt Service - other:					
Principal	494,288	494,288	494,288	-	367,717
Interest	245,154	245,154	147,383	97,771	326,288
Total debt service	739,442	739,442	641,671	97,771	694,005
Total expenditures	97,521,742	100,643,042	98,231,795	2,411,247	92,868,824
Excess of (deficiency) of revenues over (under) expenditures	(7,692,542)	(9,527,842)	(2,721,590)	6,806,252	(2,578,057)
Other financing sources (uses):					
Transfers in	6,983,400	6,983,400	7,045,753	62,353	6,477,706
Transfers out	(6,195,658)	(6,206,558)	(6,319,242)	(112,684)	(8,516,866)
Total other financing sources (uses):	787,742	776,842	726,511	(50,331)	(2,039,160)
Net change in fund balances	(6,904,800)	(8,751,000)	(1,995,079)	6,755,921	(4,617,217)
Fund balances at beginning of year	14,885,162	14,885,162	14,885,162	-	19,502,379
Fund balances at end of year	$ 7,980,362	6,134,162	12,890,083	6,755,921	14,885,162

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, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:					
Intergovernmental revenues	$ 10,092,100	20,654,800	10,424,493	(10,230,307)	8,735,065
Total revenues	10,092,100	20,654,800	10,424,493	(10,230,307)	8,735,065
Expenditures:					
Current:					
General government - salaries and other	110,500	110,500	130,285	(19,785)	79,944
Public safety - salaries and other	3,163,100	3,163,100	1,894,286	1,268,814	2,524,444
Culture and recreation - salaries and other	84,400	84,400	231,140	(146,740)	178,786
Community development - salaries and other	-	10,237,900	4,545,933	5,691,967	1,440,670
Community service - salaries and other	6,734,100	7,058,900	6,601,633	457,267	4,461,221
Debt Service - other:					
Principal	-	-	-	-	50,000
Total expenditures	10,092,100	20,654,800	13,403,277	7,251,523	8,735,065
Net change in fund balances	-	-	(2,978,784)	(2,978,784)	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances (deficit) at end of year	$ -	-	(2,978,784)	(2,978,784)	-

CITY OF SAN BERNARDINO
Economic Development Agency Fund

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

Year ended June 30, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:					
Investment income	$ 1,746,546	1,746,546	389,946	(1,356,600)	500,555
Intergovernmental revenues	11,921,000	11,921,000	6,509,032	(5,411,968)	8,347,477
Other	6,000	6,000	3,826,643	3,820,643	645,189
Total revenues	13,673,546	13,673,546	10,725,621	(2,947,925)	9,493,221
Expenditures:					
Current:					
Community development:					
Personnel salaries and benefits	340,000	340,000	340,000	-	650,000
Other	11,721,000	11,721,000	6,208,193	5,512,807	5,962,145
Economic development:					
Personnel salaries and benefits	510,059	510,059	510,059	-	979,782
Other	6,823,887	6,823,887	4,373,483	2,450,404	4,154,382
Debt service - other:					
Principal	240,000	240,000	684,760	(444,760)	266,357
Interest and fiscal charges	194,000	194,000	124,388	69,612	8,603
Total expenditures	19,828,946	19,828,946	12,240,883	7,588,063	12,021,269
Excess (deficiency) of revenues over (under) expenditures	(6,155,400)	(6,155,400)	(1,515,262)	4,640,138	(2,528,048)
Other financing sources (uses):					
Transfers in	6,155,400	6,155,400	3,692,504	(2,462,896)	3,776,868
Transfers out	-	-	(1,816,499)	(1,816,499)	(1,856,957)
Proceeds from issuance of debt	-	-	3,500,000	3,500,000	-
Total other financing sources (uses)	6,155,400	6,155,400	5,376,005	(779,395)	1,919,911
Net change in fund balances	-	-	3,860,743	3,860,743	(608,137)
Fund balances at beginning of year, as restated	21,922,335	21,922,335	21,922,335	-	22,199,552
Fund balances at end of year	$ 21,922,335	21,922,335	25,783,078	3,860,743	21,591,415

SUPPLEMENTARY SCHEDULES

CITY OF SAN BERNARDINO
Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2003

	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Assets:				
Cash and investments	$ 9,413,702	186,866	8,905,237	18,505,805
Cash and investments with fiscal agent	-	102,128	230,715	332,843
Receivables:				
Accounts	21,114	-	-	21,114
Interest	90,883	1,642	92,534	185,059
Special assessments	-	2,762,404	-	2,762,404
Prepaid items	86	-	-	86
Due from other governmental agencies	1,486,494	7,716	1,252,130	2,746,340
Advances to other funds	158,700	-	158,700	317,400
Other assets	-	-	214,671	214,671
Total assets	$11,170,979	3,060,756	10,853,987	25,085,722
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 719,004	-	439,818	1,158,822
Due to other funds	223,362	-	3,770,088	3,993,450
Deposits payable	-	-	10,553	10,553
Retentions payable	20,903	-	173,369	194,272
Deferred revenue	-	2,762,404	-	2,762,404
Advances from other funds	-	2,299,170	81,200	2,380,370
Total liabilities	963,269	5,061,574	4,475,028	10,499,871
Fund balances:				
Reserved for:				
Encumbrances	422,500	-	788,200	1,210,700
Prepaid items	86	-	-	86
Debt service	-	225,308	-	225,308
Grant restrictions	243,631	-	-	243,631
Advances to other funds	158,700	-	158,700	317,400
Long-term receivables	-	-	1,236,965	1,236,965
Sewer capacity rights	-	-	214,671	214,671
Petty cash	3,330	-	-	3,330
Unreserved:				
Designated for continuing appropriations	89,600	-	241,800	331,400
Undesignated	9,289,863	(2,226,126)	3,738,623	10,802,360
Total fund balances (deficit)	10,207,710	(2,000,818)	6,378,959	14,585,851
Total liabilities and fund balances	$11,170,979	3,060,756	10,853,987	25,085,722

CITY OF SAN BERNARDINO
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2003

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues:				
Taxes	$ -	384,409	623,274	1,007,683
Licenses and permits	283,449	-	229,476	512,925
Fines and forfeits	674,039	-	-	674,039
Investment income	330,218	6,421	339,448	676,087
Intergovernmental revenues	6,763,599	-	694,393	7,457,992
Charges for services	2,494,528	-	2,297,560	4,792,088
Other revenues	1,197,487	-	175,266	1,372,753
Total revenues	11,743,320	390,830	4,359,417	16,493,567
Expenditures:				
Current:				
General government	624,905	-	-	624,905
Public safety	987,068	-	24,386	1,011,454
Streets	3,693,626	-	4,386,364	8,079,990
Culture and recreation	565,829	-	677,094	1,242,923
Community service	4,225,460	-	-	4,225,460
Debt Service:				
Principal	-	55,000	-	55,000
Interest	-	229,022	-	229,022
Total expenditures	10,096,888	284,022	5,087,844	15,468,754
Excess (deficiency) of revenues over (under) expenditures	1,646,432	106,808	(728,427)	1,024,813
Other financing sources (uses):				
Transfers in	4,510,042	-	51,500	4,561,542
Transfers out	(4,449,697)	-	(514,775)	(4,964,472)
Total other financing sources (uses)	60,345	-	(463,275)	(402,930)
Net change in fund balances	1,706,777	106,808	(1,191,702)	621,883
Fund balances (deficit) at beginning of year	8,500,933	(2,107,626)	7,570,661	13,963,968
Fund balances (deficit) at end of year	$ 10,207,710	(2,000,818)	6,378,959	14,585,851

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

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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

CITY OF SAN BERNARDINO
Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2003

	Library	Cemetery	Cable TV
Assets			
Cash and investments	$ 2,419	-	-
Receivables:			
Accounts	175	-	19,015
Interest	-	5,692	-
Prepaid items	-	-	-
Due from other governmental agencies	-	-	45,562
Advances to other funds	-	-	-
Total assets	$ 2,594	5,692	64,577
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 2,594	2,604	1,762
Due to other funds	-	3,088	40,541
Retentions payable	-	-	-
Total liabilities	2,594	5,692	42,303
Fund balances:			
Reserved for:			
Encumbrances	-	-	18,800
Prepaid items	-	-	-
Grant restrictions	-	-	-
Advances to other funds	-	-	-
Petty cash	275	25	-
Unreserved:			
Designated for continuing appropriations	-	-	-
Undesignated	(275)	(25)	3,474
Total fund balances	-	-	22,274
Total liabilities and fund balances	$ 2,594	5,692	64,577

Asset Seizure	Alternative Transportation	Local Transportation	Animal Control	Traffic Congestion
788,869	114,917	-	-	233,373
-	-	-	1,671	-
7,543	1,033	-	-	2,099
-	-	-	86	-
-	57,197	30,854	127,723	131,710
-	-	-	-	-
796,412	173,147	30,854	129,480	367,182
2,505	1,299	-	14,636	1,549
-	-	30,854	114,844	-
-	-	-	-	-
2,505	1,299	30,854	129,480	1,549
24,400	-	-	-	12,300
-	-	-	86	-
243,631	-	-	-	-
-	-	-	-	-
1,500	-	-	830	-
8,800	-	-	-	-
515,576	171,848	-	(916)	353,333
793,907	171,848	-	-	365,633
796,412	173,147	30,854	129,480	367,182

(Continued)

CITY OF SAN BERNARDINO
Nonmajor Special Revenue Funds

Combining Balance Sheet

(Continued)

	Special Gas Tax	Traffic Safety	Sewerline Maintenance
Assets			
Cash and investments	$ 1,481,105	-	2,722,159
Receivables:			
Accounts	-	-	253
Interest	13,320	-	24,481
Prepaid items	-	-	-
Due from other governmental agencies	361,339	34,035	280,037
Advances to other funds	-	-	158,700
Total assets	1,855,764	34,035	3,185,630
Liabilities and fund balances			
Liabilities:			
Accounts payable	316,582	-	39,814
Due to other funds	-	34,035	-
Retentions payable	2,873	-	-
Total liabilities	319,455	34,035	39,814
Fund balances:			
Reserved for:			
Encumbrances	14,100	-	-
Prepaid items	-	-	-
Grant restrictions	-	-	-
Advances to other funds	-	-	158,700
Petty cash	-	-	-
Unreserved:			
Designated for continuing appropriations	3,000	-	-
Undesignated	1,519,209	-	2,987,116
Total fund balances	1,536,309	-	3,145,816
Total liabilities and fund balances	$ 1,855,764	34,035	3,185,630

Sales and Road	Baseball Stadium	Soccer Field	Totals
4,013,201	16,460	41,199	9,413,702
-	-	-	21,114
36,053	298	364	90,883
-	-	-	86
418,037	-	-	1,486,494
-	-	-	158,700
4,467,291	16,758	41,563	11,170,979
303,548	10,558	21,553	719,004
-	-	-	223,362
18,030	-	-	20,903
321,578	10,558	21,553	963,269
346,700	6,200	-	422,500
-	-	-	86
-	-	-	243,631
-	-	-	158,700
-	-	700	3,330
77,800	-	-	89,600
3,721,213	-	19,310	9,289,863
4,145,713	6,200	20,010	10,207,710
4,467,291	16,758	41,563	11,170,979

CITY OF SAN BERNARDINO
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2003

	Library	Cemetery	Cable TV
Revenues:			
Licenses and permits	$ -	-	-
Fines and forfeits	-	-	-
Investment income	-	21,232	-
Intergovernmental revenues	170,921	-	-
Charges for services	85,854	166,433	-
Other revenues	-	-	108,297
Total revenues	256,775	187,665	108,297
Expenditures:			
Current:			
General government	-	-	545,103
Public safety	-	-	-
Streets	-	-	-
Culture and recreation	-	-	-
Community service	2,421,573	249,319	-
Total expenditures	2,421,573	249,319	545,103
Excess (deficiency) of revenues over (under) expenditures	(2,164,798)	(61,654)	(436,806)
Other financing sources (uses):			
Transfers in	2,839,105	61,654	459,080
Transfers out	(674,307)	-	-
Total other financing sources (uses)	2,164,798	61,654	459,080
Net change in fund balances	-	-	22,274
Fund balances (deficit) at beginning of year	-	-	-
Fund balances at end of year	$ -	-	22,274

Asset Seizure	Alternative Transportation	Local Transportation	Animal Control	Traffic Congestion
-	-	-	283,449	-
-	-	-	86,462	-
26,530	4,318	-	-	10,303
41,789	220,960	30,854	-	493,448
-	-	-	788,067	-
950,783	3,000	-	1,870	-
1,019,102	228,278	30,854	1,159,848	503,751
-	79,802	-	-	-
987,068	-	-	-	-
-	-	-	-	647,253
-	-	-	-	-
-	-	-	1,554,568	-
987,068	79,802	-	1,554,568	647,253
32,034	148,476	30,854	(394,720)	(143,502)
-	-	25,613	394,720	-
-	(161,500)	-	-	-
-	(161,500)	25,613	394,720	-
32,034	(13,024)	56,467	-	(143,502)
761,873	184,872	(56,467)	-	509,135
793,907	171,848	-	-	365,633

(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	-	587,577	-
Investment income	48,031	-	94,795
Intergovernmental revenues	3,490,261	-	-
Charges for services	-	-	1,235,376
Other revenues	-	-	-
Total revenues	3,538,292	587,577	1,330,171
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Streets	668,579	-	1,224,963
Culture and recreation	-	-	-
Community service	-	-	-
Total expenditures	668,579	-	1,224,963
Excess (deficiency) of revenues over (under) expenditures	2,869,713	587,577	105,208
Other financing sources (uses):			
Transfers in	-	-	491,200
Transfers out	(2,735,613)	(587,577)	(100,000)
Total other financing sources (uses)	(2,735,613)	(587,577)	391,200
Net change in fund balances	134,100	-	496,408
Fund balances (deficit) at beginning of year	1,402,209	-	2,649,408
Fund balances at end of year	$ 1,536,309	-	3,145,816

Sales and Road	Baseball Stadium	Soccer Field	Totals
-	-	-	283,449
-	-	-	674,039
123,975	(102)	1,136	330,218
2,315,366	-	-	6,763,599
-	-	218,798	2,494,528
-	133,537	-	1,197,487
2,439,341	133,435	219,934	11,743,320
-	-	-	624,905
-	-	-	987,068
1,152,831	-	-	3,693,626
-	365,905	199,924	565,829
-	-	-	4,225,460
1,152,831	365,905	199,924	10,096,888
1,286,510	(232,470)	20,010	1,646,432
-	238,670	-	4,510,042
(190,700)	-	-	(4,449,697)
(190,700)	238,670	-	60,345
1,095,810	6,200	20,010	1,706,777
3,049,903	-	-	8,500,933
4,145,713	6,200	20,010	10,207,710

CITY OF SAN BERNARDINO
Library Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental revenues	$ 289,500	170,921	(118,579)	289,523
Charges for services	83,500	85,854	2,354	85,618
Total revenues	373,000	256,775	(116,225)	375,141
Expenditures:				
Current:				
Community service:				
Personnel salaries and benefits	1,717,400	1,704,370	13,030	1,532,391
Other	806,000	717,203	88,797	809,490
Total expenditures	2,523,400	2,421,573	101,827	2,341,881
Excess (deficiency) of revenues over (under) expenditures	(2,150,400)	(2,164,798)	(14,398)	(1,966,740)
Other financing sources (uses):				
Transfers in	2,816,700	2,839,105	22,405	2,631,859
Transfers out	(666,300)	(674,307)	(8,007)	(665,119)
Total other financing sources (uses)	2,150,400	2,164,798	14,398	1,966,740
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	-	-	-

CITY OF SAN BERNARDINO
Cemetery Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 25,000	21,232	(3,768)	26,395
Charges for services	156,400	166,433	10,033	167,169
Total revenues	181,400	187,665	6,265	193,564
Expenditures:				
Current:				
Community service:				
Personnel salaries and benefits	195,400	200,613	(5,213)	188,047
Other	50,000	48,706	1,294	37,098
Total expenditures	245,400	249,319	(3,919)	225,145
Excess (deficiency) of revenues over (under) expenditures	(64,000)	(61,654)	2,346	(31,581)
Other financing sources (uses):				
Transfers in	64,000	61,654	(2,346)	337,562
Total other financing sources (uses)	64,000	61,654	(2,346)	337,562
Net change in fund balances	-	-	-	305,981
Fund balances (deficit) at beginning of year	-	-	-	(305,981)
Fund balances at end of year	$ -	-	-	-

CITY OF SAN BERNARDINO
Cable TV Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Other revenues	$ 120,000	108,297	(11,703)	98,212
Total revenues	120,000	108,297	(11,703)	98,212
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	349,800	360,706	(10,906)	317,365
Other	176,000	184,397	(8,397)	171,193
Total expenditures	525,800	545,103	(19,303)	488,558
Excess (deficiency) of revenues over (under) expenditures	(405,800)	(436,806)	(31,006)	(390,346)
Other financing sources (uses):				
Transfers in	405,800	459,080	53,280	390,346
Total other financing sources (uses)	405,800	459,080	53,280	390,346
Net change in fund balances	-	22,274	22,274	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	22,274	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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 25,000	26,530	1,530	30,452
Intergovernmental revenues	25,000	41,789	16,789	104,047
Other revenues	215,000	950,783	735,783	415,452
Total revenues	265,000	1,019,102	754,102	549,951
Expenditures:				
Current:				
Public safety:				
Personnel salaries and benefits	50,000	50,000	-	-
Other	1,014,400	937,068	77,332	363,593
Total expenditures	1,064,400	987,068	77,332	363,593
Net change in fund balances	(799,400)	32,034	831,434	186,358
Fund balances at beginning of year	761,873	761,873	-	575,515
Fund balances at end of year	$ (37,527)	793,907	831,434	761,873

CITY OF SAN BERNARDINO
Alternative Transportation Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 8,000	4,318	(3,682)	6,142
Intergovernmental revenues	210,000	220,960	10,960	216,394
Other revenues	4,000	3,000	(1,000)	4,138
Total revenues	222,000	228,278	6,278	226,674
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	55,500	45,317	10,183	40,879
Other	48,000	34,485	13,515	30,133
Total expenditures	103,500	79,802	23,698	71,012
Excess (deficiency) of revenues over (under) expenditures	118,500	148,476	29,976	155,662
Other financing sources (uses):				
Transfers out	(161,500)	(161,500)	-	(161,500)
Total other financing sources (uses)	(161,500)	(161,500)	-	(161,500)
Net change in fund balances	(43,000)	(13,024)	29,976	(5,838)
Fund balances at beginning of year	184,872	184,872	-	190,710
Fund balances at end of year	$ 141,872	171,848	29,976	184,872

CITY OF SAN BERNARDINO
Local Transportation Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental revenues	$ -	30,854	30,854	-
Total revenues	-	30,854	30,854	-
Expenditures:				
Current:				
Streets - other	-	-	-	49,460
Total expenditures	-	-	-	49,460
Excess (deficiency) of revenues over (under) expenditures	-	30,854	30,854	(49,460)
Other financing sources (uses):				
Transfers in	-	25,613	25,613	-
Total other financing sources (uses)	-	25,613	25,613	-
Net change in fund balances	-	56,467	56,467	(49,460)
Fund balances (deficit) at beginning of year	(56,467)	(56,467)	-	(7,007)
Fund balances at end of year	$ (56,467)	-	56,467	(56,467)

CITY OF SAN BERNARDINO
Animal Control Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Licenses and permits	$ 342,900	283,449	(59,451)	333,498
Fines and forfeits	95,000	86,462	(8,538)	110,826
Charges for services	817,100	788,067	(29,033)	714,080
Other revenues	2,000	1,870	(130)	2,059
Total revenues	1,257,000	1,159,848	(97,152)	1,160,463
Expenditures:				
Current:				
Community service:				
Personnel salaries and benefits	1,125,500	1,052,064	73,436	886,531
Other	484,300	502,504	(18,204)	648,698
Total expenditures	1,609,800	1,554,568	55,232	1,535,229
Excess (deficiency) of revenues over (under) expenditures	(352,800)	(394,720)	(41,920)	(374,766)
Other financing sources (uses):				
Transfers in	338,700	394,720	56,020	374,766
Total other financing sources (uses)	338,700	394,720	56,020	374,766
Net change in fund balances	(14,100)	-	14,100	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ (14,100)	-	14,100	-

CITY OF SAN BERNARDINO
Traffic Congestion Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 25,000	10,303	(14,697)	42,176
Intergovernmental revenues	2,220,000	493,448	(1,726,552)	473,633
Total revenues	2,245,000	503,751	(1,741,249)	515,809
Expenditures:				
Current:				
Streets - other	3,579,200	647,253	2,931,947	1,386,142
Total expenditures	3,579,200	647,253	2,931,947	1,386,142
Net change in fund balances	(1,334,200)	(143,502)	1,190,698	(870,333)
Fund balances at beginning of year	509,135	509,135	-	1,379,468
Fund balances at end of year	$ (825,065)	365,633	1,190,698	509,135

CITY OF SAN BERNARDINO
Special Gas Tax Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 20,000	48,031	28,031	50,078
Intergovernmental revenues	3,440,000	3,490,261	50,261	3,496,671
Other revenues	-	-	-	8,117
Total revenues	3,460,000	3,538,292	78,292	3,554,866
Expenditures:				
Current:				
Streets - other	2,166,700	668,579	1,498,121	521,110
Total expenditures	2,166,700	668,579	1,498,121	521,110
Excess (deficiency) of revenues over (under) expenditures	1,293,300	2,869,713	1,576,413	3,033,756
Other financing sources (uses):				
Transfers out	(2,710,000)	(2,735,613)	(25,613)	(2,710,000)
Total other financing sources (uses)	(2,710,000)	(2,735,613)	(25,613)	(2,710,000)
Net change in fund balances	(1,416,700)	134,100	1,550,800	323,756
Fund balances at beginning of year	1,402,209	1,402,209	-	1,078,453
Fund balances at end of year	$ (14,491)	1,536,309	1,550,800	1,402,209

CITY OF SAN BERNARDINO
Traffic Safety Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Fines and forfeits	$ 700,000	587,577	(112,423)	693,320
Total revenues	700,000	587,577	(112,423)	693,320
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	700,000	587,577	(112,423)	693,320
Other financing sources (uses):				
Transfers out	(700,000)	(587,577)	112,423	(693,320)
Total other financing sources (uses)	(700,000)	(587,577)	112,423	(693,320)
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	-	-	-

CITY OF SAN BERNARDINO
Sewerline Maintenance Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 110,000	94,795	(15,205)	113,442
Charges for services	1,215,000	1,235,376	20,376	1,225,921
Total revenues	1,325,000	1,330,171	5,171	1,339,363
Expenditures:				
Current:				
Streets:				
Personnel salaries and benefits	627,100	554,620	72,480	588,178
Other	1,009,400	670,343	339,057	840,151
Total expenditures	1,636,500	1,224,963	411,537	1,428,329
Excess (deficiency) of revenues over (under) expenditures	(311,500)	105,208	416,708	(88,966)
Other financing sources (uses):				
Transfers in	-	491,200	491,200	-
Transfers out	(100,000)	(100,000)	-	(106,000)
Total other financing sources (uses)	(100,000)	391,200	491,200	(106,000)
Net change in fund balances	(411,500)	496,408	907,908	(194,966)
Fund balances at beginning of year	2,649,408	2,649,408	-	2,844,374
Fund balances at end of year	$ 2,237,908	3,145,816	907,908	2,649,408

CITY OF SAN BERNARDINO
Sales and Road Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 100,000	123,975	23,975	134,589
Intergovernmental revenues	2,075,000	2,315,366	240,366	2,155,766
Other revenues	220,000	-	(220,000)	81,000
Total revenues	2,395,000	2,439,341	44,341	2,371,355
Expenditures:				
Current:				
Streets - other	5,002,600	1,152,831	3,849,769	2,122,116
Total expenditures	5,002,600	1,152,831	3,849,769	2,122,116
Excess (deficiency) of revenues over (under) expenditures	(2,607,600)	1,286,510	3,894,110	249,239
Other financing sources (uses):				
Transfers out	(190,700)	(190,700)	-	(204,500)
Total other financing sources (uses)	(190,700)	(190,700)	-	(204,500)
Net change in fund balances	(2,798,300)	1,095,810	3,894,110	44,739
Fund balances at beginning of year	3,049,903	3,049,903	-	3,005,164
Fund balances at end of year	$ 251,603	4,145,713	3,894,110	3,049,903

CITY OF SAN BERNARDINO
Baseball Stadium Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	(102)	(102)	10,711
Other revenues	114,000	133,537	19,537	188,739
Total revenues	114,000	133,435	19,435	199,450
Expenditures:				
Current:				
Culture and recreation:				
Personnel salaries and benefits	126,400	130,168	(3,768)	98,890
Other	242,900	235,737	7,163	357,093
Total expenditures	369,300	365,905	3,395	455,983
Excess (deficiency) of revenues over (under) expenditures	(255,300)	(232,470)	22,830	(256,533)
Other financing sources (uses):				
Transfers in	255,300	238,670	(16,630)	898,075
Total other financing sources (uses)	255,300	238,670	(16,630)	898,075
Net change in fund balances	-	6,200	6,200	641,542
Fund balances (deficit) at beginning of year	-	-	-	(641,542)
Fund balances at end of year	$ -	6,200	6,200	-

CITY OF SAN BERNARDINO
Soccer Field Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	1,136	1,136	-
Charges for services	375,000	218,798	(156,202)	-
Total revenues	375,000	219,934	(155,066)	-
Expenditures:				
Current:				
Culture and recreation:				
Personnel salaries and benefits	140,600	69,496	71,104	-
Other	225,200	130,428	94,772	-
Total expenditures	365,800	199,924	165,876	-
Net change in fund balances	9,200	20,010	10,810	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ 9,200	20,010	10,810	-

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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

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, 2003

	Assessment District #971	Assessment District # 985	Assessment District # 987	Assessment District # 1015	Verdemont Improvement Loan	Totals
Assets						
Cash and investments	$ 4,297	77,567	32,609	115	72,278	186,866
Cash and investments with fiscal agent	-	45,391	56,737	-	-	102,128
Receivables:						
Interest	-	698	293	1	650	1,642
Special assessments	-	226,344	237,645	568,184	1,730,231	2,762,404
Due from other governmental agencies	-	-	7,716	-	-	7,716
Total assets	$ 4,297	350,000	335,000	568,300	1,803,159	3,060,756
Liabilities and Fund Balances						
Liabilities:						
Deferred revenue	$ -	226,344	237,645	568,184	1,730,231	2,762,404
Advances from other funds	-	-	-	568,300	1,730,870	2,299,170
Total liabilities	-	226,344	237,645	1,136,484	3,461,101	5,061,574
Fund balances (deficit):						
Reserved for debt service	4,297	123,656	97,355	-	-	225,308
Unreserved, undesignated	-	-	-	(568,184)	(1,657,942)	(2,226,126)
Total fund balances (deficit)	4,297	123,656	97,355	(568,184)	(1,657,942)	(2,000,818)
Total liabilities and fund balances	$ 4,297	350,000	335,000	568,300	1,803,159	3,060,756

CITY OF SAN BERNARDINO
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Assessment District #971	Assessment District #985	Assessment District # 987	Assessment District # 1015	Verdemont Improvement Loan	Totals
Revenues:						
Taxes	$ -	61,282	74,564	62,193	186,370	384,409
Investment income	-	2,957	1,415	586	1,463	6,421
Total revenues	-	64,239	75,979	62,779	187,833	390,830
Expenditures:						
Debt service:						
Principal	-	30,000	25,000	-	-	55,000
Interest	6,943	33,579	31,688	41,268	115,544	229,022
Total expenditures	6,943	63,579	56,688	41,268	115,544	284,022
Net change in fund balances	(6,943)	660	19,291	21,511	72,289	106,808
Fund balances (deficit) at beginning of year	11,240	122,996	78,064	(589,695)	(1,730,231)	(2,107,626)
Fund balances (deficit) at end of year	$ 4,297	123,656	97,355	(568,184)	(1,657,942)	(2,000,818)

CITY OF SAN BERNARDINO
Assessment District #971 Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ -	-	-	7,467
Total revenues	-	-	-	7,467
Expenditures:				
Debt service - other:				
Interest	-	6,943	(6,943)	-
Total expenditures	-	6,943	(6,943)	-
Net change in fund balances	-	(6,943)	(6,943)	7,467
Fund balances at beginning of year	11,240	11,240	-	3,773
Fund balances at end of year	$ 11,240	4,297	(6,943)	11,240

CITY OF SAN BERNARDINO
Assessment District #985 Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ 70,000	61,282	(8,718)	84,997
Investment income	2,700	2,957	257	3,475
Total revenues	72,700	64,239	(8,461)	88,472
Expenditures:				
Debt service - other:				
Principal	30,000	30,000	-	30,000
Interest	35,000	33,579	1,421	37,626
Total expenditures	65,000	63,579	1,421	67,626
Net change in fund balances	7,700	660	(7,040)	20,846
Fund balances at beginning of year	122,996	122,996	-	102,150
Fund balances at end of year	$ 130,696	123,656	(7,040)	122,996

CITY OF SAN BERNARDINO
Assessment District #987 Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ 56,000	74,564	18,564	58,869
Investment income	2,000	1,415	(585)	2,086
Total revenues	58,000	75,979	17,979	60,955
Expenditures:				
Debt service - other:				
Principal	25,000	25,000	-	25,000
Interest	33,600	31,688	1,912	34,668
Total expenditures	58,600	56,688	1,912	59,668
Net change in fund balances	(600)	19,291	19,891	1,287
Fund balances at beginning of year	78,064	78,064	-	76,777
Fund balances at end of year	$ 77,464	97,355	19,891	78,064

CITY OF SAN BERNARDINO
Assessment District #1015 Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ 63,000	62,193	(807)	61,685
Investment income	200	586	386	612
Total revenues	63,200	62,779	(421)	62,297
Expenditures:				
Debt service - other:				
Interest	49,800	41,268	8,532	42,376
Total expenditures	49,800	41,268	8,532	42,376
Net change in fund balances	13,400	21,511	8,111	19,921
Fund balances (deficit) at beginning of year	(589,695)	(589,695)	-	(609,616)
Fund balances (deficit) at end of year	$ (576,295)	(568,184)	8,111	(589,695)

CITY OF SAN BERNARDINO
Verdemont Improvement Loan Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ 115,000	186,370	71,370	-
Investment income	-	1,463	1,463	12,427
Total revenues	115,000	187,833	72,833	12,427
Expenditures:				
Debt service - other:				
Interest	115,000	115,544	(544)	66,949
Total expenditures	115,000	115,544	(544)	66,949
Net change in fund balances	-	72,289	72,289	(54,522)
Fund balances (deficit) at beginning of year	(1,730,231)	(1,730,231)	-	(1,675,709)
Fund balances (deficit) at end of year	$ (1,730,231)	(1,657,942)	72,289	(1,730,231)

CITY OF SAN BERNARDINO
Economic Development Agency Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 400,000	1,379,984	979,984	994,026
Total revenues	400,000	1,379,984	979,984	994,026
Expenditures:				
Debt service - other:				
Principal	5,481,447	5,464,999	16,448	4,745,002
Interest	10,232,191	10,340,175	(107,984)	9,640,509
Fiscal charges	-	13,330	(13,330)	296,619
Payment to escrow agent	-	-	-	1,470,150
Total expenditures	15,713,638	15,818,504	(104,866)	16,152,280
Excess (deficiency) of revenues over (under) expenditures	(15,313,638)	(14,438,520)	875,118	(15,158,254)
Other financing sources (uses):				
Transfers in	14,523,965	14,417,633	(106,332)	13,541,674
Transfers out	-	(9,584)	(9,584)	(12,517,325)
Proceeds from issuance of long term debt	-	-	-	32,956,396
Payment to escrow agent	-	-	-	(16,309,848)
Total other financing sources (uses)	14,523,965	14,408,049	(115,916)	17,670,897
Net change in fund balances	(789,673)	(30,471)	759,202	2,512,643
Fund balances at beginning of year	23,865,580	23,865,580	-	21,352,937
Fund balances at end of year	$ 23,075,907	23,835,109	759,202	23,865,580

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, 2003

	Public Park Extension	Park Construction Fee	Cemetery Construction	Public Improvements
Assets				
Cash and investments	$ 55,842	494,777	28,020	567,600
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Interest	504	4,450	252	5,104
Due from other governmental agencies	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
Total assets	$ 56,346	499,227	28,272	572,704
Liabilities and Fund Balances (Deficit)				
Liabilities:				
Accounts payable	$ 8,876	135,228	-	-
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Retentions payable	-	37,405	-	-
Advances from other funds	-	-	-	-
Total liabilities	8,876	172,633	-	-
Fund balances (deficit):				
Reserved for:				
Encumbrances	7,800	36,300	-	-
Advances to other funds	-	-	-	-
Long-term receivables	-	-	-	-
Sewer capacity rights	-	-	-	-
Unreserved:				
Designated for continuing appropriations	17,600	-	-	-
Undesignated	22,070	290,294	28,272	572,704
Total fund balances (deficit)	47,470	326,594	28,272	572,704
Total liabilities and fund balances	$ 56,346	499,227	28,272	572,704

Storm Drain Construction	Special Assessments	Cultural Development Construction Fee	Traffic Systems	Street Lighting/ Sweeping	Assessment District # 1015
1,887,685	-	-	818,468	-	28,163
-	-	-	-	-	-
16,796	13,284	51	7,361	-	253
238,315	11,883	-	-	3,282	-
-	-	-	-	-	-
-	-	-	-	-	-
2,142,796	25,167	51	825,829	3,282	28,416
22,030	27,644	-	568	-	-
-	499,413	51	-	3,282	-
-	10,553	-	-	-	-
-	-	-	1,689	-	-
81,200	-	-	-	-	-
103,230	537,610	51	2,257	3,282	-
143,000	-	-	3,000	-	-
-	-	-	-	-	-
238,315	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,658,251	(512,443)	-	820,572	-	28,416
2,039,566	(512,443)	-	823,572	-	28,416
2,142,796	25,167	51	825,829	3,282	28,416

(Continued)

CITY OF SAN BERNARDINO
Nonmajor Capital Projects Funds

Combining Balance Sheet

(Continued)

	City Hall Refunding	Fire Equipment Acquisition	Street Construction	Sewerline Construction	Totals
Assets					
Cash and investments	$ -	5,512	-	5,019,170	8,905,237
Cash and investments with fiscal agent	226,627	4,088	-	-	230,715
Receivables:					
Interest	-	-	-	44,479	92,534
Due from other governmental agencies	-	-	998,650	-	1,252,130
Advances to other funds	-	-	-	158,700	158,700
Other assets	-	-	-	214,671	214,671
Total assets	226,627	9,600	998,650	5,437,020	10,853,987
Liabilities and Fund Balances (Deficit)					
Liabilities:					
Accounts payable	-	-	231,295	14,177	439,818
Due to other funds	-	-	3,267,342	-	3,770,088
Deposits payable	-	-	-	-	10,553
Retentions payable	-	-	128,669	5,606	173,369
Advances from other funds	-	-	-	-	81,200
Total liabilities	-	-	3,627,306	19,783	4,475,028
Fund balances (deficit):					
Reserved for:					
Encumbrances	-	5,500	583,600	9,000	788,200
Advances to other funds	-	-	-	158,700	158,700
Long-term receivables	-	-	998,650	-	1,236,965
Sewer capacity rights	-	-	-	214,671	214,671
Unreserved:					
Designated for continuing appropriations	224,200	-	-	-	241,800
Undesignated	2,427	4,100	(4,210,906)	5,034,866	3,738,623
Total fund balances (deficit)	226,627	9,600	(2,628,656)	5,417,237	6,378,959
Total liabilities and fund balances	$ 226,627	9,600	998,650	5,437,020	10,853,987

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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, 2003

	Public Park Extension	Park Construction Fee	Cemetery Construction	Public Improvements
Revenues:				
Taxes	$ -	-	-	-
Licenses and permits	-	-	-	-
Investment income	1,514	20,040	905	19,028
Intergovernmental revenues	-	168,596	-	-
Charges for services	-	459,659	3,837	-
Other revenues	-	-	-	-
Total revenues	1,514	648,295	4,742	19,028
Expenditures:				
Current:				
Public safety	-	-	-	-
Streets	-	-	-	4,628
Culture and recreation	39,630	637,464	-	-
Total expenditures	39,630	637,464	-	4,628
Excess (deficiency) of revenues over (under) expenditures	(38,116)	10,831	4,742	14,400
Other financing sources (uses):				
Transfers in	51,500	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	51,500	-	-	-
Net change in fund balances	13,384	10,831	4,742	14,400
Fund balances (deficit) at beginning of year	34,086	315,763	23,530	558,304
Fund balances (deficit) at end of year	$ 47,470	326,594	28,272	572,704

Storm Drain Construction	Special Assessments	Cultural Development Construction Fee	Traffic Systems	Street Lighting/ Sweeping	Assessment District # 1015
-	566,229	-	-	57,045	-
-	-	229,476	-	-	-
62,458	45,673	3,254	26,601	-	943
-	-	-	-	-	-
682,612	-	-	664,595	-	-
-	-	-	-	-	-
745,070	611,902	232,730	691,196	57,045	943
-	-	-	-	-	-
153,910	489,081	-	389,545	-	-
-	-	-	-	-	-
153,910	489,081	-	389,545	-	-
591,160	122,821	232,730	301,651	57,045	943
-	-	-	-	-	-
(100,000)	-	(232,730)	(25,000)	(57,045)	-
(100,000)	-	(232,730)	(25,000)	(57,045)	-
491,160	122,821	-	276,651	-	943
1,548,406	(635,264)	-	546,921	-	27,473
2,039,566	(512,443)	-	823,572	-	28,416

(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	$ -	-	-	-	623,274
Licenses and permits	-	-	-	-	229,476
Investment income	2,189	202	-	156,641	339,448
Intergovernmental revenues	-	-	525,797	-	694,393
Charges for services	-	-	-	486,857	2,297,560
Other revenues	-	-	175,266	-	175,266
Total revenues	2,189	202	701,063	643,498	4,359,417
Expenditures:					
Current:					
Public safety	-	24,386	-	-	24,386
Streets	-	-	3,079,299	269,901	4,386,364
Culture and recreation	-	-	-	-	677,094
Total expenditures	-	24,386	3,079,299	269,901	5,087,844
Excess (deficiency) of revenues over (under) expenditures	2,189	(24,184)	(2,378,236)	373,597	(728,427)
Other financing sources (uses):					
Transfers in	-	-	-	-	51,500
Transfers out	-	-	-	(100,000)	(514,775)
Total other financing sources (uses)	-	-	-	(100,000)	(463,275)
Net change in fund balances	2,189	(24,184)	(2,378,236)	273,597	(1,191,702)
Fund balances (deficit) at beginning of year	224,438	33,784	(250,420)	5,143,640	7,570,661
Fund balances (deficit) at end of year	$ 226,627	9,600	(2,628,656)	5,417,237	6,378,959

CITY OF SAN BERNARDINO
Public Park Extension Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	1,514	1,514	1,121
Total revenues	-	1,514	1,514	1,121
Expenditures:				
Current:				
Culture and recreation - other	85,600	39,630	45,970	56,828
Total expenditures	85,600	39,630	45,970	56,828
Excess (deficiency) of revenues over (under) expenditures	(85,600)	(38,116)	47,484	(55,707)
Other financing sources (uses):				
Transfers in	51,500	51,500	-	51,500
Total other financing sources (uses)	51,500	51,500	-	51,500
Net change in fund balances	(34,100)	13,384	47,484	(4,207)
Fund balances at beginning of year	34,086	34,086	-	38,293
Fund balances at end of year	$ (14)	47,470	47,484	34,086

CITY OF SAN BERNARDINO
Park Construction Fee Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 38,000	20,040	(17,960)	26,200
Intergovernmental revenues	2,232,700	168,596	(2,064,104)	-
Charges for services	200,000	459,659	259,659	303,298
Total revenues	2,470,700	648,295	(1,822,405)	329,498
Expenditures:				
Current:				
Culture and recreation - other	2,135,600	637,464	1,498,136	778,732
Total expenditures	2,135,600	637,464	1,498,136	778,732
Net change in fund balances	335,100	10,831	(324,269)	(449,234)
Fund balances at beginning of year	315,763	315,763	-	764,997
Fund balances at end of year	$ 650,863	326,594	(324,269)	315,763

CITY OF SAN BERNARDINO
Cemetery Construction Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 500	905	405	926
Charges for services	3,500	3,837	337	3,731
Total revenues	4,000	4,742	742	4,657
Expenditures:				
Current:				
Community services - other	5,000	-	5,000	357
Total expenditures	5,000	-	5,000	357
Net change in fund balances	(1,000)	4,742	5,742	4,300
Fund balances at beginning of year	23,530	23,530	-	19,230
Fund balances at end of year	$ 22,530	28,272	5,742	23,530

CITY OF SAN BERNARDINO
Public Improvements Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 180,000	19,028	(160,972)	23,505
Other revenues	-	-	-	100,000
Total revenues	180,000	19,028	(160,972)	123,505
Expenditures:				
Current:				
Streets - other	489,500	4,628	484,872	1,936
Total expenditures	489,500	4,628	484,872	1,936
Net change in fund balances	(309,500)	14,400	323,900	121,569
Fund balances at beginning of year	558,304	558,304	-	436,735
Fund balances at end of year	$ 248,804	572,704	323,900	558,304

CITY OF SAN BERNARDINO
Storm Drain Construction Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 60,000	62,458	2,458	52,528
Charges for services	400,000	682,612	282,612	472,014
Total revenues	460,000	745,070	285,070	524,542
Expenditures:				
Current:				
Streets - other	1,817,400	153,910	1,663,490	340,560
Total expenditures	1,817,400	153,910	1,663,490	340,560
Excess (deficiency) of revenues over (under) expenditures	(1,357,400)	591,160	1,948,560	183,982
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	(1,457,400)	491,160	1,948,560	83,982
Fund balances at beginning of year	1,548,406	1,548,406	-	1,464,424
Fund balances at end of year	$ 91,006	2,039,566	1,948,560	1,548,406

CITY OF SAN BERNARDINO
Special Assessments Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ 583,800	566,229	(17,571)	639,851
Investment income	-	45,673	45,673	48,858
Total revenues	583,800	611,902	28,102	688,709
Expenditures:				
Current:				
Streets - other	583,800	489,081	94,719	474,430
Total expenditures	583,800	489,081	94,719	474,430
Net change in fund balances	-	122,821	122,821	214,279
Fund balances (deficit) at beginning of year	(635,264)	(635,264)	-	(849,543)
Fund balances (deficit) at end of year	$ (635,264)	(512,443)	122,821	(635,264)

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, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Licenses and permits	$ 115,000	229,476	114,476	124,468
Investment income	-	3,254	3,254	493
Total revenues	115,000	232,730	117,730	124,961
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	115,000	232,730	117,730	124,961
Other financing sources (uses):				
Transfers out	(115,000)	(232,730)	(117,730)	(124,961)
Total other financing sources (uses)	(115,000)	(232,730)	(117,730)	(124,961)
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	-	-	-

CITY OF SAN BERNARDINO
Traffic Systems Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 23,000	26,601	3,601	24,110
Intergovernmental revenues	198,000	-	(198,000)	-
Charges for services	200,000	664,595	464,595	187,911
Other revenues	103,600	-	(103,600)	-
Total revenues	524,600	691,196	166,596	212,021
Expenditures:				
Current:				
Streets - other	1,093,500	389,545	703,955	261,568
Total expenditures	1,093,500	389,545	703,955	261,568
Excess (deficiency) of revenues over (under) expenditures	(568,900)	301,651	870,551	(49,547)
Other financing sources (uses):				
Transfers in	-	-	-	13,800
Transfers out	(25,000)	(25,000)	-	(25,000)
Total other financing sources (uses)	(25,000)	(25,000)	-	(11,200)
Net change in fund balances	(593,900)	276,651	870,551	(60,747)
Fund balances at beginning of year	546,921	546,921	-	607,668
Fund balances at end of year	$ (46,979)	823,572	870,551	546,921

CITY OF SAN BERNARDINO
Street Lighting/Sweeping Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ -	57,045	57,045	62,866
Total revenues	-	57,045	57,045	62,866
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	57,045	57,045	62,866
Other financing sources (uses):				
Transfers out	-	(57,045)	(57,045)	(235,024)
Total other financing sources (uses)	-	(57,045)	(57,045)	(235,024)
Net change in fund balances	-	-	-	(172,158)
Fund balances at beginning of year	-	-	-	172,158
Fund balances at end of year	$ -	-	-	-

CITY OF SAN BERNARDINO
Assessment District #1015 Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	943	943	1,127
Total revenues	-	943	943	1,127
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	943	943	1,127
Fund balances at beginning of year	27,473	27,473	-	26,346
Fund balances at end of year	$ 27,473	28,416	943	27,473

CITY OF SAN BERNARDINO
City Hall Refunding Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	2,189	2,189	4,685
Total revenues	-	2,189	2,189	4,685
Expenditures:	224,200	-	224,200	-
Total expenditures	224,200	-	224,200	-
Net change in fund balances	(224,200)	2,189	226,389	4,685
Fund balances at beginning of year	224,438	224,438	-	219,753
Fund balances at end of year	$ 238	226,627	226,389	224,438

CITY OF SAN BERNARDINO
Fire Equipment Acquisition Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues				
Investment income	$ -	202	202	3,971
Expenditures:				
Current:				
Public safety - other	5,500	24,386	(18,886)	1,087,267
Total expenditures	5,500	24,386	(18,886)	1,087,267
Excess (deficiency) of revenues over (under) expenditures	(5,500)	(24,184)	(18,684)	(1,083,296)
Other financing sources (uses):				
Proceeds from issuance of long-term debt	-	-	-	1,101,068
Total other financing sources (uses)	-	-	-	1,101,068
Net change in fund balances	(5,500)	(24,184)	(18,684)	17,772
Fund balances at beginning of year	33,784	33,784	-	16,012
Fund balances at end of year	$ 28,284	9,600	(18,684)	33,784

CITY OF SAN BERNARDINO
Street Construction Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental revenues	$ 5,313,500	525,797	(4,787,703)	397,748
Other revenues	192,800	175,266	(17,534)	12,978
Total revenues	5,506,300	701,063	(4,805,237)	410,726
Expenditures:				
Streets - other	7,538,000	3,079,299	4,458,701	651,068
Total expenditures	7,538,000	3,079,299	4,458,701	651,068
Net change in fund balances	(2,031,700)	(2,378,236)	(346,536)	(240,342)
Fund balances (deficit) at beginning of year	(250,420)	(250,420)	-	(10,078)
Fund balances (deficit) at end of year	$ (2,282,120)	(2,628,656)	(346,536)	(250,420)

CITY OF SAN BERNARDINO
Sewerline Construction Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 160,000	156,641	(3,359)	248,770
Charges for services	251,000	486,857	235,857	294,910
Total revenues	411,000	643,498	232,498	543,680
Expenditures:				
Streets - other	3,662,500	269,901	3,392,599	220,625
Total expenditures	3,662,500	269,901	3,392,599	220,625
Excess (deficiency) of revenues over (under) expenditures	(3,251,500)	373,597	3,625,097	323,055
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	(3,351,500)	273,597	3,625,097	423,055
Fund balances at beginning of year	5,143,640	5,143,640	-	4,920,585
Fund balances at end of year	$ 1,792,140	5,417,237	3,625,097	5,343,640

CITY OF SAN BERNARDINO
Economic Development Agency Fund

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

Year ended June 30, 2003

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ 17,278,000	18,461,521	1,183,521	17,864,096
Investment income	2,695,808	2,777,370	81,562	2,601,938
Other	2,464,814	3,635,172	1,170,358	3,008,438
Total revenues	22,438,622	24,874,063	2,435,441	23,474,472
Expenditures:				
Current:				
Economic development:				
Personnel salaries and benefits	1,036,041	788,405	247,636	835,560
Other	12,735,640	9,366,489	3,369,151	4,827,794
Debt Service - other:				
Principal	6,556,507	2,885,570	3,670,937	8,560,815
Interest	675,332	675,332	-	1,278,213
Total expenditures	21,003,520	13,715,796	7,287,724	15,502,382
Excess (deficiency) of revenues over (under) expenditures	1,435,102	11,158,267	9,723,165	7,972,090
Other financing sources (uses):				
Transfers in	10,940,755	1,425,940	(9,514,815)	14,374,282
Transfers out	(12,375,857)	(15,394,129)	(3,018,272)	(14,862,644)
Issuance of long-term debt	-	-	-	2,085,000
Total other financing sources (uses)	(1,435,102)	(13,968,189)	(12,533,087)	1,596,638
Net change in fund balances	-	(2,809,922)	(2,809,922)	9,568,728
Fund balances at beginning of year	58,408,368	58,408,368	-	48,839,640
Fund balances at end of year	$ 58,408,368	55,598,446	(2,809,922)	58,408,368

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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, 2003

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Assets				
Current assets:				
Cash and investments	$ 532,629	-	255,872	122,018
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Interest	-	-	39,188	-
Other	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	2,450	29,949	-
Due from other governmental agencies	-	101,889	-	-
Due from other funds	-	-	4,166,320	-
Total current assets	532,629	104,339	4,491,329	122,018
Capital assets:				
Capital assets being depreciated, net	-	4,800	9,035	-
Total assets	532,629	109,139	4,500,364	122,018
Liabilities				
Current liabilities:				
Accounts payable	-	201,730	133,740	-
Due to other funds	-	1,680,856	-	-
Claims and judgments payable - current	-	2,200,000	850,000	-
Compensated absences - current portion	-	8,331	8,384	-
Capital leases payable - current portion	-	-	-	-
Lease revenue bonds payable - current	-	-	-	-
Total current liabilities	-	4,090,917	992,124	-
Long-term liabilities:				
Claims and judgments payable	-	3,381,983	3,046,800	-
Compensated absences	-	12,920	13,000	-
Capital leases payable	-	-	-	-
Lease revenue bonds payable	-	-	-	-
Total long-term liabilities	-	3,394,903	3,059,800	-
Total liabilities	-	7,485,820	4,051,924	-
Net Assets				
Net assets:				
Invested in capital assets, net of related debt	-	4,800	9,035	-
Unrestricted (deficit)	532,629	(7,381,481)	439,405	122,018
Total net assets (deficit)	$ 532,629	(7,376,681)	448,440	122,018

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals
812,796	653,127	2,016,102	-	-	4,392,544
412,145	-	-	-	-	412,145
-	-	-	-	-	39,188
5,209	-	-	-	520	5,729
244,151	-	-	-	-	244,151
50	-	-	-	-	32,449
296	22,829	125	-	10,509	135,648
-	-	-	-	-	4,166,320
1,474,647	675,956	2,016,227	-	11,029	9,428,174
3,689,629	215,965	2,657,861	745,764	120,665	7,443,719
5,164,276	891,921	4,674,088	745,764	131,694	16,871,893
207,351	61,817	290,701	387,657	6,177	1,289,173
-	-	-	254,607	12,162	1,947,625
-	-	-	-	-	3,050,000
76,117	2,816	52,897	2,377	6,257	157,179
332,243	-	293,556	100,921	46,702	773,422
25,000	-	400,000	-	-	425,000
640,711	64,633	1,037,154	745,562	71,298	7,642,399
-	-	-	-	-	6,428,783
118,035	4,366	82,028	3,686	9,702	243,737
496,149	-	-	611,451	24,296	1,131,896
360,000	-	1,330,000	-	-	1,690,000
974,184	4,366	1,412,028	615,137	33,998	9,494,416
1,614,895	68,999	2,449,182	1,360,699	105,296	17,136,815
2,888,382	215,965	634,305	33,392	49,667	3,835,546
660,999	606,957	1,590,601	(648,327)	(23,269)	(4,100,468)
3,549,381	822,922	2,224,906	(614,935)	26,398	(264,922)

CITY OF SAN BERNARDINO
Internal Service Funds

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

Year ended June 30, 2003

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Operating revenues:				
Charges for services	$ 192,301	3,345,417	1,949,000	-
Total operating revenues	192,301	3,345,417	1,949,000	-
Operating expenses:				
Cost of sales and services	2,145	930,273	1,212,050	-
Claims expense	129,670	2,158,969	(3,056,644)	-
Depreciation and amortization	-	1,108	3,027	-
Total operating expenses	131,815	3,090,350	(1,841,567)	-
Operating income (loss)	60,486	255,067	3,790,567	-
Non-operating revenues (expenses):				
Investment income	-	-	108,587	-
Interest expense	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Miscellaneous income	-	-	16,886	-
Total non-operating revenues (expenses)	-	-	125,473	-
Income (loss) before contributions and transfers	60,486	255,067	3,916,040	-
Contributions and transfers:				
Transfers in	-	422,000	-	-
Transfers out	-	-	(222,000)	-
Total contributions and transfers	-	422,000	(222,000)	-
Change in net assets	60,486	677,067	3,694,040	-
Net assets (deficit) at beginning of year	472,143	(8,053,748)	(3,245,600)	122,018
Net assets (deficit) at end of year	$ 532,629	(7,376,681)	448,440	122,018

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals
5,812,399	1,059,480	4,524,383	4,552,112	279,793	21,714,885
5,812,399	1,059,480	4,524,383	4,552,112	279,793	21,714,885
4,033,421	834,724	2,368,656	4,302,049	258,092	13,941,410
-	-	-	-	-	(768,005)
1,446,004	37,306	1,050,984	126,800	38,253	2,703,482
5,479,425	872,030	3,419,640	4,428,849	296,345	15,876,887
332,974	187,450	1,104,743	123,263	(16,552)	5,837,998
-	-	-	-	-	108,587
(55,509)	-	(128,615)	(38,027)	(5,604)	(227,755)
(4,266)	-	-	-	-	(4,266)
485	42,550	150,098	107,360	-	317,379
(59,290)	42,550	21,483	69,333	(5,604)	193,945
273,684	230,000	1,126,226	192,596	(22,156)	6,031,943
-	-	-	-	-	422,000
(1,241,200)	-	-	-	-	(1,463,200)
(1,241,200)	-	-	-	-	(1,041,200)
(967,516)	230,000	1,126,226	192,596	(22,156)	4,990,743
4,516,897	592,922	1,098,680	(807,531)	48,554	(5,255,665)
3,549,381	822,922	2,224,906	(614,935)	26,398	(264,922)

CITY OF SAN BERNARDINO
Internal Service Funds

Combining Statement of Cash Flows

Year ended June 30, 2003

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Cash flows from operating activities:				
Cash received from user departments	$ 192,301	3,345,417	1,949,000	-
Cash payments to suppliers for goods and services	(131,815)	(727,330)	(967,274)	-
Cash payments for claims	-	(2,653,295)	(1,184,256)	-
Cash payments to employees for services	-	(277,860)	(182,713)	-
Cash received for other activities	-	-	16,886	-
Net cash provided by (used for) operating activities	60,486	(313,068)	(368,357)	-
Cash flows from noncapital financing activities:				
Cash received from other funds	-	422,000	-	-
Cash paid to other funds	-	(108,932)	(2,598,532)	-
Net cash provided by (used for) noncapital financing activities	-	313,068	(2,598,532)	-
Cash flows from capital and related financing activities:				
Cash paid for acquisition of capital assets	-	-	-	-
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	-	-	-	-
Cash flows from investing activities:				
Interest received	-	-	127,139	-
Net cash provided by (used for) investing activities	-	-	127,139	-
Net increase (decrease) in cash and cash equivalents	60,486	-	(2,839,750)	-
Cash and cash equivalents at beginning of year	472,143	-	3,095,622	122,018
Cash and cash equivalents at end of year	$ 532,629	-	255,872	122,018

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals
5,812,680	1,046,981	4,524,693	4,552,112	271,044	21,694,228
(3,025,116)	(729,983)	(1,166,565)	(4,222,946)	(151,844)	(11,122,873)
-	-	-	-	-	(3,837,551)
(1,515,687)	(103,278)	(1,275,541)	(110,467)	(113,826)	(3,579,372)
-	42,550	150,098	123,263	-	332,797
1,271,877	256,270	2,232,685	341,962	5,374	3,487,229
-	-	-	-	12,162	434,162
(1,241,200)	-	-	(61,367)	-	(4,010,031)
(1,241,200)	-	-	(61,367)	12,162	(3,575,869)
(923,384)	(11,001)	(994,180)	(146,288)	-	(2,074,853)
412,245	-	-	-	-	412,245
(633,994)	-	(718,127)	(96,281)	(44,291)	(1,492,693)
(55,509)	-	(128,615)	(38,026)	(5,605)	(227,755)
(1,200,642)	(11,001)	(1,840,922)	(280,595)	(49,896)	(3,383,056)
-	-	-	-	-	127,139
-	-	-	-	-	127,139
(1,169,965)	245,269	391,763	-	(32,360)	(3,344,557)
2,394,906	407,858	1,624,339	-	32,360	8,149,246
1,224,941	653,127	2,016,102	-	-	4,804,689

CITY OF SAN BERNARDINO
Internal Service Funds

Combining Statement of Cash Flows

(Continued)

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Operating income (loss)	$ 60,486	255,067	3,790,567	-
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	1,108	3,027	-
(Increase) decrease in other receivables	-	-	-	-
(Increase) decrease in inventories	-	-	-	-
(Increase) decrease in prepaid items	-	(2,450)	(29,949)	-
(Increase) decrease in due from other governmental agencies	-	(46,169)	-	-
(Increase) decrease in other assets	-	-	16,886	-
Increase (decrease) in accounts payable	-	(20,975)	87,476	-
Increase (decrease) in claims and judgments payable	-	(494,326)	(4,240,900)	-
Increase (decrease) in compensated absences	-	(5,323)	4,536	-
Total adjustments	-	(568,135)	(4,158,924)	-
Net cash provided by (used for) operating activities	$ 60,486	(313,068)	(368,357)	-
Noncash financing activities:				
Acquisition of fixed assets	$ -	-	-	-
Issuance of capital leases	-	-	-	-
Totals	$ -	-	-	-

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals
332,974	187,450	1,104,743	123,263	(16,552)	5,837,998
1,446,004	37,306	1,050,984	126,800	38,253	2,703,482
(1,199)	92	-	-	(402)	(1,509)
(80,818)	-	-	-	-	(80,818)
(50)	-	-	-	-	(32,449)
1,480	(12,591)	310	-	(8,347)	(65,317)
485	42,550	150,098	107,360	-	317,379
(457,420)	2,075	(76,779)	(21,524)	(9,145)	(496,292)
-	-	-	-	-	(4,735,226)
30,421	(612)	3,329	6,063	1,567	39,981
938,903	68,820	1,127,942	218,699	21,926	(2,350,769)
1,271,877	256,270	2,232,685	341,962	5,374	3,487,229
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

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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 Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	Balance at June 30, 2002	Additions	Deletions	Balance at June 30, 2003
Assessment District # 961				
Assets:				
Cash and investments	$ 2,929,881	1,265,027	1,834,525	2,360,383
Receivables:				
Interest	35,320	21,227	35,320	21,227
Due from other governmental agencies	2,674	-	2,674	-
Total assets	$ 2,967,875	1,286,254	1,872,519	2,381,610
Liabilities:				
Due to bondholders	$ 2,967,875	1,286,254	1,872,519	2,381,610
Total liabilities	$ 2,967,875	1,286,254	1,872,519	2,381,610
Assessment District # 977A				
Assets:				
Cash and investments	$ 3,768	60,773	62,432	2,109
Cash and investments with fiscal agent	125,932	57,078	55,290	127,720
Receivables:				
Interest	45	19	45	19
Due from other governmental agencies	586	121	586	121
Total assets	$ 130,331	117,991	118,353	129,969
Liabilities:				
Due to bondholders	$ 130,331	117,991	118,353	129,969
Total liabilities	$ 130,331	117,991	118,353	129,969

(Continued)

CITY OF SAN BERNARDINO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at June 30, 2002	Additions	Deletions	Balance at June 30, 2003
Assessment District # 977B				
Assets:				
Cash and investments	$ 3,767	98,083	99,464	2,386
Cash and investments with fiscal agent	194,945	93,327	85,903	202,369
Receivables:				
Interest	46	21	46	21
Due from other governmental agencies	257	1,051	257	1,051
Total assets	$ 199,015	192,482	185,670	205,827
Liabilities:				
Due to bondholders	$ 199,015	192,482	185,670	205,827
Total liabilities	$ 199,015	192,482	185,670	205,827
Assessment District # 1003				
Assets:				
Cash and investments	$ 196,270	85,225	80,175	201,320
Receivables:				
Interest	2,366	1,810	2,366	1,810
Due from other government agencies	-	2,038	-	2,038
Total assets	$ 198,636	89,073	82,541	205,168
Liabilities:				
Due to bondholders	$ 198,636	89,073	82,541	205,168
Total liabilities	$ 198,636	89,073	82,541	205,168

(Continued)

CITY OF SAN BERNARDINO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at June 30, 2002	Additions	Deletions	Balance at June 30, 2003
Industrial Revenue Bonds				
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
Community Facilities District # 995				
Assets:				
Cash and investments	$ 5,945	4,973	6,086	4,832
Cash and investments with fiscal agent	1	-	-	1
Receivables:				
Interest	72	44	72	44
Total assets	$ 6,018	5,017	6,158	4,877
Liabilities:				
Deposits payable	$ 6,018	5,017	6,158	4,877
Total liabilities	$ 6,018	5,017	6,158	4,877

(Continued)

CITY OF SAN BERNARDINO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at June 30, 2002	Additions	Deletions	Balance at June 30, 2003
Special Deposits				
Assets:				
Cash and investments	$ 5,342,065	7,344,759	7,594,793	5,092,031
Receivables:				
Accounts	7,144	5,090	7,144	5,090
Interest	5,459	5,696	5,459	5,696
Prepaid items	-	4,877	-	4,877
Due from other governmental agencies	6,063	5,386	6,063	5,386
Total assets	$ 5,360,731	7,365,808	7,613,459	5,113,080
Liabilities:				
Accounts payable	$ 259,104	233,975	259,104	233,975
Deposits payable	5,101,627	7,131,833	7,354,355	4,879,105
Total liabilities	$ 5,360,731	7,365,808	7,613,459	5,113,080
Cemetery Perpetual Care				
Assets:				
Cash and investments	$ 626,534	4,985	-	631,519
Total assets	$ 626,534	4,985	-	631,519
Liabilities:				
Deposits payable	$ 626,534	4,985	-	631,519
Total liabilities	$ 626,534	4,985	-	631,519

(Continued)

CITY OF SAN BERNARDINO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at June 30, 2002	Additions	Deletions	Balance at June 30, 2003
Payroll Trust Fund				
Assets:				
Cash and investments	$ 983,980	80,762,467	80,459,442	1,287,005
Prepaid expense	-	250	-	250
Total assets	$ 983,980	80,762,717	80,459,442	1,287,255
Liabilities:				
Accounts payable	$ 74,010	85,573	74,010	85,573
Deposits payable	909,970	80,677,144	80,385,432	1,201,682
Total liabilities	$ 983,980	80,762,717	80,459,442	1,287,255
Total - All Agency Funds				
Assets:				
Cash and investments	$ 10,161,561	89,626,292	90,136,917	9,650,936
Cash and investments with fiscal agent	320,878	150,405	141,193	330,090
Receivables:				
Accounts	7,144	5,090	7,144	5,090
Interest	43,308	28,817	43,308	28,817
Due from other governmental agencies	9,580	8,596	9,580	8,596
Prepaid expense	-	5,127	-	5,127
Total assets	$ 10,542,471	89,824,327	90,338,142	10,028,656
Liabilities:				
Accounts payable	$ 333,114	319,548	333,114	319,548
Deposits payable	6,713,500	87,818,979	87,745,945	6,786,534
Due to bondholders	3,495,857	1,685,800	2,259,083	2,922,574
Total liabilities	$ 10,542,471	89,824,327	90,338,142	10,028,656

STATISTICAL SECTION

CITY OF SAN BERNARDINO

GENERAL GOVERNMENTAL REVENUES BY SOURCE

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	Property Taxes	Other Taxes	Licenses and Permits	Fines and Forfeits	Use of Money and Property	Inter Governmental	Charges for Services	Other Revenues	Total
1994	29,276	40,719	5,127	992	7,685	29,065	5,187	2,853	120,904
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

CITY OF SAN BERNARDINO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	General Government	Public Safety	Streets	Public Works	Culture and Recreation	Community Development Redevelopment	Community Service	Economic Development	Capital Projects	Debt Service	Total
1994	20,894	44,098		10,884	8,088	23,526			11,165	15,697	134,352
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

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

	Secured	Utility	Unsecured	Total Before Rdv. Increment	Total After Rdv. Increment
1993-94	5,142,142,684	29,094,003	462,910,595	5,634,147,282	3,771,190,457
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

Source: San Bernardino County Auditor/Controller

CITY OF SAN BERNARDINO

LISTING OF TOP 25 PROPERTY OWNERS BY ASSESSED VALUE

Property Owner	Number of Parcels	2002 Assessed Value
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
Grand Total		**$ 502,774,856**

Source: City of San Bernardino, Real Property Section

CITY OF SAN BERNARDINO

LISTING OF TOP 25 SALES TAX GENERATORS

CALENDAR YEAR 2002

IN ALPHABETICAL ORDER

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
San Bernardino Mitsubishi
Sears Roebuck & Company
Shaver Auto Center
Stater Bros. Markets
Target Stores
Toyota of San Bernardino
Wal-Mart Store
Waxie Sanitary Supply

Source: MBIA MuniServices Company

CITY OF SAN BERNARDINO
Schedule of Direct and Overlapping Bonded Debt

2002-03 Assessed Valuation:	$6,163,261,293
Redevelopment Incremental Valuation:	2,031,634,370
Adjusted Assessed Valuation:	4,131,626,923

OVERLAPPING TAX AND ASSESSMENT DEBT	%Applicable	Debt 6/30/00
San Bernardino Community College District	16.797 %	$8,398,500
Colton Joint Unified School District	4.182	1,200,234
Redlands Unified School District	1.403	666,404
Rialto Unified School District	11.167	4,294,832
San Bernardino City Unified School District	71.787	34,761,046
City of San Bernardino CFD No. 995	100.000	2,640,000
City of San Bernardino 1915 Act Bonds	100.000	5,620,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$57,581,016
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
San Bernardino County General Fund Obligations	5.717 %	$57,174,002
San Bernardino County Pension Obligations	5.717	19,604,455
Colton Joint Unified School District Certificates of Participation	4.182	388,090
Redlands Unified School District Certificates of Participation	1.403	174,298
Rialto Unified School District Certificates of Participation	11.167	1,344,507
San Bernardino City Unified School Dist. Cert. of Participation	71.787	23,628,691
City of San Bernardino General Fund Obligations	100.000	37,254,119
San Bdno Valley Muni Water Dist Cert of Part.	23.704	1,748,170
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$141,316,332
Less: City of San Bernardino self-supporting issues		7,687,400
San Bernardino Valley Muni Water Dist Certificates of Part		1,748,170
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$131,880,762
GROSS COMBINED TOTAL DEBT		$198,897,348 (1)
NET COMBINED TOTAL DEBT		$189,461,778

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

Ratios to 2002-03 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.93 %

Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt ($37,254,119)	0.90 %
Net Combined Direct Debt ($29,566,719)	0.72 %
Gross Combined Total Debt	4.81 %
Net Combined Total Debt	4.59 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/03: $216

YV: ($200 - update)

Source: California Municipal Statistics

CITY OF SAN BERNARDINO

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2003

Total assessed value of all real and personal property:	1,032,906,731
Legal Debt Limit:	
15% of assessed valuation	154,936,010
Amount of debt applicable to debt limit:	27,765,000
Legal Debt Margin:	127,171,010

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, 2003

Coverage	Limits	Carrier	Expiration
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 2004
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 2004
Auto Liability (Animal Control for City of Fontana)	$1,000,000	National Liability & Fire Insurance Co.	April 2004
Commercial Liability for CID (Ctr. For Individuals Development)	$1,000,000	Western World Insurance Co.	April 2004
Special Events General Liability	$1,000,000	Evanston Insurance Co.	January 2004
Crime/Employee Dishonesty	$250,000	Travelers Insurance Company	July 2004
Public Official Bonds	Varies from $1,000-$100,000	The Hartford Insurance Co.	Varies
Property:		Commonwelth Ins. Co. and Multiple Insurance Companies	July 2004
- 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

	City of San Bernardino		County of San Bernardino		
Year	Population	Percentage Increase	Population	Percentage Increase	City Population as a Percentage of County
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

Source: State of California Department of Finance, Population Research Unit

CITY OF SAN BERNARDINO

MISCELLANEOUS STATISTICAL INFORMATION

As of June 30, 2003

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:	614
Number of Street Lights (City maintained):	5,000
Number of Street Lights (leased from SCE):	6,351
Street Traffic Controllers (signals):	237
Street Traffic Controllers (Ped-xing):	21
Recreation and Parks:	
Number of Parks:	43
Number of Acres:	510.078
Municipal Water Utility:	
Customers:	41,554
Gallons Delivered:	14,574 million
Miles of Water Main:	579.24
Municipal Sewer Utililty:	
Customers:	36,108
Miles of Sanitary Sewer:	500
Police Protection/Public Safety:	
Number of Stations:	1
Sworn Personnel:	297
Non-Sworn Personnel:	166
Number of Responded Calls	108,741
Response Times:	
Dispatcher:	1:24 minutes
Officer:	4:16 minutes
Fire Protection	
Number of Stations:	12
Sworn Personnel:	146
Non-Sworn Personnel:	28
Number of Responded Calls	26,120
Response Times:	
All Categories:	<7.0 minutes

Source: Various City departments

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