CITY OF SAN BERNARDINO, CALIFORNIA

CITY OF

San Bernardino

SM

COMPREHESIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2002

CITY OF SAN BERNARDINO, CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2002

Prepared by

FINANCE DEPARTMENT

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CITY OF SAN BERNARDINO

Comprehensive Annual Financial Report

Year ended June 30, 2002

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www.ci.san-bernardino.ca.us

December 9, 2002

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, 2002.

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, 2002, 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, 2002, 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 186,3504. 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 an average days to maturity of less than 1,000. The average yield on investments was 5.547 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, 2002 for these activities is $14,214,009. Although the City as set aside $4,885,410 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, 2001 (the most recent year for which the calculation is available), the city of San Bernardino has succeeded in funding 89% 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 120 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, 2002

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*
Joe Suarez	Member of Common Council-Ward 5*
Betty Dean Anderson	Member of Common Council-Ward 6*
Wendy J. McCammack	Member of Common Council-Ward 7*

CHIEF ADMINISTRATIVE OFFICERS

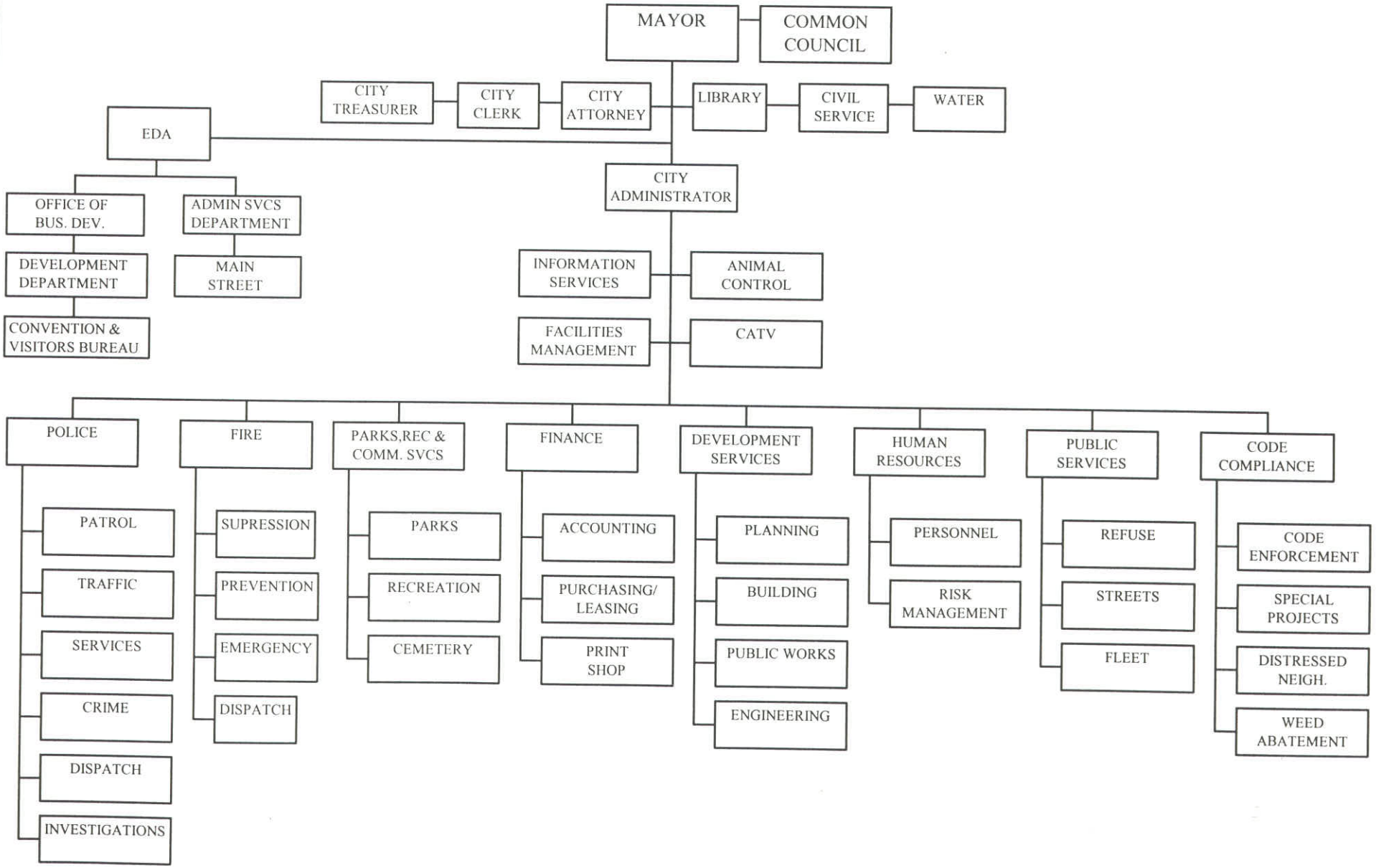
Fred Wilson	City Administrator
Gary Van Osdel	Executive Director, Economic Development Agency
Bernard Kersey	General Manager, San Bernardino Municipal Water Department

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
Lori Sassoon	Acting Human Resources Director

*Elected Officials

CITY OF SAN BERNARDINO



9/22/03

CONRAD AND ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1100 MAIN STREET, SUITE C
IRVINE, CALIFORNIA 92614
(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, 2002, 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, 2002, and the respective changes in financial position and cash flows, where applicable, of the City of San Bernardino, California and the respective budgetary comparison information for the general fund and major special revenue funds of the City for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed further in the notes to the basic financial statements, the accompanying financial statements reflect certain changes in the presentation of financial data required as a result of the implementation of GASB Statement No. 34 for the year ended June 30, 2002.

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 October 31, 2002 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.

October 31, 2002

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, 2002. 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, 2002
(in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	$159.5	$ 55.2	$214.7
Capital assets	224.2	198.7	422.9
Total assets	383.7	253.9	637.6
Long-term debt outstanding	229.8	73.7	303.5
Other liabilities	11.9	9.4	21.3
Total liabilities	241.7	83.1	324.8
Net assets:			
Invested in capital assets, net of debt	191.5	130.8	322.3
Restricted	43.1	6.1	49.2
Unrestricted	-92.6	33.9	-58.7
Total net assets	**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, 2002
(in millions)

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	15.1	54.7	69.8
Federal and state grants	25.8	6.9	32.7
General revenues:			
Sales taxes	27.1		27.1
Property taxes	25.5		25.5
Other taxes	26.5		26.5
Other general revenues	30.2	2.6	32.8
Total revenues	150.2	64.2	214.4
Program expenses:			
General government	20.3		20.3
Public safety	66.1		66.1
Streets	12.4		12.4
Culture & recreation	6.1		6.1
Community development	1.8		1.8
Economic development	17.6		17.6
Community service	8.7		8.7
Interest on long-term debt	13.1		13.1
Refuse		15.7	15.7
Water		18.8	18.8
Sewer	-	18.7	18.7
Total expenses	146.1	53.2	199.3
Excess (deficiency) before Special items and transfers	4.1	11.0	15.1
Transfers	1.6	-1.6	
Increase (decrease) in net assets	5.7	9.4	15.1
Beginning net assets	136.3	161.3	297.6
Ending net assets	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 increased by 4.2 percent ($142.0 million compared to $136.3 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 $ 92.6 million deficit at the end of this year. The net assets of the City's business-type activities increased by 5.8 percent ($170.7 million compared to $161.3 million) in 2002. 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.

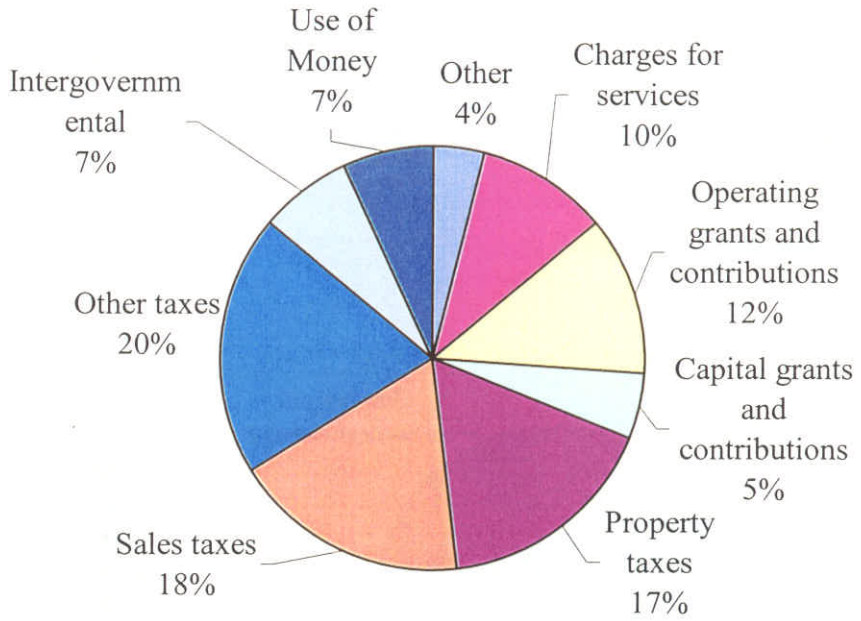
Governmental Activities

The cost of all *governmental* activities this year was $146.1 million. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only $105.3 million because some of the cost was paid by those who directly benefited from the programs ($15.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($25.7 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services were $40.8 million. The City paid for the remaining "public benefit" portion of governmental activities with $82.0 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

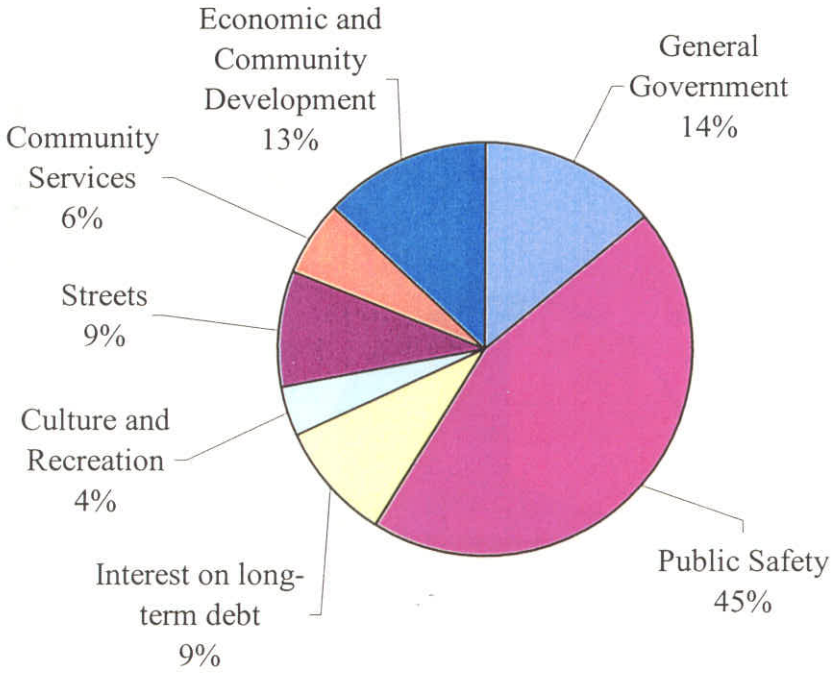
The reasons for significant changes in the revenues and expenses of the City's' governmental activities presented above are as follows:

- Significant increases in Public Safety and other personnel costs caused expenditures to increase faster than revenues, resulting in a $2.1 million decrease in net assets for Governmental Activities for the year
- Utility Users Tax rose by $1.8 million over the prior year.
- Grant revenues related to street construction were less than anticipated based on construction delays. Anticipated revenues will generally be received in future years.
- Non-departmental expenditures included $1.3 million for a one-time Utility User Tax Rebate Program

Revenues by Source – Governmental Activities



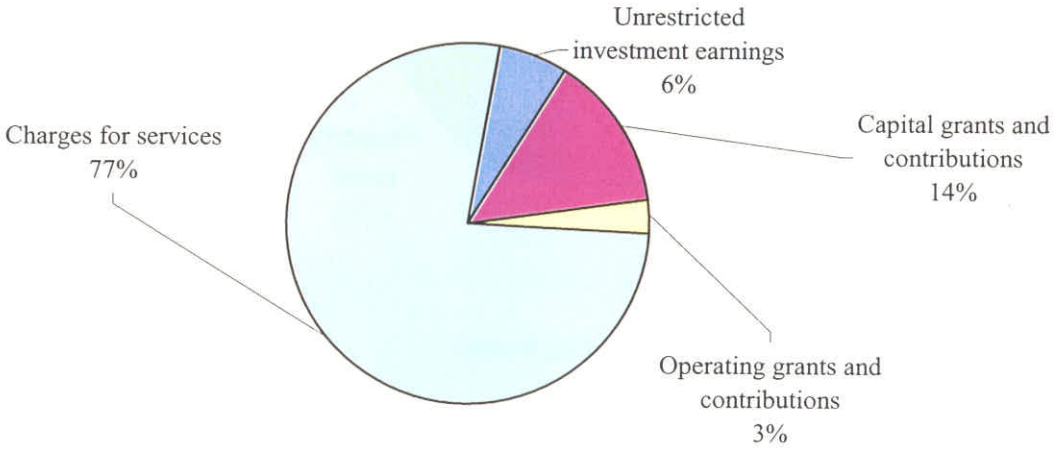
Expenses by Function – Governmental Activities



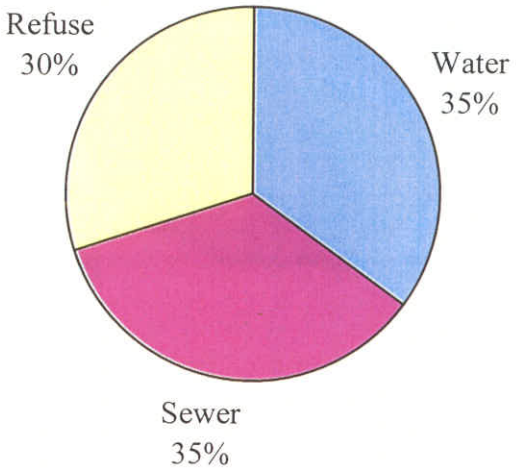
Business-Type Activities

Current years operating revenues of the City's business-type activities increased 24% for Water, were close to equal to prior years for Refuse and in the Sewer enterprise declined by 1.6%. Capital Contributions in Water and Sewer were equal to 17 and 14 percent of operating revenues, respectively. Net assets increased by 10 percent for Water and 2 percent for Sewer. Refuse net assets for the year was essentially unchanged after non-operating revenues and expenses and transfers.

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 $3.0 million, the designated budget reserve was $9.8 million while total fund balance fell to $14.9 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 3.2 percent of total general fund expenditures, while total fund balance represents 16 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 increases by $2.8 million, with the largest increase in Utility User's Tax ($1.8 million). Revenues from Licenses and Permits and Charges for Services also increased .

- Expenditures in the General Fund increases by $12.0 million (14 percent). The largest increase was in Public Safety ($6.5 million) but there were also significant increases in Public Works and General Government ($2.5 and $2.2 million, respectively). Expenditure increases were primarily the result of increasing personnel cost. Increases in internal charges for utilities and insurance costs also contributed to the increase.

- The change in fund balance in the General Fund (including transfers) went from an increase of $8.3 million in the prior year to a decrease of $4.6 million in the current year.

Total fund balances of **Other Major Funds** related to the ***Economic Development Agency*** increased by $11.5 million for the year.

The reasons for significant changes in fund balance of the City's' Economic Development Funds from the prior year are as follows:

- Issuance of Debt (net of refunding payments) generated $18.7 million of fund balance increase.

- Revenues, including tax increment, improved over prior years.

- While debt service expenditures increased, overall expenditures remained at levels very close to the prior year.

Major Enterprise Funds. Unrestricted net assets of the **Sewer Fund** were $21.1 million, $13.2 million for the **Water Fund** and negative $239,494 for the **Refuse Fund**. The total growth in net assets for the funds was $2.1 million, 7.1 million and $6,222 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:

- $3.0 million transferred in the budget from general government non-departmental to departments for salary increases
- $.9 million increase in the budget for encumbrance and continuing appropriations carryovers
- $.6 million increase in the budget for the items not resolved at the time the budget was adopted

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

- Utility User Tax Revenue was $2.2 million less than budget
- Total Revenues were $.6 million more than budget
- General Government Expenditure were $2.6 million less than budget while Public Works Expenditures were $2.3 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, 2002
(in millions)

	Governmental Activities	Business Type Activities	Total
Land	164.0	14.9	178.9
Infrastructure	3.7		3.7
Buildings & Improvements	38.8	103.6	142.4
Machinery & Equipment	15.5	70.8	86.3
Construction in Progress	2.2	9.4	11.6
Total	224.2	198.7	422.9

The major additions to capital assets during the year ended June 30, 2002 were as follows:

- $4.2 million of infrastructure expenditures for street improvements (including $1.5 million of construction in progress)
- $3.1 million of vehicles (including $945,947 in fire trucks) purchased for governmental activities
- $4.4 million of vehicles purchased by the Refuse enterprise
- Water Department acquired $4.3 million in water rights, wells & pumping plant

LONG-TERM DEBT

At the end of the current fiscal year, the City had bonded debt outstanding of $223.6 million and additional debt of $79.9 million. Of the bonded indebtedness $146.2 million relates to tax allocation bonds, $27.5 million is revenue bonds and $49.2 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, 2002
(in millions)

	Governmental Activities	Business Type Activities	Total
Tax Allocation Bonds	146.2	-	146.2
Revenue Bonds	22.9	4.6	27.5
Notes Payable	9.9	25.7	35.6
Certificates of Participation	14.8	34.4	49.2
Assessment District Bonds	.7	-	.7
Other	35.3	9.0	43.3
Total	229.8	73.7	303.5

The City's total debt increased by $6.9 million (1.8 percent) during the current fiscal year. The key factor in this increase was a $30.3 million issuance of refunding tax allocation bonds. This issuance was done to take advantage of favorable interest rates and improving property tax revenues. .

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 $150,789,683 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, 2002

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments (note 2)	$ 49,915,709	38,836,602	88,752,311
Cash and investments with fiscal agent (note 2)	24,578,059	4,064,175	28,642,234
Receivables (net of allowance for uncollectibles)			
Accounts	5,416,842	8,406,719	13,823,561
Interest	336,276	823,247	1,159,523
Notes	29,805,990	-	29,805,990
Other	1,402,455	-	1,402,455
Inventory	71,968	1,325,879	1,397,847
Prepaid items	116,393	492,196	608,589
Due from other governments	10,116,231	136,105	10,252,336
Land held for resale	36,395,133	-	36,395,133
Other assets	1,329,722	1,148,277	2,477,999
Capital assets, undepreciated (note 4)	166,178,943	24,268,774	190,447,717
Capital assets, net of accumulated depreciation (note 4):	58,070,014	174,379,772	232,449,786
Total assets	383,733,735	253,881,746	637,615,481
LIABILITIES:			
Accounts payable and other current liabilities	4,740,021	5,463,357	10,203,378
Retentions payable	299,831	-	299,831
Due to other funds	(283,066)	283,066	-
Deferred revenue	2,876,266	-	2,876,266
Due to other governments	2,261,870	-	2,261,870
Interest payable	2,068,025	885,771	2,953,796
Deposits payable	-	2,764,014	2,764,014
Noncurrent liabilities (notes 5 to 10):			
Due within one year	17,566,731	6,757,088	24,323,819
Due in more than one year	212,227,666	66,960,081	279,187,747
Total liabilities	241,757,344	83,113,377	324,870,721
NET ASSETS:			
Invested in capital assets, net of related debt	191,503,293	130,804,501	322,307,794
Restricted for:			
Streets	7,614,878	-	7,614,878
Economic development	26,297,117	-	26,297,117
Other purposes	9,213,995	6,079,305	15,293,300
Unrestricted	(92,652,892)	33,884,563	(58,768,329)
Total net assets	$ 141,976,391	170,768,369	312,744,760

See accompanying notes to basic financial statements.

City of San Bernardino
Statement of Activities
For the Year Ended June 30, 2002

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	$ 20,324,940	2,083,487	614,438	-
Public safety	66,107,141	4,278,024	3,786,893	-
Streets	12,345,936	4,223,767	-	6,750,661
Culture and recreation	6,126,953	754,444	178,786	-
Community development	1,824,993	2,234,857	-	1,321,607
Economic development	17,593,672	47,543	8,347,477	
Community service	8,731,557	1,444,300	4,744,747	-
Interest on long-term debt	13,060,843	-	-	-
Total governmental activities	146,116,035	15,066,422	17,672,341	8,072,268
Business-type activities:				
Refuse	15,697,689	17,470,111	-	-
Water	18,802,599	20,403,144	990,282	3,599,456
Sewer	18,710,526	16,829,698	-	2,318,502
Total primary government	$ 199,326,849	69,769,375	18,662,623	13,990,226

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

Net assets at end of year

Net (Expense) Revenue	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Business-type Activities	Total
(17,627,015)	(17,627,015)	-	(17,627,015)
(58,042,224)	(58,042,224)	-	(58,042,224)
(1,371,508)	(1,371,508)	-	(1,371,508)
(5,193,723)	(5,193,723)	-	(5,193,723)
1,731,471	1,731,471	-	1,731,471
(9,198,652)	(9,198,652)	-	(9,198,652)
(2,542,510)	(2,542,510)	-	(2,542,510)
(13,060,843)	(13,060,843)	-	(13,060,843)
(105,305,004)	(105,305,004)	-	(105,305,004)
1,772,422		1,772,422	1,772,422
6,190,283		6,190,283	6,190,283
437,674		437,674	437,674
(96,904,625)	(105,305,004)	8,400,379	(96,904,625)
	27,102,137	-	27,102,137
	25,523,014	-	25,523,014
	26,520,455	-	26,520,455
	2,879,949	-	2,879,949
	10,433,917	2,601,625	13,035,542
	6,167,267	-	6,167,267
	10,733,002	-	10,733,002
	1,616,200	(1,616,200)	-
	110,975,941	985,425	111,961,366
	5,670,937	9,385,804	15,056,741
	136,305,454	161,382,565	297,688,019
	$ 141,976,391	170,768,369	312,744,760

See accompanying notes to basic financial statements.

CITY OF SAN BERNARDINO
Governmental Funds

Balance Sheet

June 30, 2002

	General	Special Revenue Fund Economic Development Agency	Debt Service Fund Economic Development Agency
Assets			
Assets:			
Cash and investments (note 2)	$ 5,929,225	3,518,266	-
Cash and investments with fiscal agent (note 2)	-	-	23,790,996
Deposits	-	-	-
Receivables:			
Accounts	1,942,965	-	-
Interest	282,334	39,499	74,584
Taxes	-	-	-
Special assessments	-	-	-
Notes	-	22,059,582	-
Other	-	712,915	-
Inventory	71,968	-	-
Prepaid items	53,016	-	-
Due from other governmental agencies	5,346,553	1,206,633	-
Due from other funds (note 3)	2,439,077	-	-
Advances to other funds (note 3)	-	3,950,644	-
Property held for resale	-	5,155,868	-
Other assets	-	15,820	-
Total assets	$ 16,065,138	36,659,227	23,865,580

See accompanying notes to basic financial statements.

Capital Projects Fund		
Economic Development Agency	Nonmajor Governmental Funds	Totals
16,908,568	15,844,561	42,200,620
-	352,906	24,143,902
785,069	-	785,069
-	46,445	1,989,410
222,193	224,665	843,275
473,042	-	473,042
-	2,858,476	2,858,476
5,754,538	-	27,814,120
216,498	-	929,413
-	-	71,968
-	63,290	116,306
-	3,222,803	9,775,989
-	-	2,439,077
7,062,928	330,200	11,343,772
31,239,265	-	36,395,133
150,829	214,671	381,320
62,812,930	23,158,017	162,560,892

CITY OF SAN BERNARDINO
Governmental Funds

Balance Sheet

(Continued)

	General	Special Revenue Fund Economic Development Agency	Debt Service Fund Economic Development Agency
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 1,179,976	290,079	-
Due to other funds (note 3)	-	-	-
Deposits payable	-	-	-
Retentions payable	-	-	-
Deferred revenue	-	9,706,675	-
Advances from other funds (note 3)	-	5,071,058	-
Total liabilities	1,179,976	15,067,812	-
Fund balances (deficit):			
Reserved for:			
Encumbrances	897,700	-	-
Notes receivable	-	14,655,154	-
Inventory	71,968	-	-
Prepaid items	53,016	-	-
Debt service	-	-	23,865,580
Grant restrictions	-	-	-
Advances to other funds	-	1,648,397	-
Long-term receivables	409,000	-	-
Property held for resale	-	5,155,868	-
Sewer capacity rights	-	15,820	-
Petty cash	4,325	-	-
Unreserved:			
General fund:			
Designated for continuing appropriations	617,400	-	-
Designated for budget reserve	9,829,900	-	-
Undesignated	3,001,853	-	-
Special revenue funds	-	116,176	-
Debt service	-	-	-
Capital projects funds	-	-	-
Total fund balances	14,885,162	21,591,415	23,865,580
Total liabilities and fund balances	$ 16,065,138	36,659,227	23,865,580

See accompanying notes to basic financial statements.

Capital Projects Fund Economic Development Agency	Nonmajor Governmental Funds	Totals
451,418	1,030,177	2,951,650
-	1,840,037	1,840,037
2,500	404	2,904
-	299,831	299,831
-	3,701,530	13,408,205
3,950,644	2,322,070	11,343,772
4,404,562	9,194,049	29,846,399
-	1,716,100	2,613,800
5,754,538	-	20,409,692
-	-	71,968
-	63,290	116,306
-	212,300	24,077,880
-	110,241	110,241
7,062,928	330,200	9,041,525
-	816,765	1,225,765
31,239,265	-	36,395,133
150,829	214,671	381,320
-	275	4,600
-	-	617,400
-	-	9,829,900
-	-	3,001,853
-	7,843,234	7,959,410
-	(2,319,926)	(2,319,926)
14,200,808	4,976,818	19,177,626
58,408,368	13,963,968	132,714,493
62,812,930	23,158,017	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, 2002

Fund balances of governmental funds:	$ 132,714,493
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 on the funds.	216,172,336
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.	(210,118,688)
Accrued interest payable on long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.	(2,068,025)
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	10,531,939
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	8,076,621
Long-term liabilities	(19,675,709)
Other assets and liabilities	6,343,424
	$ 141,976,391

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, 2002

	General	Special Revenue Fund Economic Development Agency	Debt Service Fund Economic Development Agency
Revenues:			
Taxes	$ 60,465,854	-	-
Licenses and permits	6,243,998	-	-
Fines and forfeits	737,340	-	-
Investment income	1,563,055	500,555	994,026
Intergovernmental revenues	14,691,434	8,347,477	-
Charges for services	4,012,298	-	-
Sale of land	-	-	-
Other revenues	2,576,788	645,189	-
Total revenues	90,290,767	9,493,221	994,026
Expenditures:			
Current:			
General government	10,263,460	-	-
Public safety	61,829,246	-	-
Public works	14,753,220	-	-
Culture and recreation	5,328,893	-	-
Community development	-	6,612,145	-
Economic development	-	5,134,164	-
Capital outlay	-	-	-
Debt service:			
Principal	367,717	266,357	4,745,002
Interest	326,288	8,603	9,640,509
Fiscal charges	-	-	296,619
Payment to escrow agent	-	-	1,470,150
Total expenditures	92,868,824	12,021,269	16,152,280
Excess (deficiency) of revenues over (under) expenditures	(2,578,057)	(2,528,048)	(15,158,254)
Other financing sources (uses):			
Transfers in (note 3)	6,477,706	3,776,868	13,541,674
Transfers out (note 3)	(8,516,866)	(1,856,957)	(12,517,325)
Issuance of long-term debt	-	-	32,956,396
Payments to bond escrow agent	-	-	(16,309,848)
Total other financing sources (uses)	(2,039,160)	1,919,911	17,670,897
Net change in fund balances	(4,617,217)	(608,137)	2,512,643
Fund balances at beginning of year, as restated (note 19)	19,502,379	22,199,552	21,352,937
Fund balances at end of year	$ 14,885,162	21,591,415	23,865,580

See accompanying notes to basic financial statements.

Capital Projects Fund		
Economic Development Agency	Nonmajor Governmental Funds	Totals
17,864,096	961,086	79,291,036
-	491,144	6,735,142
-	804,146	1,541,486
2,601,938	879,746	6,539,320
-	15,868,847	38,907,758
-	3,454,652	7,466,950
912,000	-	912,000
2,096,438	910,695	6,229,110
23,474,472	23,370,316	147,622,802
-	7,405,432	17,668,892
-	4,258,244	66,087,490
-	2,010,854	16,764,074
-	2,520,667	7,849,560
-	-	6,612,145
5,663,354	-	10,797,518
-	7,455,399	7,455,399
8,560,815	130,000	14,069,891
1,278,213	183,335	11,436,948
-	-	296,619
-	-	1,470,150
15,502,382	23,963,931	160,508,686
7,972,090	(593,615)	(12,885,884)
14,374,282	4,858,070	43,028,600
(14,862,644)	(5,313,508)	(43,067,300)
2,085,000	1,101,068	36,142,464
-	-	(16,309,848)
1,596,638	645,630	19,793,916
9,568,728	52,015	6,908,032
48,839,640	13,911,953	125,806,461
58,408,368	13,963,968	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, 2002

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

Net change in fund balances - total governmental funds	$ 6,908,032
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.	3,776,114
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.	(3,283,643)
Accrued interest for long term liabilities including bonds payable. This net change in accrued interest for the current period	(327,224)
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.	18,060
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.	(1,420,402)
Changes in net assets of governmental activities	5,670,937

See accompanying notes to basic financial statements.

CITY OF SAN BERNARDINO
Proprietary Funds
Statement of Net Assets
June 30, 2002

	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
Assets			
Current assets:			
Cash and investments (note 2)	$ -	11,828,758	18,930,863
Cash and investments with fiscal agent (note 2)	-	-	-
Receivables:			
Accounts	2,162,680	3,890,795	2,353,244
Interest	-	288,543	453,939
Other	-	-	-
Inventory	-	1,325,879	-
Prepaid items	10,297	197,860	284,039
Due from other governmental agencies	34,883	-	-
Due from other funds (note 3)	-	101,222	-
Total current assets	2,207,860	17,633,057	22,022,085
Restricted assets:			
Cash and investments:			
Restricted for capital-related fees	-	1,334,113	4,745,192
Restricted for deposits	-	1,983,269	-
Restricted for debt service	-	14,407	-
Cash and investments with fiscal agent (note 2):			
Restricted for debt service	-	555,292	3,508,883
Interest receivable	-	-	80,765
Total restricted assets	-	3,887,081	8,334,840
Capital assets (note 4):			
Property, plant, equipment, and water rights	14,341,815	100,424,761	171,622,662
Construction in progress	-	7,440,389	1,956,829
Less accumulated depreciation and amortization	(6,637,949)	(38,543,161)	(51,956,800)
Total capital assets	7,703,866	69,321,989	121,622,691
Other assets	-	52,868	1,095,409
Total assets	9,911,726	90,894,995	153,075,025

See accompanying notes to basic financial statements.

Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
Nonmajor Fund-EMS	Totals		Totals
-	30,759,621	7,715,089	38,474,710
-	-	434,157	434,157
-	8,406,719	-	8,406,719
-	742,482	57,740	800,222
-	-	4,220	4,220
-	1,325,879	163,333	1,489,212
-	492,196	-	492,196
-	34,883	70,331	105,214
-	101,222	1,789,788	1,891,010
-	41,863,002	10,234,658	52,097,660
-	6,079,305	-	6,079,305
-	1,983,269	-	1,983,269
-	14,407	-	14,407
-	4,064,175	-	4,064,175
-	80,765	-	80,765
-	12,221,921	-	12,221,921
-	286,389,238	24,737,702	311,126,940
-	9,397,218	-	9,397,218
-	(97,137,910)	(16,661,088)	(113,798,998)
-	198,648,546	8,076,614	206,725,160
-	1,148,277	-	1,148,277
-	253,881,746	18,311,272	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	1,709,224	2,036,358	1,227,326
Due to other funds (note 3)	115,112	-	101,222
Deposits payable	248,685	592,033	-
Compensated absences - current (notes 5, 6 and 7)	146,758	597,087	263,552
Capital leases payable - current (notes 5 and 6)	1,559,277	-	-
Notes payable - current (note 6)	-	-	1,614,963
Lease revenue bonds - current (note 5)	-	-	-
Other liabilities	-	353,798	35,429
Total current liabilities	3,779,056	3,579,276	3,242,492
Current liabilities payable from restricted assets:			
Deposits payable	-	1,923,296	-
Interest payable	-	50,247	835,524
Water bonds payable - current (note 6)	-	1,025,984	-
Certificates of participation - current (note 6)	-	-	1,549,467
Total current liabilities payable from restricted assets	-	2,999,527	2,384,991
Long-term liabilities:			
Claims and judgments payable (notes 5 and 9)	-	-	-
Compensated absences (notes 5, 6 and 7)	227,575	955,892	408,684
Capital leases payable (notes 5 and 6)	4,866,336	-	-
Lease revenue bonds payable (note 5)	-	-	-
Notes payable (note 6)	-	-	24,055,161
Water bonds payable (note 6)	-	3,592,826	-
Certificates of participation (note 6)	-	-	32,853,607
Total long-term liabilities	5,093,911	4,548,718	57,317,452
Total liabilities	8,872,967	11,127,521	62,944,935
Net Assets			
Net assets:			
Invested in capital assets, net of related debt	1,278,253	65,222,631	64,303,617
Restricted for:			
Capital-related fees	-	1,334,113	4,745,192
Unrestricted (deficit)	(239,494)	13,210,730	21,081,281
Total net assets (deficit)	$ 1,038,759	79,767,474	90,130,090

See accompanying notes to basic financial statements.

Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
Nonmajor Fund-EMS	Totals		Totals
-	4,972,908	1,785,467	6,758,375
167,954	384,288	2,105,762	2,490,050
-	840,718	-	840,718
-	1,007,397	141,505	1,148,902
-	1,559,277	1,082,691	2,641,968
-	1,614,963	-	1,614,963
-	-	410,000	410,000
-	389,227	-	389,227
167,954	10,768,778	5,525,425	16,294,203
-	1,923,296	-	1,923,296
-	885,771	-	885,771
-	1,025,984	-	1,025,984
-	1,549,467	-	1,549,467
-	5,384,518	-	5,384,518
-	-	14,214,009	14,214,009
-	1,592,151	219,430	1,811,581
-	4,866,336	1,493,073	6,359,409
-	-	2,115,000	2,115,000
-	24,055,161	-	24,055,161
-	3,592,826	-	3,592,826
-	32,853,607	-	32,853,607
-	66,960,081	18,041,512	85,001,593
167,954	83,113,377	23,566,937	106,680,314
-	130,804,501	2,975,850	133,780,351
-	6,079,305	-	6,079,305
(167,954)	33,884,563	(8,231,515)	25,653,048
(167,954)	170,768,369	(5,255,665)	165,512,704

CITY OF SAN BERNARDINO
Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Years ended June 30, 2002

	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
Operating revenues:			
Charges for services	$ 17,493,807	18,845,049	16,627,170
Other operating revenues	-	1,660,166	232,347
Total operating revenues	17,493,807	20,505,215	16,859,517
Operating expenses:			
Administration	1,872,762	5,649,957	762,768
Cost of sales and services	12,114,415	-	-
Engineering, operations, and distribution administration	-	279,967	1,153,148
Plant operations	-	5,237,413	7,460,537
Maintenance	-	979,671	2,112,619
Environmental control	-	-	253,959
Distribution	-	2,709,824	-
Engineering	-	1,161,730	-
Claims expense	-	-	-
Repairs and maintenance	-	-	-
Depreciation and amortization	1,425,293	2,469,143	4,300,014
Total operating expenses	15,412,470	18,487,705	16,043,045
Operating income (loss)	2,081,337	2,017,510	816,472
Non-operating revenues (expenses):			
Investment income	33,583	942,825	1,658,800
Noncapital grant funds	-	990,282	-
Interest expense	(285,219)	(314,894)	(2,667,481)
Gain (loss) on sale of capital assets	(257,888)	(235,804)	(6,513)
Miscellaneous income (expense)	200,609	133,733	(23,306)
Total non-operating revenues (expenses)	(308,915)	1,516,142	(1,038,500)
Income (loss) before contributions and transfers	1,772,422	3,533,652	(222,028)
Contributions and transfers:			
Capital contributions	-	3,599,456	2,318,502
Transfers in (note 3)	65,000	-	-
Transfers out (note 3)	(1,831,200)	-	-
Total contributions and transfers	(1,766,200)	3,599,456	2,318,502
Change in net assets	6,222	7,133,108	2,096,474
Net assets (deficit) at beginning of year, as restated (note 19)	1,032,537	72,634,366	88,033,616
Net assets (deficit) at end of year	$ 1,038,759	79,767,474	90,130,090

See accompanying notes to basic financial statements.

Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
Nonmajor Fund-EMS	Totals		Totals
-	52,966,026	20,242,092	73,208,118
-	1,892,513	-	1,892,513
-	54,858,539	20,242,092	75,100,631
-	8,285,487	2,580	8,288,067
-	12,114,415	13,350,018	25,464,433
-	1,433,115	-	1,433,115
-	12,697,950	-	12,697,950
-	3,092,290	-	3,092,290
-	253,959	-	253,959
-	2,709,824	-	2,709,824
-	1,161,730	-	1,161,730
-	-	8,082,399	8,082,399
-	-	55,710	55,710
-	8,194,450	2,670,550	10,865,000
-	49,943,220	24,161,257	74,104,477
-	4,915,319	(3,919,165)	996,154
-	2,635,208	234,851	2,870,059
-	990,282	-	990,282
-	(3,267,594)	(286,978)	(3,554,572)
-	(500,205)	(35,645)	(535,850)
-	311,036	52,685	363,721
-	168,727	(35,087)	133,640
-	5,084,046	(3,954,252)	1,129,794
-	5,917,958	878,950	6,796,908
150,000	215,000	1,854,900	2,069,900
-	(1,831,200)	(200,000)	(2,031,200)
150,000	4,301,758	2,533,850	6,835,608
150,000	9,385,804	(1,420,402)	7,965,402
(317,954)	161,382,565	(3,835,263)	157,547,302
(167,954)	170,768,369	(5,255,665)	165,512,704

CITY OF SAN BERNARDINO
Proprietary Funds
Statement of Cash Flows
Year ended June 30, 2002

	Business Type Activities - Enterprise Funds		
	Refuse	Water	Sewer
Cash flows from operating activities:			
Cash received from customers	$ 17,345,691	20,453,378	16,833,959
Cash payments to suppliers for goods and services	(8,921,364)	(12,313,442)	(2,923,062)
Cash payments for claims	-	-	-
Cash payments to employees for services	(4,591,344)	(5,493,600)	(8,561,411)
Cash received for other activities	200,609	158,568	25,899
Net cash provided by (used for) operating activities	4,033,592	2,804,904	5,375,385
Cash flows from noncapital financing activities:			
Cash received from other funds	65,000	-	-
Cash paid to other funds	(2,434,661)	-	-
Grant proceeds received	-	990,282	-
Net cash provided by (used for) noncapital financing activities	(2,369,661)	990,282	-
Cash flows from capital and related financing activities:			
Cash paid for acquisition of capital assets	(422,739)	(1,553,290)	(825,904)
Cash received from sale of capital assets	129,306	-	-
Cash received from issuance of debt	-	-	-
Charges to property owners for capital purposes	-	3,029,937	2,318,502
Grant proceeds received	-	569,519	-
Principal payments on long-term debt	(1,118,862)	(970,329)	(3,040,543)
Interest paid on long-term debt	(285,219)	(325,577)	(2,659,227)
Net cash provided by (used for) capital and related financing activities	(1,697,514)	750,260	(4,207,172)
Cash flows from investing activities:			
Interest received	33,583	946,005	1,658,896
Net cash provided by (used for) investing activities	33,583	946,005	1,658,896
Net increase (decrease) in cash and cash equivalents	-	5,491,451	2,827,109
Cash and cash equivalents at beginning of year	-	10,224,388	20,884,079
Cash and cash equivalents at end of year	$ -	15,715,839	23,711,188

See accompanying notes to basic financial statements.

Business Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
Nonmajor Fund-EMS	Totals		Totals
-	54,633,028	20,270,851	74,903,879
			-
-	(24,157,868)	(10,887,194)	(35,045,062)
-	-	(3,870,301)	(3,870,301)
			-
-	(18,646,355)	(3,302,111)	(21,948,466)
-	385,076	52,670	437,746
-	12,213,881	2,263,915	14,477,796
150,000	215,000	3,436,246	3,651,246
(150,000)	(2,584,661)	(1,569,544)	(4,154,205)
-	990,282	-	990,282
-	(1,379,379)	1,866,702	487,323
-	(2,801,933)	(2,120,470)	(4,922,403)
-	129,306	-	129,306
-	-	434,157	434,157
-	5,348,439	-	5,348,439
-	569,519	878,950	1,448,469
-	(5,129,734)	(1,514,074)	(6,643,808)
-	(3,270,023)	(286,978)	(3,557,001)
-	(5,154,426)	(2,608,415)	(7,762,841)
-	2,638,484	235,751	2,874,235
-	2,638,484	235,751	2,874,235
-	8,318,560	1,757,953	10,076,513
-	31,108,467	6,391,293	37,499,760
-	39,427,027	8,149,246	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	$ -	11,828,758	18,930,863
Restricted assets	-	3,887,081	8,334,840
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	$ -	15,715,839	23,711,188
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 2,081,337	2,017,510	816,472
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,425,293	2,469,143	4,300,014
(Increase) decrease in accounts receivable	(176,574)	(60,887)	235,071
(Increase) decrease in interest receivable	-	(151,038)	(156,279)
(Increase) decrease in other receivables	273	-	-
(Increase) decrease in inventory	-	62,859	-
(Increase) decrease in prepaid items	(9,094)	(50,419)	(104,350)
(Increase) decrease in due from other governmental agencies	(5,432)	-	-
(Increase) decrease in due from other funds	-	53,512	-
(Increase) decrease in other assets	200,609	(2,145,409)	24,456
Increase (decrease) in accounts payable	483,740	100,888	209,423
Increase (decrease) in due to other funds	-	-	46,103
Increase (decrease) in deposits payable	28,185	495,705	(18,414)
Increase (decrease) in other liabilities	-	(10,740)	(29,385)
Increase (decrease) in claims and judgments payable	-	-	-
Increase (decrease) in compensated absences	5,255	23,780	52,274
Total adjustments	1,952,255	787,394	4,558,913
Net cash provided by (used for) operating activities:	$ 4,033,592	2,804,904	5,375,385
Noncash financing activities:			
Acquisition of fixed assets	$ (4,149,318)	-	-
Issuance of capital lease	4,149,318	-	-
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		
-	30,759,621	8,149,246	38,908,867
-	12,221,921	-	12,221,921
-	(3,473,750)	-	(3,473,750)
-	(80,765)	-	(80,765)
-	39,427,027	8,149,246	47,576,273
-	4,915,319	(3,919,165)	996,154
-	8,194,450	2,670,550	10,865,000
-	(2,390)	-	(2,390)
-	(307,317)	-	(307,317)
-	273	(737)	(464)
-	62,859	(35,145)	27,714
-	(163,863)	-	(163,863)
-	(5,432)	60,295	54,863
-	53,512	-	53,512
-	(1,920,344)	52,517	(1,867,827)
-	794,051	(762,892)	31,159
-	46,103	-	46,103
-	505,476	-	505,476
-	(40,125)	-	(40,125)
-	-	4,126,945	4,126,945
-	81,309	71,547	152,856
-	7,298,562	6,183,080	13,481,642
-	12,213,881	2,263,915	14,477,796
-	(4,149,318)	(434,157)	(4,583,475)
-	4,149,318	434,157	4,583,475
-	-	-	-

CITY OF SAN BERNARDINO
Agency Funds

Statement of Fiduciary Assets and Liabilities

June 30, 2002

Assets	
Cash and investments (note 2)	$ 10,161,561
Cash and investments with fiscal agent (note 2)	320,878
Accounts receivable	7,144
Interest receivable	43,308
Due from other government agencies	9,580
Total assets	$ 10,542,471
Liabilities	
Accounts payable	$ 333,114
Deposits payable	6,713,500
Due to bondholders	3,495,857
Total liabilities	$ 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 the 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 discreetly 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 transaction 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.

Revenue recognition is subject to the *measurable* and *availability* 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.

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.

(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 their 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)

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.

Explanation of Certain Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

The "total fund balances" of the City's governmental funds of $132,714,493 differs from "net assets" of governmental activities of $141,976,391 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Related Items

When capital assets (property, plant, equipment, infrastructure) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	$272,322,839
Accumulated depreciation	(56,150,503)
Total capital assets, net	$216,172,336

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

Long-Term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets.

Capital leases payable	$ 5,954,576
Participation agreements	1,765,060
Notes payable	9,938,380
Lease revenue bonds payable	22,910,000
Tax allocation bonds payable	146,163,898
Assessment district bonds payable	740,000
Certificates of participation	14,805,000
Subtotal	202,276,914
Compensated absences	13,303,474
Claims and judgments payable	14,214,009
Total long-term liabilities	$229,794,397

Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses for the function from which the expenses are being allocated, so that expenses are reported only once in the function in which they are allocated.

Explanation of Certain Differences between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for governmental funds of $6,908,032 differs from the "change in net assets" for governmental activities of $5,670,937 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of certain differences is illustrated below.

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

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreased by the amount of depreciation expense charged for the year.

Capital outlay	$7,558,086
Depreciation expense	(3,781,972)
Difference	$3,776,114

Long-term Debt Transactions

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in compensated absences	$(848,746)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. New debt issued is a revenue and the associated interest and payments to bond escrow agent are recorded as expenditures in the governmental funds. However, new debt increases long-term liabilities and payments made to the bond escrow agent reduce long-term liabilities.

Principal	$ 15,579,891
Interest	51,059
Payment to escrow agent	17,779,998
Fiscal charges	296,619
Proceeds of debt	(36,142,464)
	$ (2,434,897)

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

Internal Service Funds

Internal service funds are used by management to charge the costs of certain activities to the individual City funds. The adjustments for internal service funds "closes" those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.

Net change in net assets – internal service funds	$(1,420,402)

Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once in the function in which they are allocated.

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.

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

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.

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 fixed assets are valued at their estimated fair market value at the date of the contribution. Generally, fixed 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 repairing 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 fixed asset class are:

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

	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

Contributed fixed 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.

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

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.

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.

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

k. Property Taxes, (Continued)

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.

l. 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 as follows:

Statement of Net Assets:	
Cash and investments	$88,752,311
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	10,161,561
Total cash and investments	$98,913,872
Statement of Net Assets:	
Cash and investments with fiscal agent	$28,642,234
Statement of Fiduciary Assets and Liabilities:	
Cash and investments with fiscal agent	320,878
Total cash and investments with fiscal agent	$28,963,112

(2) Cash and Investments, (Continued)

Cash and investments held by the City at June 30, 2002 consisted of the following:

Petty cash	$ 13,205
Demand deposits	(2,669,015)
State of California Treasurer's investment pool (LAIF)	26,023,253
Federal agency issues	60,413,265
Corporate bonds	11,690,000
Repurchase agreements (U.S. Treasuries)	1,061,934
Sweep account (money market fund)	2,312,634
Money market mutual funds	68,596
Total cash and investments held by the City	$98,913,872

Cash and investments held by fiscal agents at June 30, 2002 consisted of the following:

Money market mutual funds (government securities)	$8,098,009
U.S. Government guaranteed notes	478,727
U.S. Treasury bills	470,122
U.S. Treasury notes	5,539,382
Federal agency issues	1,558,272
Investment contracts	12,818,600
Total cash and investments held by fiscal agents	$28,963,112

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 – (30% max)
- Commercial paper – (15% max)
- Repurchase agreements – (10% max)
- 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	$758,858	1,391,695	-	2,150,553	(2,669,015)
Total deposits	$758,858	1,391,695	-	2,150,553	(2,669,015)

(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	$54,428,248	-	5,985,017	60,413,265
Corporate bonds	11,690,000	-	-	11,690,000
Repurchase agreements	-	-	1,061,934	1,061,934
Investments held by fiscal agents subject to categorization:				
U.S. guaranteed notes	-	478,727	-	478,727
U.S. Treasury bills	-	470,122	-	470,122
U.S. Treasury notes	-	5,504,249	35,133	5,539,382
Federal agency issues	-	1,558,272	-	1,558,272
Total investments subject to categorization	$66,118,248	8,011,370	7,082,084	81,211,702
Investments held by City not subject to categorization:				
State of California Treasurer's Investment Pool (LAIF)				26,023,253
Sweep account (money market fund)				2,312,634
Money market mutual funds				68,596
Investments held by fiscal agents not subject to categorization				
Money market mutual funds (government securities)				8,098,009
Investment contracts				12,818,600
Total investments				$130,532,794

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, 2002, are as follows:

Due to General Fund from:	
Refuse Enterprise Fund	$ 115,112
Nonmajor governmental funds	1,840,037
Nonmajor enterprise funds	167,954
Internal service funds	315,974
Total due to General Fund from other funds	$ 2,439,077
Due to Water Enterprise Fund from:	
Sewer Enterprise Fund	$ 101,222
Due to internal service funds from:	
Other internal services funds	$ 1,789,788

(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, 2002 are as follows:

Advances from Economic Development Agency Special Revenue Fund to:	
Economic Development Agency Capital Projects Fund	$3,950,644
Advances from Economic Development Agency Capital Projects Fund to:	
Economic Development Agency Special Revenue Fund	$5,071,058
Nonmajor governmental funds	1,991,870
Total advances from Economic Development Agency Capital Projects Fund to other funds	$7,062,928
Advances from nonmajor governmental funds to:	
Other nonmajor governmental funds	$ 330,200

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.	261,000
	$1,991,870

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

Interfund transfers during the year ended June 30, 2002 were as follows:

Transfers in to General Fund from:	
Refuse Enterprise Fund	$ 1,831,200
Nonmajor governmental funds	4,446,506
Internal service funds	200,000
Total transfers in to General Fund from other funds	$ 6,477,706
Transfers in to Economic Development Agency Special Revenue Fund from:	
Economic Development Agency Capital Projects Fund	$ 3,776,868
Total transfers in to Economic Development Agency Special Revenue Fund from other funds	$ 3,776,868
Transfers in to Economic Development Agency Debt Service Fund from:	
General Fund	$ 1,624,221
Economic Development Agency Capital Projects Fund	11,085,776
Nonmajor governmental funds	831,677
Total transfers in to Economic Development Agency Special Revenue Fund from other funds	$13,541,674
Transfers in to Economic Development Agency Capital Projects Fund from:	
Economic Development Agency Special Revenue Fund	$ 1,856,957
Economic Development Agency Debt Service Fund	12,517,325
Total transfers in to Economic Development Agency Special Revenue Fund from other funds	$14,374,282
Transfers in to Refuse Enterprise Fund from:	
General Fund	$ 65,000
Transfers in to nonmajor governmental funds from:	
General Fund	$ 4,822,745
Other nonmajor governmental funds	35,325
Total transfers in to nonmajor governmental funds from other funds	$ 4,858,070

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

Transfers in to nonmajor enterprise fund from:	
General Fund	$ 150,000
Transfers in to internal service funds from:	
General Fund	$ 1,854,900

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, 2002 was as follows:

	Balance at July 1, 2001, as restated	Additions	Deletions	Balance at June 30, 2002
Governmental Activities:				
Capital assets not being depreciated:				
Land (1)	$164,029,125	-	-	164,029,125
Construction in progress	-	2,149,818	-	2,149,818
Total capital assets not being depreciated	164,029,125	2,149,818	-	166,178,943
Capital assets being depreciated:				
Infrastructure	-	3,743,979	-	3,743,979
Buildings and improvements	81,505,521	-	-	81,505,521
Machinery, vehicles and equipment	41,218,683	4,847,304	(433,882)	45,632,105
Total capital assets being depreciated	122,724,204	8,591,283	(433,882)	130,881,605
Less accumulated depreciation for:				
Buildings and improvements	(40,703,159)	(2,009,805)	-	(42,712,964)
Machinery, vehicles and equipment	(26,054,147)	(4,442,717)	398,237	(30,098,627)
Total accumulated depreciation	(66,757,306)	(6,452,522)	398,237	(72,811,591)
Total capital assets being depreciated, net	55,966,898	2,138,761	(35,645)	58,070,014
Governmental activities capital assets, net	$219,996,023	4,288,579	(35,645)	224,248,957

The beginning balance for machinery, vehicles and equipment was decreased by $204,543 for items below the City's capitalization limit at July 1, 2001.

(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)

	Balance at July 1, 2001, as restated	Additions	Deletions	Balance at June 30, 2002
Business-type Activities:				
Capital assets not being depreciated:				
Land and easements	$ 14,901,540	-	(29,984)	14,871,556
Construction in progress	12,328,183	3,382,085	(6,313,050)	9,397,218
Total capital assets not being depreciated	27,229,723	3,382,085	(6,343,034)	24,268,774
Capital assets being depreciated:				
Water rights, wells, and pumping plants	34,503,426	4,318,006	(63,476)	38,757,956
Distribution systems	53,865,271	934,269	(1,001,583)	53,797,957
Buildings, plants, and store yards	151,324,979	476,751	(8,189)	151,793,541
Machinery, vehicles, and equipment	19,291,431	5,501,966	(1,973,489)	22,819,908
Office leasehold improvements	111,125	1,469	-	112,594
Office, computer, engineering equipment	2,775,727	1,081,376	(847,085)	3,010,018
Radio and interoffice communication equipment	187,478	72,623	-	260,101
Telemetry systems and equipment	416,763	125,110	(2,815)	539,058
Miscellaneous	393,489	33,060	-	426,549
Total capital assets being depreciated	262,869,689	12,544,630	(3,896,637)	271,517,682
Less accumulated depreciation for:				
Water rights, wells, and pumping plants	(14,764,154)	(1,013,324)	87,312	(15,690,166)
Distribution systems	(19,840,965)	(1,119,222)	903,231	(20,056,956)
Buildings, plants, and store yards	(44,308,545)	(3,905,260)	-	(48,213,805)
Machinery, vehicles, and equipment	(11,146,686)	(1,848,961)	1,369,776	(11,625,871)
Office leasehold improvements	(49,508)	(4,493)	-	(54,001)
Office, computer, engineering equipment	(1,397,388)	(235,274)	638,106	(994,556)
Radio and interoffice communication equipment	(194,362)	(20,901)	8,311	(206,952)
Telemetry systems and equipment	(70,952)	(31,202)	-	(102,154)
Miscellaneous	(177,636)	(15,813)	-	(193,449)
Total accumulated depreciation	(91,950,196)	(8,194,450)	3,006,736	(97,137,910)
Total capital assets being depreciated, net	170,919,493	4,350,180	(889,901)	174,379,772
Business-type activities capital assets, net	$198,149,216	7,732,265	(7,232,935)	198,648,546

The beginning balance of construction in progress was increased by $261,550 to capitalize charges previously expensed and the beginning balance of accumulated depreciation was increased by $2,492,550 to agree with the City's fixed asset system at July 1, 2001.

(4) Capital Assets, (Continued)

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

	Governmental Activities	Business-Type Activities
General government	$ 879,393	-
Public safety	1,604,543	-
Streets	189,404	-
Culture and recreation	390,385	-
Community development	266	-
Economic development	434,522	-
Community service	283,459	-
Refuse	-	1,425,293
Water	-	2,469,143
Sewer	-	4,300,014
Internal Service	2,670,550	-
Total	$6,452,522	8,194,450

(5) Long-Term Liabilities – Governmental Activities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2002:

	Balance at July1, 2001, as restated	Additions	Retirements	Balance at June 30, 2002	Amount Due Within One Year
Governmental Activities:					
Compensated absences payable	$12,460,734	5,559,603	(4,716,863)	13,303,474	5,215,653
Claims and judgments payable	10,087,064	7,997,246	(3,870,301)	14,214,009	2,587,500
Capital leases payable	5,961,142	1,535,225	(1,541,791)	5,954,576	1,576,980
Participation agreements:					
Costco Wholesale	495,040	-	-	495,040	21,268
Yellow Freight	811,545	-	-	811,545	-
Stater Brothers	596,982	-	(138,507)	458,475	145,432
Total participation agreements	1,903,567	-	(138,507)	1,765,060	166,700
Loan purchase agreement:					
Community reinvestment fund	266,357	-	(266,357)	-	-
Notes payable:					
HUD Section 108:					
Cinema Project	6,800,000	-	(220,000)	6,580,000	-
303 LLC Building	1,240,000	-	-	1,240,000	-
Bobbitt	33,380	-	-	33,380	4,898
Wells Fargo Bank LOC	-	2,085,000	-	2,085,000	2,085,000
Sumitomo Bank LOC	6,795,000	-	(6,795,000)	-	-
BAR-K MDA Cinema	1,407,488	-	(1,407,488)	-	-
Total notes payable	16,275,868	2,085,000	(8,422,488)	9,938,380	2,089,898

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

	Balance at July1, 2001, as restated	Additions	Retirements	Balance at June 30, 2002	Amount Due Within One Year
Lease revenue bonds:					
Public Facilities – Lease Revenue Refunding, 1997 Series A	8,930,000	-	(520,000)	8,410,000	540,000
Refunding Bonds, (City Hall Project), Series 1996	15,010,000	-	(160,000)	170,000	170,000
Central City Parking District Project, 1977 issue	330,000	-	(680,000)	14,330,000	715,000
Total lease revenue bonds	24,270,000	-	(1,360,000)	22,910,000	1,425,000
Tax allocation bonds:					
Refunding Bonds, Series 2002	-	30,330,000	-	30,330,000	790,000
Less: deferred charges	-	(2,701,145)	-	(2,701,145)	-
Mount Vernon Bonds, Series 2002A	-	3,635,000	-	3,635,000	75,000
Less: deferred charges	-	(249,957)	-	(249,957)	-
Refunding Bonds, Series 1998A	17,480,000	-	(540,000)	16,940,000	560,000
Subordinated Refunding Bonds, Series 1998B	8,005,000	-	(210,000)	7,795,000	225,000
Low and Moderate Income Housing, Series 1999	4,265,000	-	(230,000)	4,035,000	240,000
Refunding Bonds, Series 1995A	88,490,000	-	(2,110,000)	86,380,000	2,205,000
Subordinated Refunding Bonds Series 1995B	16,525,000	-	(16,525,000)	-	-
Total tax allocation bonds	134,765,000	31,013,898	(19,615,000)	146,163,898	4,095,000

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

	Balance at July1, 2001, as restated	Additions	Retirements	Balance at June 30, 2002	Amount Due Within One Year
Assessment District Bonds:					
Assessment District No. 5861	25,000	-	(25,000)	-	-
Assessment District No. 985	410,000	-	(30,000)	380,000	30,000
Assessment District No. 987	385,000	-	(25,000)	360,000	25,000
Total assessment district bonds	820,000	-	(80,000)	740,000	55,000
Certificates of participation:					
1999 Certificates of Participation	15,150,000	-	(345,000)	14,805,000	355,000
Total governmental activities long-term liabilities	$221,959,732	48,190,972	(40,356,307)	229,794,397	17,566,731

The beginning balance of long-term liabilities was reduced by $5,962,569, which represents $2,000,305 of loans payable and $3,950,614 of notes payable now reflected in the fund obligated to repay the debt, and $11,620 to properly account for the Bobbitt note payable at July 1, 2001.

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, $360,935 of compensated absences, $14,214,009 of claims and judgments payable, $2,575,764 of capital leases payable, and $2,525,000 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, 2002
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.	$5,954,576

(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
2003	$1,576,980	260,127
2004	1,210,707	198,951
2005	807,520	147,586
2006	663,451	112,528
2007	695,152	80,826
2008	449,649	47,602
2009	253,217	25,146
2010	145,427	14,436
2011	152,473	7,190
Total	$5,954,576	894,392

	Amount outstanding at June 30, 2002
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.	$ 495,040
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.	811,545

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

	Amount outstanding at June 30, 2002
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.	458,475
Total participation agreements	$1,765,060

The annual requirements to amortize participation agreements outstanding as of June 30, 2002 are as follows:

Year ending June 30	Principal	Interest
2003	$166,700	52,627
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	30,169	20,802
2010	31,980	18,991
2011	33,898	17,073
2012	35,933	15,038
2013	38,088	12,883
2014	40,374	10,597
2015	42,795	8,176
2016	45,363	5,608
2017	48,086	2,885
	$953,515	316,118

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.

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

	Amount outstanding at June 30, 2002
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.	
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.	$6,580,000

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

	Amount outstanding at June 30, 2002
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, 2002, 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, 2002, only $33,380 has 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.	33,380
Wells Fargo Line of Credit	
In May 2002, the Agency was issued a Secured Revolving Line of Credit note by Wells Fargo Bank, National Association in the amount of $2,085,000 to be used by the Agency to fund the payment of the final sinking fund payment on the City of San Bernardino Industrial Revenue Bonds, Series 1983A, and the City's Taxable Industrial Development Revenue Bonds, Series 1995A. The bonds were issued to finance development of certain real property located in the Central City Redevelopment Project Area.	

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

	Amount outstanding at June 30, 2002
Wells Fargo Line of Credit, (Continued)	
The outstanding principal balance bears interest at either the fluctuating rate per annum one-quarter of one percent (0.25%) below the prime rate in effect from time to time or at a fixed rate per annum determined by Wells Fargo Bank to be two percent (2%) above LIBOR in effect of the first day of the applicable Fixed Rate Term. Interest accrued is payable on the first day of each month, commencing June 2002. The outstanding principal balance is due and payable in full on May 1, 2003.	2,085,000
Total notes payable	$9,938,380

The annual requirements to amortize notes payable outstanding as of June 30, 2002 are as follows:

Year ending June 30	Principal	Interest
2003	$4,898	1,667
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
	$33,380	6,540

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, 303 LLC Building Section 108 note and the Wells Fargo Line of Credit.

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

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, 2002 is $8,410,000.

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, 2002 the reserve requirement was $946,345 and the amount actually held in the reserve account was $1,223,584.

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, 2002 is $14,330,000.

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

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, 2002 the reserve requirement was $1,497,030 and the amount actually held in the reserve account was $1,452,030.

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.

Parking Facilities Lease Revenue Bonds, issue of 1977

The $1,950,000 Parking Facilities Lease Revenue Bonds, issue of 1977, consisted of $660,000 of serial bonds with interest rates varying from 5.5% to 6.0% and $1,290,000 of term bonds due on October 1, 2002, bearing interest at 6.0%. Interest is payable semiannually on April 1, and October 1. The amount outstanding at June 30, 2002 is $170,000.

The serial bonds mature annually on October 1, through October 1, 1992. The term bonds shall be redeemed prior to maturity beginning October 1, 1998 to October 1, 2002 from the Term Bond Sinking Fund. These bonds shall be redeemed without premium. The serial and term bonds may be called before maturity and redeemed at the option of the Agency from other available funds on any interest payment date.

The bonds are secured by a pledge of revenues and other funds of the Project, including lease revenue payments received by the Agency as lessor, under a lease agreement with the City of San Bernardino.

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

The annual requirements to amortize lease revenue bonds outstanding as of June 30, 2002 are as follows:

Year Ending June 30	Principal	Interest
2003	$ 1,425,000	1,194,915
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
	$22,910,000	12,156,065

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)

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, 2002 was $2,691,432. At June 30, 2002, $30,330,000 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.

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, 2002 was $271,853. At June 30, 2002, $3,635,000 of the bonds were outstanding.

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

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, 2002 is $16,940,000.

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, 2002 the reserve requirement was $1,456,515 and the amount actually held in the reserve account was $1,886,051.

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

Subordinate Refunding Bonds, Series 1998B

The $8,590,000 of subordinated tax allocation refunding bonds, issue of 1998, consist of $4,815,000 of serial bonds with varying interest rates from 4.500% to 5.875% and $3,775,000 of term bonds, bearing interest at 6.000%. Interest is payable semiannually on January 1 and July 1. Serial bonds mature annually on July 1 through July 1, 2014. Term bonds are due July 1, 2020 and shall be called and redeemed before maturity from money deposited into the Term Bond Sinking Fund on July 1, 2015 to July 1, 2020 without premium. The amount outstanding at June 30, 2002 is $7,795,000.

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, 2002 the reserve requirement was $639,012 and the amount actually held in the reserve account was $639,441.

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.

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

Low and Moderate Income Housing, Series 1999

$4,700,000 of tax allocation bonds (20% Set-Aside) were issued to assist the Agency in the acquisition and rehabilitation of certain property in the City for housing low and moderate income families. The Bonds consist of $2,240,000 of serial bonds with varying interest rates from 3.20% to 4.30% and $2,460,000 of term bonds, bearing interest at 5.00%. Interest is payable semiannually on May 1 and November 1. Serial bonds mature annually on May 1 through May 1, 2008. Term bonds are due May 1, 2015 and shall be called and redeemed before maturity form money deposited into the Term Bond Sinking Fund on May 1, 2009 to May 1, 2015 without premium. The amount outstanding at June 30, 2002 is $4,035,000.

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

The bonds are secured by a pledge of certain tax increment revenues derived from Housing Revenues from various Redevelopment Project Areas within the City. A reserve account is required to be maintained in accordance with the bond documents. As of June 30, 2002 the reserve requirement was $427,340 and the amount actually held in the reserve account was $425,599.

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, 2002 is $86,380,000.

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, 2002 the reserve requirement was $7,035,850 and the amount actually held in the reserve account was $8,578,779.

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

Refunding Bonds, Series 1995A, (Continued)

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.

The annual requirements to amortize tax allocation debt outstanding as of June 30, 2002 are as follows:

Year Ending June 30	Principal	Interest
2003	$ 4,095,000	8,258,560
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
	149,115,000	115,903,887
Less: deferred charges	(2,951,102)	-
	$146,163,898	115,903,887

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

Assessment District Bonds

Assessment District No. 5861 Bonds Payable

$3,000,000 of Assessment District No. 5861 bonds, issue of 1981, Series 1981-1, were issued on February 23, 1981. The bonds consist of coupon bonds, in the denomination of $5,000 each, bearing coupon rates ranging from 10.50% to 11.25%. Interest is payable semiannually on January 2 and July 2. Serial bonds mature annually on July 2 through July 2, 2001. The bonds were issued to provide funds to acquire and construct the work and improvements authorized by the City in the legal proceedings for Assessment District No. 5861, located in the City, and to pay the authorized incidental expenses of the Assessment District Project and improvement bond financing. The last payment was made during the fiscal year ended June 30, 2002. The outstanding balance at June 30, 2002 was $0.

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, 2002 was $380,000.

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.

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

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, 2002 was $360,000.

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.

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2003	$55,000	54,323
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	$740,000	303,421

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

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, 2002 was $14,805,000.

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, 2002, the reserve requirement was $1,147,000 and the amount actually held in the reserve account was $1,277,871.

(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
2003	$ 355,000	780,953
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
	$14,805,000	11,428,512

(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, 2002:

	Balance at July 1, 2001	Additions	Deletions	Balance at June 30, 2002	Amount Due Within One Year
Enterprise Funds					
Compensated absences	$2,518,239	2,217,566	(2,136,257)	2,599,548	1,007,397
Capital leases payable:					
Refuse equipment	3,395,157	4,149,318	(1,118,862)	6,425,613	1,559,277
Notes Payable:					
State Water Resources Control Board	2,346,364	-	(201,863)	2,144,501	208,525
San Bernardino Valley Municipal Water District	3,576,055	-	(196,985)	3,379,070	211,267
State Water Resources Control Board	21,309,171	-	(1,162,618)	20,146,553	1,195,171
	27,231,590	-	(1,561,466)	25,670,124	1,614,963
Certificates of Participation:					
Refunding Sewer Revenue Certificates of Participation	36,230,000	-	(1,505,000)	34,725,000	1,575,000
Less: deferred charges	(347,850)	-	25,924	(321,926)	(25,533)
	35,882,150	-	(1,479,076)	34,403,074	1,549,467
Water Bonds:					
Waterworks Bonds, Series C	105,000	-	(5,000)	100,000	5,000
1998A Water and Wastewater revenue bonds	5,765,000	-	(1,055,000)	4,710,000	1,095,000
Less: deferred charges	(280,861)	-	89,671	(191,190)	(74,016)
	5,589,139	-	(970,329)	4,618,810	1,025,984
Total business-type activities long-term liabilities	$74,616,275	6,366,884	(7,265,990)	73,717,169	6,757,088

(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, 2002
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.	$ 6,425,613

Year ending June 30:	Business-Type Activities Principal	Interest
2003	$1,559,277	281,170
2004	1,568,035	206,146
2005	1,574,973	132,940
2006	1,264,524	58,066
2007	458,804	9,830
Total	$6,425,613	688,152

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 on 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, 2002 is $100,000.

(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, 2002, net of unamortized discount and deferred advance refunding charge of $191,190, is $4,618,810.

The annual requirements to amortize bonds payable subsequent to June 30, 2002 are as follows:

Year ending June 30	Principal	Interest
2003	$1,100,000	186,016
2004	1,165,000	138,547
2005	1,200,000	88,109
2006	1,270,000	34,308
2007	10,000	5,812
2008-2012	50,000	17,438
2013-2017	15,000	1,160
	4,810,000	471,390
Less: deferred charges	(191,190)	-
	$4,618,810	471,390

(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, 2002, net of unamortized discount of $321,926, is $34,403,074.

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, 2002, 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, 2002 are as follows:

Year ending June 30	Principal	Interest
2003	$1,575,000	1,637,554
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
2008-2012	11,250,000	5,357,592
2013-2017	14,795,000	2,297,988
	34,725,000	15,164,528
Less: deferred charges	(321,926)	-
	$34,403,074	15,164,528

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, 2002 is $2,144,501.

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, 2002 is $3,379,070.

(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, 2002 is $20,146,553.

The annual requirements to amortize notes payable subsequent to June 30, 2002 are as follows:

Year ending June 30	Principal	Interest
2003	$1,614,963	879,855
2004	1,670,626	824,192
2005	1,728,563	766,254
2006	1,788,890	705,928
2007	1,851,726	643,091
2008-2012	10,019,157	2,175,636
2013-2017	6,996,199	497,147
	$25,670,124	6,492,103

(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, 2002, $13,303,473 and $2,599,548 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, 2002, $37,385,000 of debt issuances outstanding are considered defeased. The defeased debt consisted of the following:

1995	Police Station Financing Project Certificates of Participation	$ 5,455,000
1994	State College Tax Allocation Bonds	6,595,000
1995b	Subordinated Tax Allocation Bonds	16,185,000
1978	Central City Tax Allocation Bonds	9,150,000
		$37,385,000

(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, 2002 and 2001, are as follows:

	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year
2000-2001:				
Workers' compensation	$5,961,165	3,080,253	(2,447,104)	6,594,314
Liability claims	3,992,525	389,318	(889,093)	3,492,750
Total 2000-2001	$9,953,690	3,469,571	(3,336,197)	10,087,064
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

(9) Claims and Judgments Payable, (Continued)

The City has obtained excess liability coverage with limits of $25 million in excess of $1 million 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.

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

Estimated claims liabilities at June 30, 2002, 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.

In connection with the formation of BICEP, bonds payable in the aggregate amount of $14,965,000 were issued by BICEP of which $8,760,000 are outstanding at June 30, 2001. The City is obligated to pay all premiums as assessed, until the earlier of the termination of the related bond agreement or prepayment of its portion of the bond obligation. The City's repayment obligation of bond principal at June 30, 2001, is $1,672,284.

The following public entities are members of BICEP: Huntington Beach, Oxnard, Pomona, San Bernardino and Santa Ana.

	Membership percentage	Repayment obligation
Huntington Beach	21.43%	$1,877,268
Oxnard	15.62%	1,368,312
Pomona	13.59%	1,190,484
San Bernardino	19.09%	1,672,284
Santa Ana	30.27%	2,651,652
		$8,760,000

(10) Short-term Debt

The following is a schedule of changes in short-term debt for the year ended June 30, 2002:

	Balance at July 1, 2001	Increases	Decreases	Balance at June 30, 2002
Anticipation notes	$ -	3,905,000	(3,905,000)	-

The City issued $3,905,000 of tax revenue anticipation notes during the fiscal year for the purpose of additional interest earnings.

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

At June 30, 2002, 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:	
Local Transportation	$ 56,467
Debt Service Funds:	
Assessment District #1015	589,695
Verdemont Improvement Loan	1,730,231
Capital Projects Funds:	
Street Construction	250,420
Special Assessments	635,264

At June 30, 2002, 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
Enterprise Funds:	
EMS Transport	$ 167,954
Internal Service Funds:	
Workers' Compensation	8,053,748
Liability Insurance	3,245,600
Utility	807,531

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

As of June 30, 2002, 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, 2002:

	Final Budget	Actual	Variance-(Negative)
General Fund:			
City treasurer – personnel, salaries and benefits	$ 23,300	23,478	(178)
City attorney – other	647,000	683,800	(36,800)
Fire – personnel, salaries and benefits	17,550,300	18,249,976	(699,676)
Special Revenue Funds:			
Cemetery – other	35,100	37,098	(1,998)
Cable TV – personnel, salaries and benefits	315,800	317,365	(1,565)
Parking and Business Improvement – other	31,500	31,690	(190)
Downtown Parking District – other	11,200	19,526	(8,326)
Debt Service Funds:			
Assessment District #5861 – other	26,406	26,716	(310)
Assessment District #1015 – other	49,800	50,811	(1,011)
Economic Development Agency – other	14,479,176	16,152,280	(1,673,104)
Capital Projects Funds:			
Fire Equipment Acquisition – other	935,500	1,087,267	(151,767)
Economic Development Agency – other	10,348,657	15,502,382	(5,153,725)

(12) 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, and 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 3.770% 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.

Annual Pension Cost

For fiscal year 2001/02, the City's and Agency's annual pension cost of $8,927,342 and $0 for PERS was equal to the required and actual contributions. The required contributions were determined as part of the June 30, 2000, 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, 2001 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, 2002, 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.

(12) Defined Benefit Pension Plan, (Continued)

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

City

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/00	$7,559	100%	-
6/30/01	7,050	100%	-
6/30/02	8,927	100%	-

Agency

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/00	$0	100%	-
6/30/01	0	100%	-
6/30/02	0	100%	-

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]
6/30/98						
Miscellaneous	$209,909	156,113	(53,796)	134.5%	32,620	(164.919)%
Safety	233,540	219,771	(13,769)	106.3%	23,225	(59.282)%
Total	$443,449	375,884	(67,565)	118.0%	55,845	(120.987)%

(12) Defined Benefit Pension Plan, (Continued)

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)%

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]
6/30/98	$7,208	5,089	(2,119)	141.6%	2,016	(105.1)%
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%)

(13) 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, 384 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 $91,559 for the year ended June 30, 2002.

(14) 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, 2002, $6,475,000 of Improvement Bonds remain outstanding.

(15) 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, 2002 include the Multifamily Housing Revenue Bonds (Highland Lutheran Senior Housing Project) 1995 Series for $1,625,000 and the Multifamily Housing Revenue Bonds (Ramona Senior Complex Project) Series 1995 for $1,430,000.

(16) 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 general purpose financial statements.

(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.

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, 2002, the outstanding balance due from SBIAA is $177,115.

(17) Jointly Governed Organizations, (Continued)

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, 2002, the outstanding balance due from the Authority is $409,000.

(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, Economic Development Agency Capital Projects Fund, Nonmajor governmental funds, Water Enterprise Fund, Sewer Enterprise Fund, and Internal Service Funds.

(a) The Economic Development Agency Special Revenue Fund fund balance at June 30, 2001 has been increased by $732,948 to reflect the addition of the $1 HUD Home Program that had not been reported in prior years

(b) There were certain interfund debt obligations reflected in the long-term debt account group in the prior year. In accordance with reporting under GASB Statement No. 34, those interfund obligations are now reflected in the fund obligated to repay the debt.

(19) Prior Period Adjustments, (Continued)

(c) The Agency recorded a receivable in the Economic Development Agency Capital Project Fund (Central City North). This receivable is due from the State of California. However, there was compensation provided to the Agency in prior years, but the receivable was not reduced. An adjustment has been made to the beginning fund balance to properly state the receivable as of the beginning of the year.

The following schedule summarizes the effect of the prior period adjustment to the following governmental funds' opening fund balance as of June 30, 2002:

	Special Revenue Fund Economic Development Agency	Capital Projects Fund Economic Development Agency	Nonmajor Governmental Funds
Fund balance at beginning of year, as previously reported	$21,466,604	54,968,653	15,912,258
(a) Proper recognition of HUD Home Program	732,948	-	-
(b) Recognition of interfund debt on the balance sheet of fund repaying the debt	-	(3,950,644)	(2,000,305)
(c) Adjust notes receivable for compensation received in prior years	-	(2,178,369)	-
Fund balance at beginning of year, as restated	$22,199,552	48,839,640	13,911,953

(d) Charges previously expensed at June 30, 2001 should have been capitalized as construction in progress. An adjustment was made to increase net assets and increase construction in progress.

(e) The general ledger and fixed asset system reflect different amounts in accumulated depreciation due to prior years' incorrect entering of fixed asset information into the general ledger. The fixed asset system correctly reflects accumulated depreciation, therefore the general ledger has been adjusted to agree to the fixed asset system.

(f) In the current year the City is converting to formats required by GASB Statement No. 34 and as such is required to close out contributed capital to net assets.

The following schedule summarizes the effects of the prior period adjustments to the following proprietary funds' beginning net assets as of June 30, 2002:

(19) Prior Period Adjustments, (Continued)

	Enterprise Funds		Internal Service Funds
	Water	Sewer	
Net assets (deficit) at beginning of year, as previously reported	$20,708,320	29,175,501	(9,169,830)
(d) Transfer expensed charges to construction in progress	250,815	10,735	-
(e) Adjust general ledger to agree with fixed asset system	2,213,766	(4,706,316)	-
(f) Close out contributed capital to net assets	49,461,465	63,553,696	5,334,567
Net assets (deficit) at beginning of year, as restated	$72,634,366	88,033,616	(3,835,263)

(20) Change in Accounting Principle

During the year ended June 30, 2002, the City of San Bernardino implemented GASB Statement No. 34. GASB Statement No. 34 changed the financial reporting model of local governmental units. As a result of GASB Statement No. 34, fund financial statements are required to be presented with a focus on the *major funds* of that local government. Previously, financial reporting for local governments had focused on reporting by *fund type*. The modified accrual basis of accounting and the current financial resources measurement focus is used in the fund financial statements for the governmental funds of the City.

GASB Statement No. 34 also requires the presentation of *government-wide financial statements*. Previously, government-wide financial statements were not required. Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. The *economic resources measurement focus* requires that all (both current and long-term) assets and liabilities of the City be reported in the government-wide financial statements. Additional information about the effect of these changes on the financial reporting of the City can be found in note 1 to the basic financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SAN BERNARDINO

Notes to Required Supplementary Information

Year ended June 30, 2002

(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. The budget figures used in the financial statements are final adjusted amounts, which do not vary significantly from the original adopted budget. During the year, there were supplemental budget appropriations amounting to $5,689,700.

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.

Expenditures in Excess of Appropriations

The General Fund and major special revenue fund reported an excess of expenditures over appropriations as follows at June 30, 2002:

	Final Budget	Actual	Variance - (Negative)
General Fund:			
City treasurer – personnel, salaries and benefit	$ 23,300	23,478	(178)
City attorney – other	647,000	683,800	(36,800)
Fire – personnel, salaries and benefit	17,550,300	18,249,976	(699,676)

CITY OF SAN BERNARDINO
General Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Sales and use tax	$ 27,350,000	27,350,000	27,695,498	345,498
Utility users tax	21,686,300	21,686,300	19,442,682	(2,243,618)
Property taxes	7,310,000	7,310,000	7,658,918	348,918
Franchise tax	2,563,000	2,563,000	2,879,949	316,949
Transient occupancy tax	2,250,000	2,250,000	2,439,186	189,186
Property transfer tax	315,000	315,000	349,621	34,621
Total taxes	61,474,300	61,474,300	60,465,854	(1,008,446)
Licenses and permits:				
Business registration	4,150,000	4,150,000	4,288,966	138,966
Building permits	460,000	460,000	519,500	59,500
Mechanical permits	200,000	200,000	220,555	20,555
Onsite permits	200,000	200,000	233,649	33,649
Onsite plan check fees	100,000	100,000	119,011	19,011
Public works construction permit	100,000	100,000	159,263	59,263
Paramedics/EMS subscription	23,000	23,000	19,220	(3,780)
Street cut permit	11,000	11,000	8,422	(2,578)
Other	690,800	690,800	675,412	(15,388)
Total licenses and permits	5,934,800	5,934,800	6,243,998	309,198
Fines and forfeits:				
General fines	130,000	130,000	138,052	8,052
Parking citation	550,000	550,000	596,172	46,172
Fire citation	2,500	2,500	1,475	(1,025)
Vehicle abatement	2,000	2,000	1,641	(359)
Total fines and forfeits	684,500	684,500	737,340	52,840
Investment income:				
Interest income	925,000	925,000	1,126,289	201,289
Land and building rental	300,000	300,000	354,186	54,186
Other	140,000	140,000	82,580	(57,420)
Total investment income	1,365,000	1,365,000	1,563,055	198,055

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)
Intergovernmental:				
Motor vehicle in lieu tax	9,750,000	9,750,000	10,625,365	875,365
Homeowners exemption	160,000	160,000	102,721	(57,279)
State police training grants	3,600	3,600	4,916	1,316
State grants	255,000	255,000	414,030	159,030
Other	3,336,600	3,584,300	3,544,402	(39,898)
Total intergovernmental	13,505,200	13,752,900	14,691,434	938,534
Charges for services:				
Plan check fees	200,000	200,000	258,127	58,127
Paramedics/emergency medical services	640,000	640,000	626,125	(13,875)
Board up/demolition assessment	250,000	250,000	381,954	131,954
Storm drain utility fee	270,000	270,000	289,827	19,827
Weed abatement	230,000	230,000	209,782	(20,218)
Planning development projects	110,000	110,000	121,884	11,884
Sale of photos	105,000	105,000	111,266	6,266
Alarm system fee	85,000	85,000	76,538	(8,462)
Engineering fees	20,000	20,000	33,142	13,142
Miscellaneous police receipts	765,000	780,000	773,294	(6,706)
Swimming pool fees	57,000	57,000	54,047	(2,953)
Other charges	994,000	994,000	1,076,312	82,312
Total charges for services	3,726,000	3,741,000	4,012,298	271,298
Other revenues:				
Off track betting	175,000	175,000	137,370	(37,630)
Miscellaneous receipts	160,000	160,000	39,895	(120,105)
Other revenues	2,353,200	2,353,200	2,399,523	46,323
Total other revenues	2,688,200	2,688,200	2,576,788	(111,412)
Total revenues	89,378,000	89,640,700	90,290,767	650,067

(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)
Expenditures:				
General Government:				
Mayor:				
Personnel salaries and benefits	746,600	766,500	624,217	142,283
Other	296,700	428,100	319,118	108,982
Common council:				
Personnel salaries and benefits	315,600	318,800	234,339	84,461
Other	113,200	136,400	107,332	29,068
City clerk:				
Personnel salaries and benefits	767,500	810,700	790,052	20,648
Other	252,300	267,300	231,075	36,225
City treasurer:				
Personnel salaries and benefits	23,300	23,300	23,478	(178)
Other	600	600	474	126
City attorney:				
Personnel salaries and benefits	1,378,400	1,378,000	1,363,554	14,446
Other	497,000	647,000	683,800	(36,800)
City administrator:				
Personnel salaries and benefits	428,000	442,300	426,598	15,702
Other	94,300	94,300	69,670	24,630
Personnel:				
Personnel salaries and benefits	263,500	276,000	274,019	1,981
Other	138,900	138,900	129,373	9,527
Finance:				
Personnel salaries and benefits	937,000	987,600	910,036	77,564
Other	243,600	246,000	231,866	14,134
Civil service:				
Personnel salaries and benefits	208,100	215,400	175,569	39,831
Other	85,200	85,200	77,988	7,212
Code compliance:				
Personnel salaries and benefits	1,456,300	1,529,900	1,476,316	53,584
Other	890,000	1,501,700	1,271,190	230,510
Nondepartmental:				
Personnel salaries and benefits	2,455,600	(508,200)	(1,901,474)	1,393,274
Other	3,118,800	3,035,600	2,744,871	290,729
Total general government	14,710,500	12,821,400	10,263,461	2,557,939

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)
Public Safety:				
Police:				
Personnel salaries and benefits	33,623,500	34,909,100	34,554,019	355,081
Other	6,846,600	7,025,800	6,954,165	71,635
Fire:				
Personnel salaries and benefits	16,837,900	17,550,300	18,249,976	(699,676)
Other	2,094,000	2,185,200	2,071,087	114,113
Total public safety	59,402,000	61,670,400	61,829,247	(158,847)
Public Works:				
Development services:				
Personnel salaries and benefits	3,492,000	3,544,500	3,271,996	272,504
Other	2,626,000	2,915,900	2,179,788	736,112
Facilities management:				
Personnel salaries and benefits	1,593,200	1,629,500	1,555,752	73,748
Other	2,464,100	2,787,900	2,206,418	581,482
Public services:				
Personnel salaries and benefits	2,235,600	2,350,000	2,338,562	11,438
Other	3,763,900	3,854,300	3,200,702	653,598
Total public works	16,174,800	17,082,100	14,753,218	2,328,882
Culture and recreation:				
Park, recreation and community services:				
Personnel salaries and benefits	2,911,800	3,009,800	2,862,296	147,504
Other	2,436,000	2,594,400	2,466,597	127,803
Total culture and recreation	5,347,800	5,604,200	5,328,893	275,307
Debt Service - other:				
Principal	367,717	367,717	367,717	-
Interest and fiscal charges	369,783	369,783	326,288	43,495
Total debt service	737,500	737,500	694,005	43,495
Total expenditures	96,372,600	97,915,600	92,868,824	5,046,776

(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)
Excess of (deficiency) of revenues over (under) expenditures	(6,994,600)	(8,274,900)	(2,578,057)	5,696,843
Other financing sources (uses):				
Transfers in	6,255,500	6,261,500	6,477,706	216,206
Transfers out	(8,751,400)	(10,876,700)	(8,516,866)	2,359,834
Total other financing sources (uses):	(2,495,900)	(4,615,200)	(2,039,160)	2,576,040
Net change in fund balances	(9,490,500)	(12,890,100)	(4,617,217)	8,272,883
Fund balances at beginning of year	19,502,379	19,502,379	19,502,379	-
Fund balances at end of year	$ 10,011,879	6,612,279	14,885,162	8,272,883

CITY OF SAN BERNARDINO

Economic Development Agency Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 582,800	582,800	500,555	(82,245)
Intergovernmental revenues	10,047,000	10,047,000	8,347,477	(1,699,523)
Other	-	-	645,189	645,189
Total revenues	10,629,800	10,629,800	9,493,221	(1,136,579)
Expenditures:				
Current:				
Community development:				
Personnel salaries and benefits	650,000	650,000	650,000	-
Other	8,484,900	8,484,900	5,962,145	2,522,755
Economic development:				
Personnel salaries and benefits	1,024,026	1,024,026	979,782	44,244
Other	7,260,840	7,260,840	4,154,382	3,106,458
Debt service - other:				
Principal	201,660	201,660	266,357	(64,697)
Interest and fiscal charges	230,000	230,000	8,603	221,397
Total expenditures	17,851,426	17,851,426	12,021,269	5,830,157
Excess (deficiency) of revenues over (under) expenditures	(7,221,626)	(7,221,626)	(2,528,048)	4,693,578
Other financing sources (uses):				
Transfers in	6,197,600	6,197,600	3,776,868	(2,420,732)
Transfers out	-	-	(1,856,957)	(1,856,957)
Total other financing sources (uses)	6,197,600	6,197,600	1,919,911	(4,277,689)
Net change in fund balances	(1,024,026)	(1,024,026)	(608,137)	415,889
Fund balances at beginning of year, as restated	22,199,552	22,199,552	22,199,552	-
Fund balances at end of year	$ 21,175,526	21,175,526	21,591,415	415,889

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SUPPLEMENTARY SCHEDULES

CITY OF SAN BERNARDINO
Non-Major Governmental Funds

Combining Balance Sheet

June 30, 2002

	Special Revenue	Debt Service	Capital Projects	Totals
Assets				
Assets:				
Cash and investments	$ 8,023,993	111,165	7,709,403	15,844,561
Cash and investments with fiscal agent	-	100,196	252,710	352,906
Receivables:				
Accounts	46,445	-	-	46,445
Interest	116,883	1,205	106,577	224,665
Special assessments	-	2,858,476	-	2,858,476
Prepaid items	63,290	-	-	63,290
Due from other governmental agencies	2,004,438	1,878	1,216,487	3,222,803
Advances to other funds	165,100	-	165,100	330,200
Other assets	-	-	214,671	214,671
Total assets	$ 10,420,149	3,072,920	9,664,948	23,158,017
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 597,127	-	433,050	1,030,177
Due to other funds	245,057	-	1,594,980	1,840,037
Deposits payable	-	-	404	404
Retentions payable	233,978	-	65,853	299,831
Deferred revenue	843,054	2,858,476	-	3,701,530
Advances from other funds	-	2,322,070	-	2,322,070
Total liabilities	1,919,216	5,180,546	2,094,287	9,194,049
Fund balances (deficit):				
Reserved for:				
Encumbrances	312,900	-	1,403,200	1,716,100
Prepaid items	63,290	-	-	63,290
Debt service	-	212,300	-	212,300
Grant restrictions	110,241	-	-	110,241
Advances to other funds	165,100	-	165,100	330,200
Long-term receivables	-	-	816,765	816,765
Sewer capacity rights	-	-	214,671	214,671
Petty cash	275	-	-	275
Unreserved, undesignated:				
Special revenue funds	7,849,127	-	-	7,849,127
Debt service	-	(2,319,926)	-	(2,319,926)
Capital projects funds	-	-	4,970,925	4,970,925
Total fund balances	8,500,933	(2,107,626)	7,570,661	13,963,968
Total liabilities and fund balances	$ 10,420,149	3,072,920	9,664,948	23,158,017

CITY OF SAN BERNARDINO
Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Special Revenue	Debt Service	Capital Projects	Totals
Revenues:				
Taxes	$ 45,351	213,018	702,717	961,086
Licenses and permits	366,676	-	124,468	491,144
Fines and forfeits	804,146	-	-	804,146
Investment income	424,852	18,600	436,294	879,746
Intergovernmental revenues	15,471,099	-	397,748	15,868,847
Charges for services	2,192,788	-	1,261,864	3,454,652
Other revenues	797,717	-	112,978	910,695
Total revenues	20,102,629	231,618	3,036,069	23,370,316
Expenditures:				
Current:				
General government	7,405,432	-	-	7,405,432
Public safety	4,258,244	-	-	4,258,244
Public works	2,010,854	-	-	2,010,854
Culture and recreation	2,520,667	-	-	2,520,667
Capital outlay	3,582,028	-	3,873,371	7,455,399
Debt service:				
Principal	50,000	80,000	-	130,000
Interest	-	183,335	-	183,335
Total expenditures	19,827,225	263,335	3,873,371	23,963,931
Excess (deficiency) of revenues over (under) expenditures	275,404	(31,717)	(837,302)	(593,615)
Other financing sources (uses):				
Transfers in	4,792,770	-	65,300	4,858,070
Transfers out	(4,728,523)	-	(584,985)	(5,313,508)
Issuance of long-term debt	-	-	1,101,068	1,101,068
Total other financing sources (uses)	64,247	-	581,383	645,630
Net change in fund balances	339,651	(31,717)	(255,919)	52,015
Fund balances (deficit) at beginning of year, as restated	8,161,282	(2,075,909)	7,826,580	13,911,953
Fund balances (deficit) at end of year	$ 8,500,933	(2,107,626)	7,570,661	13,963,968

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

Parking and Business Improvements
For improvements related to Downtown business from a portion of business license fees

Downtown Parking District
For maintenance and acquisition of parking facilities from assessments and a portion of business license fees

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.

Federal and State Programs
Combined activity of various grants awarded to the City by the Federal, State and local governments not otherwise accounted for the 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 grants received by the City

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

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

CITY OF SAN BERNARDINO
Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2002

	Library	Cemetery	Cable TV
Assets			
Cash and investments	$ 9,481	-	-
Receivables:			
Accounts	584	-	10,813
Interest	-	7,645	-
Prepaid items	-	-	-
Due from other governmental agencies	-	-	31,572
Advances to other funds	-	-	-
Total assets	$ 10,065	7,645	42,385
Liabilities and fund balances (deficit)			
Liabilities:			
Accounts payable	$ 10,065	186	9,096
Due to other funds	-	7,459	33,289
Retentions payable	-	-	-
Deferred revenue	-	-	-
Total liabilities	10,065	7,645	42,385
Fund balances (deficit):			
Reserved for:			
Encumbrances	-	-	-
Prepaid items	-	-	-
Grant restrictions	-	-	-
Advances to other funds	-	-	-
Petty cash	275	-	-
Unreserved, undesignated (deficit)	(275)	-	-
Total fund balances (deficit)	-	-	-
Total liabilities and fund balances	$ 10,065	7,645	42,385

Asset Seizure	Parking and Business Improvements	Downtown Parking District	Alternative Transportation	Local Transportation	Federal and State Programs
762,625	-	-	126,361	-	82,139
-	-	701	-	-	32,535
9,937	-	-	1,523	-	16,149
-	-	-	-	-	63,290
-	-	87	58,247	-	925,691
-	-	-	-	-	-
772,562	-	788	186,131	-	1,119,804
10,689	-	-	1,259	-	213,409
-	-	788	-	56,467	-
-	-	-	-	-	63,341
-	-	-	-	-	843,054
10,689	-	788	1,259	56,467	1,119,804
44,800	-	-	-	-	-
-	-	-	-	-	63,290
110,241	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
606,832	-	-	184,872	(56,467)	(63,290)
761,873	-	-	184,872	(56,467)	-
772,562	-	788	186,131	-	1,119,804

(Continued)

CITY OF SAN BERNARDINO
Nonmajor Special Revenue Funds

Combining Balance Sheet

(Continued)

	Animal Control	Traffic Congestion	Special Gas Tax
Assets			
Cash and investments	-	579,208	1,052,692
Receivables:			
Accounts	1,559	-	-
Interest	-	8,032	9,215
Prepaid items	-	-	-
Due from other governmental agencies	121,072	41,132	343,188
Advances to other funds	-	-	-
Total assets	122,631	628,372	1,405,095
Liabilities and fund balances (deficit)			
Liabilities:			
Accounts payable	20,013	21,410	13
Due to other funds	102,618	-	-
Retentions payable	-	97,827	2,873
Deferred revenue	-	-	-
Total liabilities	122,631	119,237	2,886
Fund balances (deficit):			
Reserved for:			
Encumbrances	14,100	-	5,000
Prepaid items	-	-	-
Grant restrictions	-	-	-
Advances to other funds	-	-	-
Petty cash	-	-	-
Unreserved, undesignated (deficit)	(14,100)	509,135	1,397,209
Total fund balances (deficit)	-	509,135	1,402,209
Total liabilities and fund balances	122,631	628,372	1,405,095

Traffic Safety	Sewerline Maintenance	Sales and Road	Baseball Stadium	Total
-	2,187,283	3,213,786	10,418	8,023,993
-	253	-	-	46,445
-	26,368	37,504	510	116,883
-	-	-	-	63,290
44,436	291,237	147,776	-	2,004,438
-	165,100	-	-	165,100
44,436	2,670,241	3,399,066	10,928	10,420,149
-	20,833	279,226	10,928	597,127
44,436	-	-	-	245,057
-	-	69,937	-	233,978
-	-	-	-	843,054
44,436	20,833	349,163	10,928	1,919,216
-	-	249,000	-	312,900
-	-	-	-	63,290
-	-	-	-	110,241
-	165,100	-	-	165,100
-	-	-	-	275
-	2,484,308	2,800,903	-	7,849,127
-	2,649,408	3,049,903	-	8,500,933
44,436	2,670,241	3,399,066	10,928	10,420,149

CITY OF SAN BERNARDINO
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Library	Cemetery	Cable TV
Revenues:			
Taxes	$ -	-	-
Licenses and permits	-	-	-
Fines and forfeits	-	-	-
Investment income	-	26,395	-
Intergovernmental revenues	289,523	-	-
Charges for services	85,618	167,169	-
Other revenues	-	-	98,212
Total revenues	375,141	193,564	98,212
Expenditures:			
Current:			
General government	-	225,145	488,558
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	2,341,881	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Total expenditures	2,341,881	225,145	488,558
Excess (deficiency) of revenues over (under) expenditures	(1,966,740)	(31,581)	(390,346)
Other financing sources (uses):			
Transfers in	2,631,859	337,562	390,346
Transfers out	(665,119)	-	-
Total other financing sources (uses)	1,966,740	337,562	390,346
Net change in fund balances	-	305,981	-
Fund balances (deficit) at beginning of year	-	(305,981)	-
Fund balances (deficit) at end of year	$ -	-	-

Asset Seizure	Parking and Business Improvements	Downtown Parking District	Alternative Transportation	Local Transportation	Federal and State Programs
-	-	45,351	-	-	-
-	33,178	-	-	-	-
-	-	-	-	-	-
30,452	339	10,528	6,142	-	-
104,047	-	-	216,394	-	8,735,065
-	-	-	-	-	-
415,452	-	-	4,138	-	-
549,951	33,517	55,879	226,674	-	8,735,065
-	-	-	71,012	49,460	4,706,187
363,593	-	-	-	-	2,359,422
-	31,690	71,912	-	-	-
-	-	-	-	-	178,786
-	-	-	-	-	1,440,670
-	-	-	-	-	50,000
363,593	31,690	71,912	71,012	49,460	8,735,065
186,358	1,827	(16,033)	155,662	(49,460)	-
-	-	160,162	-	-	-
-	(21,526)	(166,558)	(161,500)	-	-
-	(21,526)	(6,396)	(161,500)	-	-
186,358	(19,699)	(22,429)	(5,838)	(49,460)	-
575,515	19,699	22,429	190,710	(7,007)	-
761,873	-	-	184,872	(56,467)	-

(Continued)

CITY OF SAN BERNARDINO
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

(Continued)

	Animal Control	Traffic Congestion	Special Gas Tax
Revenues:			
Taxes	-	-	-
Licenses and permits	333,498	-	-
Fines and forfeits	110,826	-	-
Investment income	-	42,176	50,078
Intergovernmental revenues	-	473,633	3,496,671
Charges for services	714,080	-	-
Other revenues	2,059	-	8,117
Total revenues	1,160,463	515,809	3,554,866
Expenditures:			
Current:			
General government	-	-	-
Public safety	1,535,229	-	-
Public works	-	1,386,142	521,110
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Total expenditures	1,535,229	1,386,142	521,110
Excess (deficiency) of revenues over (under) expenditures	(374,766)	(870,333)	3,033,756
Other financing sources (uses):			
Transfers in	374,766	-	-
Transfers out	-	-	(2,710,000)
Total other financing sources (uses)	374,766	-	(2,710,000)
Net change in fund balances	-	(870,333)	323,756
Fund balances (deficit) at beginning of year	-	1,379,468	1,078,453
Fund balances (deficit) at end of year	-	509,135	1,402,209

Traffic Safety	Sewerline Maintenance	Sales and Road	Baseball Stadium	Totals
-	-	-	-	45,351
-	-	-	-	366,676
693,320	-	-	-	804,146
-	113,442	134,589	10,711	424,852
-	-	2,155,766	-	15,471,099
-	1,225,921	-	-	2,192,788
-	-	81,000	188,739	797,717
693,320	1,339,363	2,371,355	199,450	20,102,629
-	1,428,329	-	436,741	7,405,432
-	-	-	-	4,258,244
-	-	-	-	2,010,854
-	-	-	-	2,520,667
-	-	2,122,116	19,242	3,582,028
-	-	-	-	50,000
-	1,428,329	2,122,116	455,983	19,827,225
693,320	(88,966)	249,239	(256,533)	275,404
-	-	-	898,075	4,792,770
(693,320)	(106,000)	(204,500)	-	(4,728,523)
(693,320)	(106,000)	(204,500)	898,075	64,247
-	(194,966)	44,739	641,542	339,651
-	2,844,374	3,005,164	(641,542)	8,161,282
-	2,649,408	3,049,903	-	8,500,933

CITY OF SAN BERNARDINO
Library Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	$ 309,000	309,000	289,523	(19,477)
Charges for services	74,000	74,000	85,618	11,618
Total revenues	383,000	383,000	375,141	(7,859)
Expenditures:				
Current:				
Culture and recreation:				
Personnel salaries and benefits	1,445,300	1,589,200	1,532,391	56,809
Other	744,100	795,500	809,490	(13,990)
Total expenditures	2,189,400	2,384,700	2,341,881	42,819
Excess (deficiency) of revenues over (under) expenditures	(1,806,400)	(2,001,700)	(1,966,740)	34,960
Other financing sources (uses):				
Transfers in	2,472,700	2,664,900	2,631,859	(33,041)
Transfers out	(666,300)	(666,300)	(665,119)	1,181
Total other financing sources (uses)	1,806,400	1,998,600	1,966,740	(31,860)
Net change in fund balances	-	(3,100)	-	3,100
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	(3,100)	-	3,100

CITY OF SAN BERNARDINO
Cemetery Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 26,000	26,000	26,395	395
Charges for services	136,500	136,500	167,169	30,669
Total revenues	162,500	162,500	193,564	31,064
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	187,500	194,300	188,047	6,253
Other	35,100	35,100	37,098	(1,998)
Total expenditures	222,600	229,400	225,145	4,255
Excess (deficiency) of revenues over (under) expenditures	(60,100)	(66,900)	(31,581)	35,319
Other financing sources (uses):				
Transfers in	225,000	225,000	337,562	112,562
Total other financing sources (uses)	225,000	225,000	337,562	112,562
Net change in fund balances	164,900	158,100	305,981	147,881
Fund balances (deficit) at beginning of year	(305,981)	(305,981)	(305,981)	-
Fund balances (deficit) at end of year	$ (141,081)	(147,881)	-	147,881

CITY OF SAN BERNARDINO
Cable TV Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other revenues	$ 145,000	145,000	98,212	(46,788)
Total revenues	145,000	145,000	98,212	(46,788)
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	321,300	315,800	317,365	(1,565)
Other	81,800	172,300	171,193	1,107
Total expenditures	403,100	488,100	488,558	(458)
Excess (deficiency) of revenues over (under) expenditures	(258,100)	(343,100)	(390,346)	(47,246)
Other financing sources (uses):				
Transfers in	258,100	343,100	390,346	47,246
Total other financing sources (uses)	258,100	343,100	390,346	47,246
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	-	-	-

CITY OF SAN BERNARDINO
Asset Seizure Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 1,000	1,000	30,452	29,452
Intergovernmental revenues	-	-	104,047	104,047
Other revenues	25,300	25,300	415,452	390,152
Total revenues	26,300	26,300	549,951	523,651
Expenditures:				
Current:				
Public safety - other	430,800	459,600	363,593	96,007
Total expenditures	430,800	459,600	363,593	96,007
Net change in fund balances	(404,500)	(433,300)	186,358	619,658
Fund balances at beginning of year	575,515	575,515	575,515	-
Fund balances at end of year	$ 171,015	142,215	761,873	619,658

CITY OF SAN BERNARDINO
Parking and Business Improvements Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and permits	$ 65,000	65,000	33,178	(31,822)
Investment income	500	500	339	(161)
Total revenues	65,500	65,500	33,517	(31,983)
Expenditures:				
Current:				
Public works - other	31,500	31,500	31,690	(190)
Total expenditures	31,500	31,500	31,690	(190)
Excess (deficiency) of revenues over (under) expenditures	34,000	34,000	1,827	(32,173)
Other financing sources (uses):				
Transfers out	(78,500)	(47,000)	(21,526)	25,474
Total other financing sources (uses)	(78,500)	(47,000)	(21,526)	25,474
Net change in fund balances	(44,500)	(13,000)	(19,699)	(6,699)
Fund balances at beginning of year	19,699	19,699	19,699	-
Fund balances at end of year	$ (24,801)	6,699	-	(6,699)

CITY OF SAN BERNARDINO
Downtown Parking District Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 70,000	70,000	45,351	(24,649)
Investment income	1,200	1,200	10,528	9,328
Total revenues	71,200	71,200	55,879	(15,321)
Expenditures:				
Current:				
Public works:				
Personnel salaries and benefits	55,000	55,000	52,386	2,614
Other	9,200	11,200	19,526	(8,326)
Total expenditures	64,200	66,200	71,912	(5,712)
Excess (deficiency) of revenues over (under) expenditures	7,000	5,000	(16,033)	(21,033)
Other financing sources (uses):				
Transfers in	141,600	141,600	160,162	18,562
Transfers out	(166,600)	(166,600)	(166,558)	42
Total other financing sources (uses)	(25,000)	(25,000)	(6,396)	18,604
Net change in fund balances	(18,000)	(20,000)	(22,429)	(2,429)
Fund balances at beginning of year	22,429	22,429	22,429	-
Fund balances at end of year	$ 4,429	2,429	-	(2,429)

CITY OF SAN BERNARDINO
Alternative Transportation Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 8,000	8,000	6,142	(1,858)
Intergovernmental revenues	200,000	200,000	216,394	16,394
Other revenues	3,000	3,000	4,138	1,138
Total revenues	211,000	211,000	226,674	15,674
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	49,500	49,500	40,879	8,621
Other	50,200	50,200	30,133	20,067
Total expenditures	99,700	99,700	71,012	28,688
Excess (deficiency) of revenues over (under) expenditures	111,300	111,300	155,662	44,362
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	(50,200)	(50,200)	(5,838)	44,362
Fund balances at beginning of year	190,710	190,710	190,710	-
Fund balances at end of year	$ 140,510	140,510	184,872	44,362

CITY OF SAN BERNARDINO
Local Transportation Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government - other	109,100	109,100	49,460	59,640
Total expenditures	109,100	109,100	49,460	59,640
Net change in fund balances	(109,100)	(109,100)	(49,460)	59,640
Fund balances (deficit) at beginning of year	(7,007)	(7,007)	(7,007)	-
Fund balances (deficit) at end of year	(116,107)	(116,107)	(56,467)	59,640

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, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	$ 10,018,150	10,018,150	8,735,065	(1,283,085)
Total revenues	10,018,150	10,018,150	8,735,065	(1,283,085)
Expenditures:				
Current:				
General government - other	5,553,412	5,553,412	4,706,187	847,225
Public safety - other	2,390,308	2,390,308	2,359,422	30,886
Culture and recreation - other	74,430	74,430	178,786	(104,356)
Capital outlay - other	2,000,000	2,000,000	1,440,670	559,330
Debt service - other:				
Principal	-	-	50,000	(50,000)
Total expenditures	10,018,150	10,018,150	8,735,065	1,283,085
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	-	-	-

CITY OF SAN BERNARDINO
Animal Control Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and permits	$ 326,500	342,500	333,498	(9,002)
Fines and forfeits	68,000	72,000	110,826	38,826
Charges for services	638,000	731,800	714,080	(17,720)
Other revenues	2,000	2,000	2,059	59
Total revenues	1,034,500	1,148,300	1,160,463	12,163
Expenditures:				
Current:				
Public safety:				
Personnel salaries and benefits	827,000	931,300	886,531	44,769
Other	46,300	668,300	648,698	19,602
Total expenditures	873,300	1,599,600	1,535,229	64,371
Excess (deficiency) of revenues over (under) expenditures	161,200	(451,300)	(374,766)	76,534
Other financing sources (uses):				
Transfers in	298,000	422,500	374,766	(47,734)
Total other financing sources (uses)	298,000	422,500	374,766	(47,734)
Net change in fund balances	459,200	(28,800)	-	28,800
Fund balances at beginning of year	-	-	-	-
Fund balances (deficit) at end of year	$ 459,200	(28,800)	-	28,800

CITY OF SAN BERNARDINO
Traffic Congestion Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ -	45,000	42,176	(2,824)
Intergovernmental revenues	-	560,000	473,633	(86,367)
Total revenues	-	605,000	515,809	(89,191)
Expenditures:				
Current:				
Public works - other	1,900,000	1,900,000	1,386,142	513,858
Total expenditures	1,900,000	1,900,000	1,386,142	513,858
Net change in fund balances	(1,900,000)	(1,295,000)	(870,333)	424,667
Fund balances at beginning of year	1,379,468	1,379,468	1,379,468	-
Fund balances (deficit) at end of year	$ (520,532)	84,468	509,135	424,667

CITY OF SAN BERNARDINO
Special Gas Tax Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 20,000	20,000	50,078	30,078
Intergovernmental revenues	3,390,000	3,390,000	3,496,671	106,671
Other revenues	89,000	89,000	8,117	(80,883)
Total revenues	3,499,000	3,499,000	3,554,866	55,866
Expenditures:				
Current:				
Public works - other	1,592,100	1,614,000	521,110	1,092,890
Total expenditures	1,592,100	1,614,000	521,110	1,092,890
Excess (deficiency) of revenues over (under) expenditures	1,906,900	1,885,000	3,033,756	1,148,756
Other financing sources (uses):				
Transfers out	(2,710,000)	(2,710,000)	(2,710,000)	-
Total other financing sources (uses)	(2,710,000)	(2,710,000)	(2,710,000)	-
Net change in fund balances	(803,100)	(825,000)	323,756	1,148,756
Fund balances at beginning of year	1,078,453	1,078,453	1,078,453	-
Fund balances at end of year	$ 275,353	253,453	1,402,209	1,148,756

CITY OF SAN BERNARDINO
Traffic Safety Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and forfeits	$ 730,000	730,000	693,320	(36,680)
Total revenues	730,000	730,000	693,320	(36,680)
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	730,000	730,000	693,320	(36,680)
Other financing sources (uses):				
Transfers out	(730,000)	(730,000)	(693,320)	36,680
Total other financing sources (uses)	(730,000)	(730,000)	(693,320)	36,680
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, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 125,000	125,000	113,442	(11,558)
Charges for services	1,250,000	1,250,000	1,225,921	(24,079)
Total revenues	1,375,000	1,375,000	1,339,363	(35,637)
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	625,700	640,300	588,178	52,122
Other	891,000	1,133,700	840,151	293,549
Total expenditures	1,516,700	1,774,000	1,428,329	345,671
Excess (deficiency) of revenues over (under) expenditures	(141,700)	(399,000)	(88,966)	310,034
Other financing sources (uses):				
Transfers out	(100,000)	(106,000)	(106,000)	-
Total other financing sources (uses)	(100,000)	(106,000)	(106,000)	-
Net change in fund balances	(241,700)	(505,000)	(194,966)	310,034
Fund balances at beginning of year	2,844,374	2,844,374	2,844,374	-
Fund balances at end of year	$ 2,602,674	2,339,374	2,649,408	310,034

CITY OF SAN BERNARDINO
Sales and Road Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 100,000	100,000	134,589	34,589
Intergovernmental revenues	1,900,000	1,900,000	2,155,766	255,766
Other revenues	30,000	111,000	81,000	(30,000)
Total revenues	2,030,000	2,111,000	2,371,355	260,355
Expenditures:				
Capital outlay - other	4,342,000	4,658,200	2,122,116	2,536,084
Total expenditures	4,342,000	4,658,200	2,122,116	2,536,084
Excess (deficiency) of revenues over (under) expenditures	(2,312,000)	(2,547,200)	249,239	2,796,439
Other financing sources (uses):				
Transfers out	(190,700)	(204,500)	(204,500)	-
Total other financing sources (uses)	(190,700)	(204,500)	(204,500)	-
Net change in fund balances	(2,502,700)	(2,751,700)	44,739	2,796,439
Fund balances at beginning of year	3,005,164	3,005,164	3,005,164	-
Fund balances at end of year	$ 502,464	253,464	3,049,903	2,796,439

CITY OF SAN BERNARDINO
Baseball Stadium Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 95,000	95,000	10,711	(84,289)
Other revenues	100,000	144,700	188,739	44,039
Total revenues	195,000	239,700	199,450	(40,250)
Expenditures:				
Current:				
General government:				
Personnel salaries and benefits	74,500	114,400	98,890	15,510
Other	467,700	474,300	337,851	136,449
Capital outlay - other	40,000	40,000	19,242	20,758
Total expenditures	582,200	628,700	455,983	172,717
Excess (deficiency) of revenues over (under) expenditures	(387,200)	(389,000)	(256,533)	132,467
Other financing sources (uses):				
Transfers in	1,036,000	600,000	898,075	298,075
Total other financing sources (uses)	1,036,000	600,000	898,075	298,075
Net change in fund balances	648,800	211,000	641,542	430,542
Fund balances (deficit) at beginning of year	(641,542)	(641,542)	(641,542)	-
Fund balances (deficit) at end of year	$ 7,258	(430,542)	-	430,542

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Debt Service Funds

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

Nonmajor Funds

Assessment District #5861

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 #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

6/30/02

	Assessment District # 5861	Assessment District #971	Assessment District # 985
Assets			
Cash and investments	$ -	11,240	77,061
Cash and investments with fiscal agent	-	-	45,006
Receivables:			
Interest	-	-	929
Special assessments	-	-	256,702
Due from other governmental agencies	-	-	-
Total assets	$ -	11,240	379,698
Liabilities and fund balances (deficit)			
Liabilities:			
Deferred revenue	$ -	-	256,702
Advances from other funds	-	-	-
Total liabilities	-	-	256,702
Fund balances (deficit):			
Reserved for debt service	-	11,240	122,996
Unreserved, undesignated	-	-	-
Total fund balances (deficit)	-	11,240	122,996
Total liabilities and fund balances	$ -	11,240	379,698

Assessment District # 987	Assessment District #1015	Verdemont Improvement Loan	Totals
21,639	594	631	111,165
55,190	-	-	100,196
261	7	8	1,205
281,851	589,692	1,730,231	2,858,476
974	904	-	1,878
359,915	591,197	1,730,870	3,072,920
281,851	589,692	1,730,231	2,858,476
-	591,200	1,730,870	2,322,070
281,851	1,180,892	3,461,101	5,180,546
78,064	-	-	212,300
-	(589,695)	(1,730,231)	(2,319,926)
78,064	(589,695)	(1,730,231)	(2,107,626)
359,915	591,197	1,730,870	3,072,920

CITY OF SAN BERNARDINO
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Assessment District # 5861	Assessment District #971	Assessment District #985
Revenues:			
Taxes	$ -	7,467	84,997
Investment income	-	-	3,475
Total revenues	-	7,467	88,472
Expenditures:			
Debt Service:			
Principal	25,000	-	30,000
Interest	1,716	-	37,626
Total expenditures	26,716	-	67,626
Net change in fund balances	(26,716)	7,467	20,846
Fund balances (deficit) at beginning of year, as restated	26,716	3,773	102,150
Fund balances (deficit) at end of year	$ -	11,240	122,996

Assessment District # 987	Assessment District #1015	Verdemont Improvement Loan	Totals
58,869	61,685	-	213,018
2,086	612	12,427	18,600
60,955	62,297	12,427	231,618
25,000	-	-	80,000
34,668	42,376	66,949	183,335
59,668	42,376	66,949	263,335
1,287	19,921	(54,522)	(31,717)
76,777	(609,616)	(1,675,709)	(2,075,909)
78,064	(589,695)	(1,730,231)	(2,107,626)

CITY OF SAN BERNARDINO
Assessment District #5861 Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	$ -	-	-	-
Expenditures:				
Debt service - other:				
Principal	25,000	25,000	25,000	-
Interest	1,406	1,406	1,716	(310)
Total expenditures	26,406	26,406	26,716	(310)
Net change in fund balances	(26,406)	(26,406)	(26,716)	(310)
Fund balances (deficit) at beginning of year	26,716	26,716	26,716	-
Fund balances (deficit) at end of year	$ 310	310	-	(310)

CITY OF SAN BERNARDINO
Assessment District #971 Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ -	-	7,467	7,467
Total revenues	-	-	7,467	7,467
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	7,467	7,467
Fund balances at beginning of year	3,773	3,773	3,773	-
Fund balances at end of year	$ 3,773	3,773	11,240	7,467

CITY OF SAN BERNARDINO
Assessment District #985 Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 73,600	73,600	84,997	11,397
Investment income	4,100	4,100	3,475	(625)
Total revenues	77,700	77,700	88,472	10,772
Expenditures:				
Debt service - other:				
Principal	30,000	30,000	30,000	-
Interest	67,200	67,200	37,626	29,574
Total expenditures	97,200	97,200	67,626	29,574
Net change in fund balances	(19,500)	(19,500)	20,846	40,346
Fund balances at beginning of year	102,150	102,150	102,150	-
Fund balances at end of year	$ 82,650	82,650	122,996	40,346

CITY OF SAN BERNARDINO
Assessment District #987 Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 55,700	55,700	58,869	3,169
Investment income	2,300	2,300	2,086	(214)
Total revenues	58,000	58,000	60,955	2,955
Expenditures:				
Debt service - other:				
Principal	25,000	25,000	25,000	-
Interest	60,400	60,400	34,668	25,732
Total expenditures	85,400	85,400	59,668	25,732
Net change in fund balances	(27,400)	(27,400)	1,287	28,687
Fund balances at beginning of year	76,777	76,777	76,777	-
Fund balances at end of year	$ 49,377	49,377	78,064	28,687

CITY OF SAN BERNARDINO
Assessment District #1015 Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 62,500	62,500	61,685	(815)
Investment income	200	200	612	412
Total revenues	62,700	62,700	62,297	(403)
Expenditures:				
Debt service - other:				
Interest	40,800	40,800	42,376	(1,576)
Total expenditures	40,800	40,800	42,376	(1,576)
Net change in fund balances	21,900	21,900	19,921	(1,979)
Fund balances (deficit) at beginning of year, as restated	(609,616)	(609,616)	(609,616)	-
Fund balances (deficit) at end of year	$ (587,716)	(587,716)	(589,695)	(1,979)

CITY OF SAN BERNARDINO
Verdemont Improvement Loan Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 110,000	110,000	12,427	(97,573)
Total revenues	110,000	110,000	12,427	(97,573)
Expenditures:				
Debt service - other:				
Interest	110,000	110,000	66,949	43,051
Total expenditures	110,000	110,000	66,949	43,051
Net change in fund balances	-	-	(54,522)	(54,522)
Fund balances (deficit) at beginning of year, as restated	(1,675,709)	(1,675,709)	(1,675,709)	-
Fund balances (deficit) at end of year	$ (1,675,709)	(1,675,709)	(1,730,231)	(54,522)

CITY OF SAN BERNARDINO
Economic Development Agency Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 400,000	400,000	994,026	594,026
Total revenues	400,000	400,000	994,026	594,026
Expenditures:				
Debt service - other:				
Principal	3,860,001	3,860,001	4,745,002	(885,001)
Interest	10,517,175	10,619,175	9,640,509	978,666
Fiscal charges	-	-	296,619	(296,619)
Payment to escrow agent	-	-	1,470,150	(1,470,150)
Total expenditures	14,377,176	14,479,176	16,152,280	(1,673,104)
Excess (deficiency) of revenues over (under) expenditures	(13,977,176)	(14,079,176)	(15,158,254)	(1,079,078)
Other financing sources (uses):				
Transfers in	2,935,243	2,935,243	13,541,674	10,606,431
Transfers out	-	-	(12,517,325)	(12,517,325)
Proceeds from issuance of long term debt	-	-	32,956,396	32,956,396
Payment to escrow agent	-	-	(16,309,848)	(16,309,848)
Total other financing sources (uses)	2,935,243	2,935,243	17,670,897	14,735,654
Net change in fund balances	(11,041,933)	(11,143,933)	2,512,643	13,656,576
Fund balances at beginning of year	21,352,937	21,352,937	21,352,937	-
Fund balances at end of year	$ 10,311,004	10,209,004	23,865,580	13,656,576

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

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.

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

Sewerline Construction
For construction of sewer collection systems from development revenues

Indian Bingo Settlement
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

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, 2002

	Public Park Extension	Street Construction	Park Construction Fee
Assets			
Cash and investments	$ 42,454	-	447,430
Cash and investments with fiscal agent	-	-	-
Receivables:			
Interest	512	-	5,394
Due from other governmental agencies	-	998,650	-
Advances to other funds	-	-	-
Other assets	-	-	-
Total assets	$ 42,966	998,650	452,824
Liabilities and fund balances (deficit)			
Liabilities:			
Accounts payable	$ 8,880	262,828	115,327
Due to other funds	-	942,123	-
Deposits payable	-	-	-
Retentions payable	-	44,119	21,734
Total liabilities	8,880	1,249,070	137,061
Fund balances (deficit):			
Reserved for:			
Encumbrances	-	1,315,600	55,300
Advances to other funds	-	-	-
Long-term receivables	-	639,650	-
Sewer capacity rights	-	-	-
Unreserved, undesignated (deficit)	34,086	(2,205,670)	260,463
Total fund balances (deficit)	34,086	(250,420)	315,763
Total liabilities and fund balances	$ 42,966	998,650	452,824

Cemetery Construction	Sewerline Construction	Indian Bingo Settlement	Storm Drain Construction	Special Assessments
23,250	4,719,001	552,662	1,339,636	-
-	-	-	-	-
280	55,774	6,662	16,149	14,912
-	-	-	198,933	11,458
-	165,100	-	-	-
-	214,671	-	-	-
23,530	5,154,546	559,324	1,554,718	26,370
-	10,906	1,020	6,312	15,854
-	-	-	-	645,376
-	-	-	-	404
-	-	-	-	-
-	10,906	1,020	6,312	661,634
-	-	-	32,300	-
-	165,100	-	-	-
-	-	-	177,115	-
-	214,671	-	-	-
23,530	4,763,869	558,304	1,338,991	(635,264)
23,530	5,143,640	558,304	1,548,406	(635,264)
23,530	5,154,546	559,324	1,554,718	26,370

(Continued)

CITY OF SAN BERNARDINO
Nonmajor Capital Projects Funds

Combining Balance Sheet

(Continued)

	Cultural Development Construction Fee	Traffic Systems	Street Lighting/ Sweeping
Assets			
Cash and investments	-	541,812	-
Cash and investments with fiscal agent	-	-	-
Receivables:			
Interest	35	6,532	-
Due from other governmental agencies	-	-	7,446
Advances to other funds	-	-	-
Other assets	-	-	-
Total assets	35	548,344	7,446
Liabilities and fund balances (deficit)			
Liabilities:			
Accounts payable	-	1,423	-
Due to other funds	35	-	7,446
Deposits payable	-	-	-
Retentions payable	-	-	-
Total liabilities	35	1,423	7,446
Fund balances (deficit):			
Reserved for:			
Encumbrances	-	-	-
Advances to other funds	-	-	-
Long-term receivables	-	-	-
Sewer capacity rights	-	-	-
Unreserved, undesignated (deficit)	-	546,921	-
Total fund balances (deficit)	-	546,921	-
Total liabilities and fund balances	35	548,344	7,446

Assessment District # 1015	City Hall Refunding	Fire Equipment Acquisition	Total
27,146	-	16,012	7,709,403
-	224,438	28,272	252,710
327	-	-	106,577
-	-	-	1,216,487
-	-	-	165,100
-	-	-	214,671
27,473	224,438	44,284	9,664,948
-	-	10,500	433,050
-	-	-	1,594,980
-	-	-	404
-	-	-	65,853
-	-	10,500	2,094,287
-	-	-	1,403,200
-	-	-	165,100
-	-	-	816,765
-	-	-	214,671
27,473	224,438	33,784	4,970,925
27,473	224,438	33,784	7,570,661
27,473	224,438	44,284	9,664,948

CITY OF SAN BERNARDINO
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Public Park Extension	Street Construction	Park Construction Fee
Revenues:			
Taxes	$ -	-	-
Licenses and permits	-	-	-
Investment income	1,121	-	26,200
Intergovernmental revenues	-	397,748	-
Charges for services	-	-	303,298
Other revenues	-	12,978	-
Total revenues	1,121	410,726	329,498
Expenditures:			
Capital outlay	56,828	651,068	778,732
Total expenditures	56,828	651,068	778,732
Excess (deficiency) of revenues over (under) expenditures	(55,707)	(240,342)	(449,234)
Other financing sources (uses):			
Transfers in	51,500	-	-
Transfers out	-	-	-
Issuance of long-term debt	-	-	-
Total other financing sources (uses)	51,500	-	-
Net change in fund balances	(4,207)	(240,342)	(449,234)
Fund balances (deficit) at beginning of year	38,293	(10,078)	764,997
Fund balances (deficit) at end of year	$ 34,086	(250,420)	315,763

Cemetery Construction	Sewerline Construction	Indian Bingo Settlement	Storm Drain Construction	Special Assessments
-	-	-	-	639,851
-	-	-	-	-
926	248,770	23,505	52,528	48,858
-	-	-	-	-
3,731	294,910	-	472,014	-
-	-	100,000	-	-
4,657	543,680	123,505	524,542	688,709
357	220,625	1,936	340,560	474,430
357	220,625	1,936	340,560	474,430
4,300	323,055	121,569	183,982	214,279
-	-	-	-	-
-	(100,000)	-	(100,000)	-
-	-	-	-	-
-	(100,000)	-	(100,000)	-
4,300	223,055	121,569	83,982	214,279
19,230	4,920,585	436,735	1,464,424	(849,543)
23,530	5,143,640	558,304	1,548,406	(635,264)

(Continued)

CITY OF SAN BERNARDINO
Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

(Continued)

	Cultural Development Construction Fee	Traffic Systems	Street Lighting/ Sweeping
Revenues:			
Taxes	-	-	62,866
Licenses and permits	124,468	-	-
Investment income	493	24,110	-
Intergovernmental revenues	-	-	-
Charges for services	-	187,911	-
Other revenues	-	-	-
Total revenues	124,961	212,021	62,866
Expenditures:			
Capital outlay	-	261,568	-
Total expenditures	-	261,568	-
Excess (deficiency) of revenues over (under) expenditures	124,961	(49,547)	62,866
Other financing sources (uses):			
Transfers in	-	13,800	-
Transfers out	(124,961)	(25,000)	(235,024)
Issuance of long-term debt	-	-	-
Total other financing sources (uses)	(124,961)	(11,200)	(235,024)
Net change in fund balances	-	(60,747)	(172,158)
Fund balances (deficit) at beginning of year	-	607,668	172,158
Fund balances (deficit) at end of year	-	546,921	-

Assessment District # 1015	City Hall Refunding	Fire Equipment Acquisition	Totals
-	-	-	702,717
-	-	-	124,468
1,127	4,685	3,971	436,294
-	-	-	397,748
-	-	-	1,261,864
-	-	-	112,978
1,127	4,685	3,971	3,036,069
-	-	1,087,267	3,873,371
-	-	1,087,267	3,873,371
1,127	4,685	(1,083,296)	(837,302)
-	-	-	65,300
-	-	-	(584,985)
-	-	1,101,068	1,101,068
-	-	1,101,068	581,383
1,127	4,685	17,772	(255,919)
26,346	219,753	16,012	7,826,580
27,473	224,438	33,784	7,570,661

CITY OF SAN BERNARDINO
Public Park Extension Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ -	-	1,121	1,121
Total revenues	-	-	1,121	1,121
Expenditures:				
Capital outlay - other	83,200	83,200	56,828	26,372
Total expenditures	83,200	83,200	56,828	26,372
Excess (deficiency) of revenues over (under) expenditures	(83,200)	(83,200)	(55,707)	27,493
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	(31,700)	(31,700)	(4,207)	27,493
Fund balances(deficit) at beginning of year	38,293	38,293	38,293	-
Fund balances at end of year	$ 6,593	6,593	34,086	27,493

CITY OF SAN BERNARDINO
Street Construction Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	$ 13,099,400	13,199,500	397,748	(12,801,752)
Other revenues	330,400	330,400	12,978	(317,422)
Total revenues	13,429,800	13,529,900	410,726	(13,119,174)
Expenditures:				
Capital outlay - other	15,095,800	16,531,500	651,068	15,880,432
Total expenditures	15,095,800	16,531,500	651,068	15,880,432
Net change in fund balances	(1,666,000)	(3,001,600)	(240,342)	2,761,258
Fund balances (deficit) at beginning of year	(10,078)	(10,078)	(10,078)	-
Fund balances (deficit) at end of year	$ (1,676,078)	(3,011,678)	(250,420)	2,761,258

CITY OF SAN BERNARDINO
Park Construction Fee Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 38,000	38,000	26,200	(11,800)
Intergovernmental revenues	2,632,700	2,657,300	-	(2,657,300)
Charges for services	150,000	150,000	303,298	153,298
Total revenues	2,820,700	2,845,300	329,498	(2,515,802)
Expenditures:				
Capital outlay - other	2,576,500	2,806,900	778,732	2,028,168
Total expenditures	2,576,500	2,806,900	778,732	2,028,168
Net change in fund balances	244,200	38,400	(449,234)	(487,634)
Fund balances at beginning of year	764,997	764,997	764,997	-
Fund balances at end of year	$ 1,009,197	803,397	315,763	(487,634)

CITY OF SAN BERNARDINO
Cemetery Construction Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 500	500	926	426
Charges for services	3,500	3,500	3,731	231
Total revenues	4,000	4,000	4,657	657
Expenditures:				
Capital outlay - other	5,000	5,000	357	4,643
Total expenditures	5,000	5,000	357	4,643
Net change in fund balances	(1,000)	(1,000)	4,300	5,300
Fund balances at beginning of year	19,230	19,230	19,230	-
Fund balances at end of year	$ 18,230	18,230	23,530	5,300

CITY OF SAN BERNARDINO
Sewerline Construction Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 160,000	160,000	248,770	88,770
Charges for services	175,500	175,500	294,910	119,410
Total revenues	335,500	335,500	543,680	208,180
Expenditures:				
Capital outlay - other	1,350,100	1,350,100	220,625	1,129,475
Total expenditures	1,350,100	1,350,100	220,625	1,129,475
Excess (deficiency) of revenues over (under) expenditures	(1,014,600)	(1,014,600)	323,055	1,337,655
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	(1,114,600)	(1,114,600)	223,055	1,337,655
Fund balances at beginning of year	4,920,585	4,920,585	4,920,585	-
Fund balances at end of year	$ 3,805,985	3,805,985	5,143,640	1,337,655

CITY OF SAN BERNARDINO
Indian Bingo Settlement Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 15,000	15,000	23,505	8,505
Other revenues	100,000	100,000	100,000	-
Total revenues	115,000	115,000	123,505	8,505
Expenditures:				
Capital outlay - other	489,900	489,900	1,936	487,964
Total expenditures	489,900	489,900	1,936	487,964
Net change in fund balances	(374,900)	(374,900)	121,569	496,469
Fund balances at beginning of year	436,735	436,735	436,735	-
Fund balances at end of year	$ 61,835	61,835	558,304	496,469

CITY OF SAN BERNARDINO
Storm Drain Construction Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 60,000	60,000	52,528	(7,472)
Charges for services	450,000	450,000	472,014	22,014
Total revenues	510,000	510,000	524,542	14,542
Expenditures:				
Capital outlay - other	1,625,600	1,708,100	340,560	1,367,540
Total expenditures	1,625,600	1,708,100	340,560	1,367,540
Excess (deficiency) of revenues over (under) expenditures	(1,115,600)	(1,198,100)	183,982	1,382,082
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	(1,215,600)	(1,298,100)	83,982	1,382,082
Fund balances at beginning of year	1,464,424	1,464,424	1,464,424	-
Fund balances at end of year	$ 248,824	166,324	1,548,406	1,382,082

CITY OF SAN BERNARDINO
Special Assessments Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 635,507	635,507	639,851	4,344
Investment income	-	-	48,858	48,858
Total revenues	635,507	635,507	688,709	53,202
Expenditures:				
Capital outlay - other	635,507	635,507	474,430	161,077
Total expenditures	635,507	635,507	474,430	161,077
Net change in fund balances	-	-	214,279	214,279
Fund balances (deficit) at beginning of year	(849,543)	(849,543)	(849,543)	-
Fund balances (deficit) at end of year	$ (849,543)	(849,543)	(635,264)	214,279

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, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and permits	$ 80,000	80,000	124,468	44,468
Investment income	-	-	493	493
Total revenues	80,000	80,000	124,961	44,961
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	80,000	80,000	124,961	44,961
Other financing sources (uses):				
Transfers out	(80,000)	(80,000)	(124,961)	(44,961)
Total other financing sources (uses)	(80,000)	(80,000)	(124,961)	(44,961)
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, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ 6,000	6,000	24,110	18,110
Intergovernmental revenues	60,000	60,000	-	(60,000)
Charges for services	200,000	200,000	187,911	(12,089)
Other revenues	35,000	35,000	-	(35,000)
Total revenues	301,000	301,000	212,021	(88,979)
Expenditures:				
Capital outlay - other	875,700	875,700	261,568	614,132
Total expenditures	875,700	875,700	261,568	614,132
Excess (deficiency) of revenues over (under) expenditures	(574,700)	(574,700)	(49,547)	525,153
Other financing sources (uses):				
Transfers in	-	13,800	13,800	-
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	(25,000)	(11,200)	(11,200)	-
Net change in fund balances	(599,700)	(585,900)	(60,747)	525,153
Fund balances at beginning of year	607,668	607,668	607,668	-
Fund balances at end of year	$ 7,968	21,768	546,921	525,153

CITY OF SAN BERNARDINO
Street Lighting/ Sweeping Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ -	-	62,866	62,866
Total revenues	-	-	62,866	62,866
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	62,866	62,866
Other financing sources (uses):				
Transfers out	(27,100)	(27,100)	(235,024)	(207,924)
Total other financing sources (uses)	(27,100)	(27,100)	(235,024)	(207,924)
Net change in fund balances	(27,100)	(27,100)	(172,158)	(145,058)
Fund balances at beginning of year	172,158	172,158	172,158	-
Fund balances at end of year	$ 145,058	145,058	-	(145,058)

CITY OF SAN BERNARDINO
Assessment District #1015 Fund

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

Year ended June 30, 2002

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

CITY OF SAN BERNARDINO
City Hall Refunding Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	$ -	-	4,685	4,685
Total revenues	-	-	4,685	4,685
Expenditures:	-	-	-	-
Total expenditures				
Net change in fund balances	-	-	4,685	4,685
Fund balances at beginning of year	219,753	219,753	219,753	-
Fund balances at end of year	$ 219,753	219,753	224,438	4,685

CITY OF SAN BERNARDINO
Fire Equipment Acquisition Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment income	$ -	-	3,971	3,971
Expenditures:				
Capital outlay - other	-	935,500	1,087,267	(151,767)
Total expenditures	-	935,500	1,087,267	(151,767)
Excess (deficiency) of revenues over (under) expenditures	-	(935,500)	(1,083,296)	(147,796)
Other financing sources (uses):				
Issuance of long-term debt	-	-	1,101,068	1,101,068
Total other financing sources (uses)	-	-	1,101,068	1,101,068
Net change in fund balances	-	(935,500)	17,772	953,272
Fund balances at beginning of year	16,012	16,012	16,012	-
Fund balances at end of year	$ 16,012	(919,488)	33,784	953,272

CITY OF SAN BERNARDINO

Economic Development Agency Fund

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

Year ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 15,919,000	15,919,000	17,864,096	1,945,096
Investment income	2,654,757	2,816,757	2,601,938	(214,819)
Sale of land	-	-	912,000	912,000
Other	643,222	643,222	2,096,438	1,453,216
Total revenues	19,216,979	19,378,979	23,474,472	4,095,493
Expenditures:				
Current:				
Economic development - other	7,583,907	8,088,254	5,663,354	2,424,900
Debt Service - other:				
Principal	1,241,109	1,241,109	8,560,815	(7,319,706)
Interest and fiscal charges	1,130,641	1,019,294	1,278,213	(258,919)
Total expenditures	9,955,657	10,348,657	15,502,382	(5,153,725)
Excess (deficiency) of revenues over (under) expenditures	9,261,322	9,030,322	7,972,090	(1,058,232)
Other financing sources (uses):				
Transfers in	3,904,798	4,091,798	14,374,282	10,282,484
Transfers out	(4,380,187)	(4,514,187)	(14,862,644)	(10,348,457)
Issuance of long-term debt	2,184,000	2,184,000	2,085,000	(99,000)
Total other financing sources (uses)	1,708,611	1,761,611	1,596,638	(164,973)
Net change in fund balances	10,969,933	10,791,933	9,568,728	(1,223,205)
Fund balances at beginning of year, as restated	48,839,640	48,839,640	48,839,640	-
Fund balances at end of year	$ 59,809,573	59,631,573	58,408,368	(1,223,205)

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, 2002

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Assets				
Current assets:				
Cash and investments	$ 472,143	-	3,095,622	122,018
Cash and investments with fiscal agent	-	-	-	-
Receivables:				
Interest	-	-	57,740	-
Other	-	-	-	-
Inventory	-	-	-	-
Due from other governmental agencies	-	55,720	-	-
Due from other funds	-	-	1,789,788	-
Total current assets	472,143	55,720	4,943,150	122,018
Capital assets:				
Property, plant and equipment, net	-	5,908	12,062	-
Total assets	472,143	61,628	4,955,212	122,018
Liabilities				
Current liabilities:				
Accounts payable	-	222,705	46,264	-
Due to other funds	-	1,789,788	-	-
Compensated absences - current portion	-	10,418	6,605	-
Capital leases payable - current portion	-	-	-	-
Lease revenue bonds payable - current portion	-	-	-	-
Total current liabilities	-	2,022,911	52,869	-
Long-term liabilities:				
Claims and judgments payable	-	6,076,309	8,137,700	-
Compensated absences	-	16,156	10,243	-
Capital leases payable	-	-	-	-
Lease revenue bonds payable	-	-	-	-
Total long-term liabilities	-	6,092,465	8,147,943	-
Total liabilities	-	8,115,376	8,200,812	-
Net Assets				
Net assets:				
Invested in capital assets, net of related debt	-	5,908	12,062	-
Unrestricted (deficit)	472,143	(8,059,656)	(3,257,662)	122,018
Total net assets (deficit)	$ 472,143	(8,053,748)	(3,245,600)	122,018

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals
1,960,749	407,858	1,624,339	-	32,360	7,715,089
434,157	-	-	-	-	434,157
-	-	-	-	-	57,740
4,010	92	-	-	118	4,220
163,333	-	-	-	-	163,333
1,776	10,238	435	-	2,162	70,331
-	-	-	-	-	1,789,788
2,564,025	418,188	1,624,774	-	34,640	10,234,658
4,216,515	242,270	2,714,665	726,276	158,918	8,076,614
6,780,540	660,458	4,339,439	726,276	193,558	18,311,272
664,771	59,742	367,480	409,182	15,323	1,785,467
-	-	-	315,974	-	2,105,762
64,191	3,056	51,593	-	5,642	141,505
608,993	-	333,127	96,280	44,291	1,082,691
25,000	-	385,000	-	-	410,000
1,362,955	62,798	1,137,200	821,436	65,256	5,525,425
-	-	-	-	-	14,214,009
99,540	4,738	80,003	-	8,750	219,430
416,148	-	293,556	712,371	70,998	1,493,073
385,000	-	1,730,000	-	-	2,115,000
900,688	4,738	2,103,559	712,371	79,748	18,041,512
2,263,643	67,536	3,240,759	1,533,807	145,004	23,566,937
2,781,374	242,270	(27,018)	(82,375)	43,629	2,975,850
1,735,523	350,652	1,125,698	(725,156)	4,925	(8,231,515)
4,516,897	592,922	1,098,680	(807,531)	48,554	(5,255,665)

CITY OF SAN BERNARDINO
Internal Service Funds

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

Year ended June 30, 2002

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Operating revenues:				
Charges for services	$ 179,940	3,034,222	1,628,723	-
Total operating revenues	179,940	3,034,222	1,628,723	-
Operating expenses:				
Administration	2,580	-	-	-
Cost of sales and services	-	765,721	1,035,963	-
Claims expense	85,153	2,105,089	5,892,157	-
Repairs and maintenance	-	-	-	-
Depreciation and amortization	-	1,205	3,057	-
Total operating expenses	87,733	2,872,015	6,931,177	-
Operating income (loss)	92,207	162,207	(5,302,454)	-
Non-operating revenues (expenses):				
Investment income	-	-	234,851	-
Interest	-	-	-	-
Gain (loss) on sale of fixed assets	-	-	-	-
Miscellaneous income	-	-	23,710	-
Total non-operating revenues (expenses)	-	-	258,561	-
Income (loss) before contributions and transfers	92,207	162,207	(5,043,893)	-
Contributions and transfers:				
Capital contributions	-	-	-	-
Transfers in	-	1,694,800	-	-
Transfers out	-	-	(200,000)	-
Total contributions and transfers	-	1,694,800	(200,000)	-
Change in net assets	92,207	1,857,007	(5,243,893)	-
Net assets (deficit) at beginning of year, as restated	379,936	(9,910,755)	1,998,293	122,018
Net assets (deficit) at end of year	$ 472,143	(8,053,748)	(3,245,600)	122,018

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals
6,070,191	997,361	3,660,830	4,346,703	324,122	20,242,092
6,070,191	997,361	3,660,830	4,346,703	324,122	20,242,092
-	-	-	-	-	2,580
3,939,916	826,022	2,263,613	4,247,647	271,136	13,350,018
-	-	-	-	-	8,082,399
-	-	-	55,710	-	55,710
1,571,294	37,819	911,093	105,901	40,181	2,670,550
5,511,210	863,841	3,174,706	4,409,258	311,317	24,161,257
558,981	133,520	486,124	(62,555)	12,805	(3,919,165)
-	-	-	-	-	234,851
(69,459)	-	(167,174)	(42,454)	(7,891)	(286,978)
(35,645)	-	-	-	-	(35,645)
15	28,523	437	-	-	52,685
(105,089)	28,523	(166,737)	(42,454)	(7,891)	(35,087)
453,892	162,043	319,387	(105,009)	4,914	(3,954,252)
-	-	-	878,950	-	878,950
61,200	-	96,100	2,800	-	1,854,900
-	-	-	-	-	(200,000)
61,200	-	96,100	881,750	-	2,533,850
515,092	162,043	415,487	776,741	4,914	(1,420,402)
4,001,805	430,879	683,193	(1,584,272)	43,640	(3,835,263)
4,516,897	592,922	1,098,680	(807,531)	48,554	(5,255,665)

CITY OF SAN BERNARDINO
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2002

	Unemployment Insurance	Workers' Compensation	Liability Insurance	Self-Insurance Health Plans
Cash flows from operating activities:				
Cash received from user departments	$ 179,940	3,034,222	1,628,723	-
Cash payments to suppliers for goods and services	(87,733)	(537,330)	(925,209)	-
Cash payments for claims	-	(2,623,094)	(1,247,207)	-
Cash payments to employees for services	-	(199,054)	(182,190)	-
Cash received for other activities	-	-	23,710	-
Net cash provided by (used for) operating activities	92,207	(325,256)	(702,173)	-
Cash flows from noncapital financing activities:				
Cash received from other funds	-	1,694,800	1,369,545	-
Cash paid to other funds	-	(1,369,544)	(200,000)	-
Net cash provided by (used for) noncapital financing activities	-	325,256	1,169,545	-
Cash flows from capital and related financing activities:				
Cash paid for acquisition of fixed assets	-	-	-	-
Cash received from issuance of debt	-	-	-	-
Grant proceeds received	-	-	-	-
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	-	-	235,751	-
Net cash provided by (used for) investing activities	-	-	235,751	-
Net increase (decrease) in cash and cash equivalents	92,207	-	703,123	-
Cash and cash equivalents at beginning of year	379,936	-	2,392,499	122,018
Cash and cash equivalents at end of year	$ 472,143	-	3,095,622	122,018

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals
6,067,149	996,448	3,689,969	4,346,703	327,697	20,270,851
(2,444,386)	(742,165)	(758,944)	(5,238,413)	(153,014)	(10,887,194)
-	-	-	-	-	(3,870,301)
(1,434,951)	(88,365)	(1,221,852)	(64,060)	(111,639)	(3,302,111)
-	28,523	437	-	-	52,670
2,187,812	194,441	1,709,610	(955,770)	63,044	2,263,915
61,200	-	96,100	214,601	-	3,436,246
-	-	-	-	-	(1,569,544)
61,200	-	96,100	214,601	-	1,866,702
(1,784,528)	(2,487)	(329,981)	(3,474)	-	(2,120,470)
434,157	-	-	-	-	434,157
-	-	-	878,950	-	878,950
(703,297)	-	(676,920)	(91,853)	(42,004)	(1,514,074)
(69,459)	-	(167,174)	(42,454)	(7,891)	(286,978)
(2,123,127)	(2,487)	(1,174,075)	741,169	(49,895)	(2,608,415)
-	-	-	-	-	235,751
-	-	-	-	-	235,751
125,885	191,954	631,635	-	13,149	1,757,953
2,269,021	215,904	992,704	-	19,211	6,391,293
2,394,906	407,858	1,624,339	-	32,360	8,149,246

(Continued)

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)	$ 92,207	162,207	(5,302,454)	-
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	-	1,205	3,057	-
(Increase) decrease in other receivables	-	-	-	-
(Increase) decrease in inventories	-	-	-	-
(Increase) decrease in due from other governmental agencies	-	30,799	-	-
(Increase) decrease in other assets	-	-	23,710	-
Increase (decrease) in accounts payable	-	(1,682)	(74,843)	-
Increase (decrease) in claims and judgments payable	-	(518,005)	4,644,950	-
Increase (decrease) in compensated absences	-	220	3,407	-
Total adjustments	-	(487,463)	4,600,281	-
Net cash provided by (used for) operating activities	$ 92,207	(325,256)	(702,173)	-
Noncash financing activities:				
Acquisition of fixed assets	$ -	-	-	-
Issuance of capital leases	-	-	-	-
Totals	$ -	-	-	-

Motorpool	Telephone Support	Information Systems	Utility	Central Services	Totals
558,981	133,520	486,124	(62,555)	12,805	(3,919,165)
1,571,294	37,819	911,093	105,901	40,181	2,670,550
(1,516)	243	-	-	536	(737)
(35,145)	-	-	-	-	(35,145)
(1,526)	(1,156)	29,139	-	3,039	60,295
(150)	28,523	434	-	-	52,517
57,492	(7,600)	256,289	(998,979)	6,431	(762,892)
-	-	-	-	-	4,126,945
38,382	3,092	26,531	(137)	52	71,547
1,628,831	60,921	1,223,486	(893,215)	50,239	6,183,080
2,187,812	194,441	1,709,610	(955,770)	63,044	2,263,915
(434,157)	-	-	-	-	(434,157)
434,157	-	-	-	-	434,157
-	-	-	-	-	-

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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, 2002

	Balance at July 1, 2001	Additions	Deletions	Balance at June 30, 2002
Assessment District # 961				
Assets:				
Cash and investments	$ 2,375,115	1,797,004	1,242,238	2,929,881
Receivables:				
Interest	25,354	35,320	25,354	35,320
Due from other governmental agencies	-	2,674	-	2,674
Total assets	$ 2,400,469	1,834,998	1,267,592	2,967,875
Liabilities:				
Due to bondholders	$ 2,400,469	1,834,998	1,267,592	2,967,875
Total liabilities	$ 2,400,469	1,834,998	1,267,592	2,967,875
Assessment District # 977A				
Assets:				
Cash and investments	$ 4,004	62,698	62,934	3,768
Cash and investments with fiscal agent	125,008	58,382	57,458	125,932
Receivables:				
Interest	43	45	43	45
Due from other governmental agencies	34	586	34	586
Total assets	$ 129,089	121,711	120,469	130,331
Liabilities:				
Due to bondholders	$ 129,089	121,711	120,469	130,331
Total liabilities	$ 129,089	121,711	120,469	130,331

(Continued)

CITY OF SAN BERNARDINO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at July 1, 2001	Additions	Deletions	Balance at June 30, 2002
Assessment District # 977B				
Assets:				
Cash and investments	$ 4,004	96,175	96,412	3,767
Cash and investments with fiscal agent	193,355	90,474	88,884	194,945
Receivables:				
Interest	42	46	42	46
Due from other governmental agencies	275	257	275	257
Total assets	$ 197,676	186,952	185,613	199,015
Liabilities:				
Due to bondholders	$ 197,676	186,952	185,613	199,015
Total liabilities	$ 197,676	186,952	185,613	199,015
Assessment District # 1003				
Assets:				
Cash and investments	$ 184,206	93,626	81,562	196,270
Receivables:				
Interest	1,966	2,366	1,966	2,366
Total assets	$ 186,172	95,992	83,528	198,636
Liabilities:				
Due to bondholders	$ 186,172	95,992	83,528	198,636
Total liabilities	$ 186,172	95,992	83,528	198,636

(Continued)

CITY OF SAN BERNARDINO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at July 1, 2001	Additions	Deletions	Balance at June 30, 2002
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	$ 6,651	2,257	2,963	5,945
Cash and investments with fiscal agent	1	-	-	1
Receivables:				
Interest	71	72	71	72
Total assets	$ 6,723	2,329	3,034	6,018
Liabilities:				
Deposits payable	$ 6,723	2,329	3,034	6,018
Total liabilities	$ 6,723	2,329	3,034	6,018

(Continued)

CITY OF SAN BERNARDINO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at July 1, 2001	Additions	Deletions	Balance at June 30, 2002
Special Deposits				
Assets:				
Cash and investments	$ 3,814,398	7,935,381	6,407,714	5,342,065
Receivables:				
Accounts	5,766	5,459	5,766	5,459
Interest	3,712	7,144	3,712	7,144
Due from other governmental agencies	7,504	6,063	7,504	6,063
Total assets	$ 3,831,380	7,954,047	6,424,696	5,360,731
Liabilities:				
Accounts payable	$ 78,242	259,104	78,242	259,104
Deposits payable	3,753,138	7,694,943	6,346,454	5,101,627
Total liabilities	$ 3,831,380	7,954,047	6,424,696	5,360,731
Cemetery Perpetual Care				
Assets:				
Cash and investments	$ 621,754	4,780	-	626,534
Total assets	$ 621,754	4,780	-	626,534
Liabilities:				
Deposits payable	$ 621,754	4,780	-	626,534
Total liabilities	$ 621,754	4,780	-	626,534

(Continued)

CITY OF SAN BERNARDINO
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance at July 1, 2001	Additions	Deletions	Balance at June 30, 2002
Payroll Trust Fund				
Assets:				
Cash and investments	$ 1,317,945	77,596,343	77,930,308	983,980
Receivables:				
Accounts	31	-	31	-
Total assets	$ 1,317,976	77,596,343	77,930,339	983,980
Liabilities:				
Accounts payable	$ 986,531	74,010	986,531	74,010
Deposits payable	331,445	77,522,333	76,943,808	909,970
Total liabilities	$ 1,317,976	77,596,343	77,930,339	983,980
Total - All Agency Funds				
Assets:				
Cash and investments	$ 8,397,428	87,588,264	85,824,131	10,161,561
Cash and investments with fiscal agent	318,364	148,856	146,342	320,878
Receivables:				
Accounts	5,797	7,144	5,797	7,144
Interest	31,188	43,308	31,188	43,308
Due from other governmental agencies	7,813	9,580	7,813	9,580
Total assets	$ 8,760,590	87,797,152	86,015,271	10,542,471
Liabilities:				
Accounts payable	$ 1,064,773	333,114	1,064,773	333,114
Deposits payable	4,782,411	85,224,385	83,293,296	6,713,500
Due to bondholders	2,913,406	2,239,653	1,657,202	3,495,857
Total liabilities	$ 8,760,590	87,797,152	86,015,271	10,542,471

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	Misc.	Total
1993	29,509	40,084	5,320	732	8,627	29,485	5,436	4,844	124,037
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	6,741	1,542	6,538	38,971	7,400	7,145	147,628

CITY OF SAN BERNARDINO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	General Government	Public Safety	Public Works	Culture and Recreation	Community Development Redevelopment	Capital Projects	Debt Service	Total
1993	20,399	43,887	10,596	8,088	21,820	13,026	14,117	131,933
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	20,705	66,324	16,814	7,850	7,538	14,005	27,278	160,514

CITY OF SAN BERNARDINO

ASSESSED VALUATIONS

LAST TEN FISCAL YEARS

	Secured	Utility	Unsecured	Total Before Rdv. Increment	Total After Rdv. Increment
1992-93	4,929,477,512	29,674,599	434,831,133	5,393,983,244	3,656,356,598
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

Source: San Bernardino County Auditor/Controller

CITY OF SAN BERNARDINO

LISTING OF TOP 25 PROPERTY OWNERS BY ASSESSED VALUE

Property Owner (Number of Parcels)	2000 Assessed Value
Catholic Healthcare West, Southern Cal (1)	$ 95,832,503
St Bernardine Medical Center of San Bdno (14)	46,703,241
Mano Management Company N V (6)	44,758,508
Secreary of Housing & Urban Development (523)	37,807,695
CNP Media News Group (3)	37,080,908
Rancon Realty Fund IV (20)	29,927,504
San Bernardino Community Hospital (10)	28,275,221
San Bernardino Mobilehome Park Corporation (13)	22,652,236
Rancon Realty Fund V (21)	22,381,461
Cott Beverages USA Inc (3)	22,372,084
Central City Company (7)	21,108,226
Castlebar Inc (3)	19,526,602
RRF V Tri City (3)	18,692,051
Cal Shel (1)	16,499,700
Monier Lifetile LLC (3)	16,191,810
San Bernardino Stampede Inc (2)	15,734,532
Roman Catholic Bishop of San Bdno (54)	14,531,220
Mc Lane Southern California Inc (2)	13,684,260
Costco Wholesale Corporation (2)	13,489,561
Stater Bros Markets (25)	13,086,280
C & M Fine Pack Inc (3)	13,010,757
Home Depot USA (6)	12,241,797
Delta Investors II LLC (1)	12,222,000
JSP America Inc (3)	11,844,227
California Newspapers Partnership (6)	11,275,040
Grand Total	**$ 610,929,424**

Source: HdL Coren & Cone

CITY OF SAN BERNARDINO

LISTING OF TOP 25 SALES TAX GENERATORS

CALENDAR YEAR 2001

IN ALPHABETICAL ORDER

Arco AM/PM Mini Mart
Barr Lumber Company
Best Buy Stores
Center Chevrolet
Chaparral Motor Supply
Chuck Obershaw Toyota
Costco Wholesale
Crest Chevrolet
Fairview Ford Sales
Home Depot
Home Lumber Company
Inland Valley Pontiac/GMC/Buick
J C Penney Company
Medline Industries
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
Wal-Mart Store
Waxie Sanitary Supply

CITY OF SAN BERNARDINO
Schedule of Direct and Overlapping Bonded Debt

2001-02 Assessed Valuation:	$5,938,920,389
Redevelopment Incremental Valuation:	1,917,862,165
Adjusted Assessed Valuation:	4,021,058,224

OVERLAPPING TAX AND ASSESSMENT DEBT	%Applicable	Debt 6/30/00
Colton Joint Unified School District	4.443 %	$1,275,141
Redlands Unified School District	1.523	439,766
Rialto Unified School District	11.335	2,204,662
San Bernardino City Unified School District	72.147	24,739,597
City of San Bernardino CFD No. 995	100.000	2,755,000
City of San Bernardino 1915 Act Bonds	100.000	7,215,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$38,629,166
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
San Bernardino County General Fund Obligations	5.910 %	$61,146,929
San Bernardino County Pension Obligations	5.910	20,940,209
Colton Joint Unified School District Certificates of Participation	4.443	428,527
Redlands Unified School District Certificates of Participation	1.523	155,742
Rialto Unified School District Certificates of Participation	11.335	1,393,072
San Bernardino City Unified School Dist. Cert. of Participation	72.147	24,602,127
City of San Bernardino General Fund Obligations	100.000	39,215,474
San Bdno Valley Muni Water Dist Cert of Part.	24.562	1,971,101
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$149,853,181
Less: City of San Bernardino self-supporting issues		7,876,260
San Bernardino Valley Muni Water Dist Certificates of Part		1,971,101
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$140,005,820
GROSS COMBINED TOTAL DEBT		$188,482,347 (1)
NET COMBINED TOTAL DEBT		$178,634,986

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

Ratios to 2001-02 Assessed Valuation:

Total Overlapping Tax and Assessment D	0.65 %

Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt ($39,215,47	0.98 %
Net Combined Direct Debt ($31,339,214)	0.78 %
Gross Combined Total Debt	4.69 %
Net Combined Total Debt	4.44 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02: $320

YV: ($400)

Source: California Municipal Statistics

CITY OF SAN BERNARDINO

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2002

Total assessed value of all real and personal property:	1,005,264,556
Legal Debt Limit:	
15% of assessed valuation	150,789,683
Amount of debt applicable to debt limit:	29,345,000
Legal Debt Margin:	121,444,683

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, 2002

Coverage	Limits	Carrier	Expiration
General Liability incl. Auto Liability	$1,000,000	Self-insured	Indefinite
Excess Liability	$25,000,000 Excess $1,000,000 SIR (plus City share of 50% of $1,000,000 excess of SIR)	Big Independent Cities Excess Pool (BICEP) with American Safety Ins. Co., Evanston Ins. Co., CSAC EIA and Specialty National Ins. Co.	July 2003
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 2003
Auto Liability (Animal Control for City of Fontana)	$1,000,000	National Liability & Fire Insurance Co.	April 2003
Commercial Liability for CID (Ctr. For Individuals Development)	$1,000,000	Western World Insurance	April 2003
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 2003
- 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

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

CITY OF SAN BERNARDINO

MISCELLANEOUS STATISTICAL INFORMATION

As of June 30, 2002

Date of Incorporation (General Law):	1854
Form of Government	City Charter/Strong Mayor
Land Area:	59.3 square miles
Population:	186,350
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:	41,218
Gallons Delivered:	15,428 million
Miles of Water Main:	551.6596
Municipal Sewer Utililty:	
Customers:	37,100
Miles of Sanitary Sewer:	500
Police Protection/Public Safety:	
Number of Stations:	1
Sworn Personnel:	297
Non-Sworn Personnel:	157
Number of Responded Calls	104,514
Response Times:	
Dispatcher:	1.46 minutes
Officer:	3.28 minutes
Fire Protection	
Number of Stations:	12
Sworn Personnel:	146
Non-Sworn Personnel:	28
Number of Responded Calls	22,378
Response Times:	
All Categories:	5.9 minutes

Source: Various City departments

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