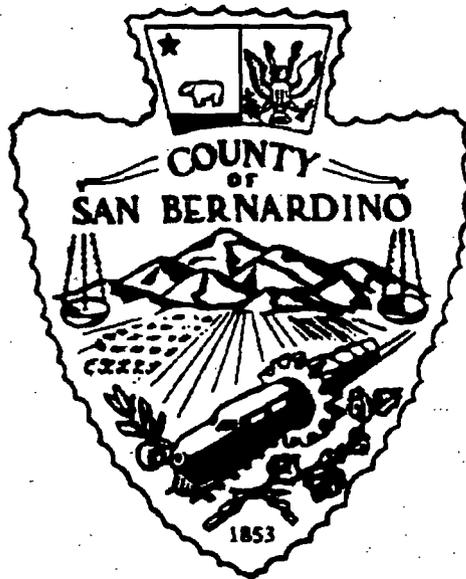


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2002**

COUNTY OF SAN BERNARDINO

1853



ISSUED JANUARY 17, 2003

Supervisor Bill Postmus First District
Supervisor Paul Biane Second District
Supervisor Dennis Hansberger, Chairman Third District
Supervisor Fred Aguiar Fourth District
Supervisor Jerry Eaves Fifth District

John Michaelson –County Administrative Officer

*Prepared by the Office of the Auditor/Controller-Recorder
Larry Walker, Auditor/Controller-Recorder*

**COUNTY OF SAN BERNARDINO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2002**

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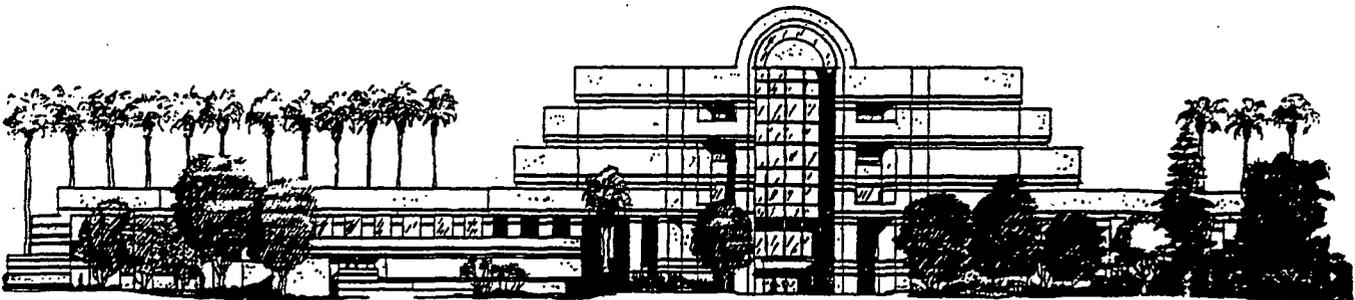
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INTRODUCTORY SECTION



January 17, 2003

**THE HONORABLE BOARD OF SUPERVISORS
COUNTY OF SAN BERNARDINO
County Government Center
385 North Arrowhead Avenue
San Bernardino, CA 92415-0110**

Honorable Board Members:

The Comprehensive Annual Financial Report of the County of San Bernardino for the fiscal year ended June 30, 2002 is submitted herewith in compliance with Section 25253 of the Government Code of the State of California and Article V, Section 8 of the Charter of the County of San Bernardino.

The accompanying Basic Financial Statements were prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data is presented in a manner designed to fairly set forth the financial position and results of operations of the County, and that all disclosures necessary to enable the reader to gain a full understanding of the County's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections:

- The Introductory Section includes this transmittal letter, the County's organizational chart, and a list of principal County officials.
- The Financial Section includes the independent auditor's report, the basic financial statements and notes, and supplemental statements and schedules necessary to fairly present the financial position and the results of operations of the County in conformity with generally accepted accounting principles. New this year is the narrative introduction, overview and analysis found in management's discussion and analysis (MD&A).
- The Statistical Section includes selected financial and demographic information of the County, generally on a multi-year basis, and is unaudited.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to this single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and the independent auditor's report on compliance and internal control, are published separately from this report.

THE REPORTING ENTITY AND ITS SERVICES

The County of San Bernardino, located in Southern California, was established by an act of the State Legislature on April 26, 1853, forming the County from the eastern part of Los Angeles County. The County is a charter law county divided into five supervisorial districts on the basis of population. The County encompasses an area of over 20,000 square miles and includes twenty-four incorporated cities. In terms of land area, it is the largest county in the contiguous United States. The County is also one of the fastest growing areas in the nation and is the fifth most populous of the 58 counties in California.

The County provides a wide range of services to its residents including police protection, criminal prosecution, medical and health services, education, senior citizen assistance, roads, library services, support for judicial institutions, airport service, cultural and environmental services, parks and a variety of public assistance programs. Special districts and county service areas provide services to remote geographical areas and rapidly growing communities. These services include fire protection, parks, flood control, water, sewer, street lighting, and roads.

The accompanying Basic Financial Statements include all organizations and other entities, functions and activities of the County for which the County Board of Supervisors is financially accountable. Also included are numerous self-governed school and special districts, for which the County acts as depository. The financial reporting for these entities, which are governed and act independently of the County of San Bernardino, is limited to reporting, as Investment Trust Funds, the total amount of cash and investments and other assets collected for, disbursed by, and held for, these entities.

INTERNAL CONTROLS

The County's internal accounting control system exists to provide reasonable, but not absolute, assurance that assets are safeguarded against loss or unauthorized disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. The County's Internal Audits Division actively participates in evaluating and upgrading the internal accounting control system.

As a recipient of federal and state financial awards, the County also is responsible for ensuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to public assistance programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff.

The County uses the modified accrual basis of accounting for its Governmental, Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations of the year. Expenditures are generally recognized when the related fund liability is incurred except for principal and interest on long-term obligations, which is recognized when payment is due. The accrual basis of accounting is used for all Proprietary Fund Types and the Investment Trust Funds. Revenues are recognized when they are earned and become measurable and expenses are recorded when they are incurred.

The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Supervisors. Budgets are adopted for the General Fund, certain Special Revenue, Debt Service, and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the expenditure object level. Encumbrance accounting is utilized to assure effective budgetary control; purchase orders and contracts are reviewed and a determination is made that valid and sufficient appropriations exist for payment for ordered goods and services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations expire at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

CASH MANAGEMENT

The County pools its cash to facilitate investment opportunities for increasing interest income. The County's pooled cash and investments include U.S. Government and agency securities, commercial paper, money market mutual funds, negotiable certificates of deposits and repurchase agreements. The average rate of return on investments during fiscal year 2001-02 was 4.14% and the majority of investments were classified in the lowest credit risk category (see Note 6 to the Basic Financial Statements).

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the pooled cash and investments held in the County Treasury are reported at their fair value at June 30, 2002, which is \$15,561,730 greater than amortized cost.

The County Pool represents monies entrusted to the County Treasurer by the County of San Bernardino, and by school and special districts, and other entities within the County. State law requires that all operating monies of the County, school districts and certain special districts be held by the County Treasurer. In addition, there are approximately \$89 million in "discretionary deposits." The County Pool does not include investments of the Deferred Compensation program or the County Employees' Retirement Association, which are separately managed.

Monies deposited in the County Pool by the participants represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. Interest income, gains and losses are distributed quarterly to the participants based on their average daily balance. Currently, Standard & Poor's Ratings Service rates this investment pool S1+ for market risk and AAAs for credit quality, which are the highest ratings attainable. Fitch IBCA's current rating for the County pool is AAAV-1+, for meeting the highest credit quality standards for underlying assets, diversification, management and operational capabilities. Moody's Investors Service also rates the investment pool at its highest credit rating, Aaa, and safest market risk rating, MR1. Amounts held in the County investment pool are invested in the Pooled Investment Fund of the County ("County Pool"), which invests in securities according to the Investment Policy adopted by the Board of Supervisors for the County Treasurer-Tax Collector as authorized by Section 53601 of the Government Code of California.

The Treasurer's investment policy allows for the purchase of a variety of securities with limitations as to exposure, maturity and ratings varying with each security type. The composition of the portfolio will change over time as old investments mature or are sold, and as new investments are made. The Pool provides monthly reporting of its assets by sector, average life, fair value and other features to both the Board of Supervisors and the County Investment Oversight Committee.

The County's investment policy does not allow investments in derivative instruments in the treasury pool. None of the securities held by the County Pool are considered structured notes that incorporate "derivative" features, i.e., interest rates tied to alternative indices, formulas or other pricing features. Derivative securities exclude traditional floating rate securities tied to indices such as LIBOR, T-Bills, Fed Funds, etc. In addition, the County Pool does not invest in, nor has it ever invested in, "inverse floaters." Although allowed by State law and the County's investment policy, the Pool does not include any reverse repurchase agreements.

The fair value of the Pool will depend upon, among other factors, the maturities and types of investments and general market conditions. The current (June 30, 2002) market value analysis indicates an unrealized gain of approximately \$15.56 million. Historically, the Pool has held most of its securities to their respective maturity dates.

At June 30, 2002, approximately \$89 million of the Pool assets are attributable to "discretionary" participants who are not legally required to deposit funds in the Pool. Such participants may withdraw their funds from the Pool upon 30 days' notice to the Treasurer, and only with prior approval of the Treasurer. The liquidity of the Pool will vary depending upon the mix and type of investments therein, and the net cash inflows and outflows at any given time. The Treasurer-Tax Collector manages the Pool to ensure sufficient liquidity exists, given reasonable anticipated cash needs. Current liquidity in the portfolio, consisting of cash, cash equivalents and investments with maturities of less than 60 days, is approximately \$830,397,000. The weighted average maturity of all investments at June 30, 2002 was 314 days, with an effective duration of 0.68 years.

CASH MANAGEMENT - Continued

The County believes that the County Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other scheduled withdrawals.

The County utilizes a Countywide banking program with a major bank, which is referred to as "Consolidated Banking," which accelerates the collection and deposit of monies by participating departments into the County Treasury making them readily available for investment.

DEBT MANAGEMENT

The County maintained the top debt rating for short-term issues throughout fiscal year 2001-02. For other issues, Standard & Poor's rating is A- with positive economic outlook, and Moody's rating is Baa1. The following is a summary of the County's short-term borrowing highlights of 2001-02.

SHORT-TERM BORROWING

In July 2001, the County issued Tax and Revenue Anticipation Notes totaling \$175,000,000. "Series A" notes consisted of \$125,000,000 issued at a nominal interest rate of 3.50%. "Series B" notes consisted of \$50,000,000 issued at a nominal rate of 3.75%. The weighted average net interest cost for both series was 2.68%. Moody's and Fitch assigned ratings of MIG 1 and F1+ respectively to both series of notes. These notes matured on July 2, 2002. The proceeds of the notes were used to meet the County's cash flow needs including General Fund expenditures (both current and capital expenditures).

RISK MANAGEMENT

The County has self-insurance programs for public liability, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and Workers' Compensation. Public Liability claims are self-insured up to \$250,000 per claim or occurrence. Excess insurance coverage over the SIR up to \$30,000,000 is with CSAC Excess Insurance Authority Liability Program II (CSAC EIA).

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction and Dishonesty Policy covering County monies and securities, also with CSAC EIA with a \$100,000 deductible and excess limits up to \$10,000,000 per claim or occurrence.

Workers' Compensation claims are self-insured up to \$1,000,000 per claim or occurrence. Excess limits up to \$2,000,000 for Employers' Liability and statutory Workers' Compensation limits are provided by an excess Workers' Compensation Insurance Policy through the CSAC EIA.

Property damage claims are insured with the CSAC EIA through the Property Program over a \$25,000 deductible.

The activities related to such programs are accounted for in the Risk Management Fund (an Internal Service Fund) except for unemployment insurance and employee dental insurance which is accounted for in the General Fund. The liabilities included in the Risk Management Fund are based on the results of actuarial studies and include amounts for claims incurred but not reported and allocated loss adjustment expenses. It is the County's practice to obtain actuarial studies at least biennially. Revenues of the Risk Management Fund together with funds to be provided in the future, via the Security Payment Program or GIC, will provide adequate resources to meet public liability, workers' compensation, property and hospital and medical malpractice liabilities as they come due.

MAJOR INITIATIVES

In-Home Supportive Services (IHSS) was created in 1973. This program serves elderly, blind, or disabled individuals who are not able to remain in their homes without assistance. Without this program, these individuals would require institutionalization. Persons eligible for the program utilize individual care providers who perform a wide variety of basic services. Last year elderly, blind and disabled individuals received approximately 2,100 hours of assistance each month. This program is quickly growing with average increases of 14% per year.

Legislation passed in 1999 (Section 12302.25 of the Welfare and Institutions Code) mandates that each county must act as or establish an employer of record for IHSS care providers for collective bargaining purposes. The County of San Bernardino chose to accomplish this through the establishment of a Public Authority. The Public Authority can act more quickly than the County and provides cost savings to the program.

In addition to the IHSS Public Authority's role in collective bargaining for IHSS individual care providers, the Public Authority will be responsible for the following mandated functions: 1) establish a registry of potential care providers; 2) investigate the background and qualifications of potential care providers; 3) refer potential care providers from the registry to IHSS consumers upon request; 4) provide for training for both IHSS care providers and consumers; 5) perform other functions related to the delivery of IHSS and as designated by the governing board. The execution of these mandated functions help to reduce the cost of fraud and abuse in the program.

With the enactment of AB 1542 by the California Legislature in 1997, the California Work Opportunity and Responsibility for Kids (CalWORKs) Program was born. CalWORKs is California's welfare plan. It replaced the Aid to Families with Dependent Children (AFDC) Program in January 1998.

In San Bernardino County two separate departments are charged with providing services to CalWORKs applicants and recipients. The Transitional Assistance Department (TAD) is responsible for determining eligibility for assistance and issuance of benefits. The Jobs and Employment Services Department (JESD) is responsible for administering the Welfare-to-Work Program, which helps family members acquire the skills needed to get a job.

In the three years since implementation, San Bernardino County has made great strides in fulfilling the central goal of self-sufficiency for the residents of the county. This has been accomplished through the dedication of staff, clients and providers and the development of innovative programs. Since inception, San Bernardino County has met and exceeded the Federal participation rates for CalWORKs. In addition to reducing caseloads by 46%, 32% of CalWORKs clients receiving assistance are working part or full time on their way to self-sufficiency.

While the focus of CalWORKs continues to be employment, the need to provide a broader range of services has become evident. Surveys conducted for three years have pointed out the need to focus attention on those clients with significant and/or multiple barriers to self-sufficiency. Using that information, San Bernardino County has developed numerous programs, some of them award winning, to overcome those barriers and to prevent future dependency by working with at-risk children and adults. San Bernardino County and all of its partner agencies are committed to innovation to address the needs of this population.

San Bernardino County has managed to keep the reduced caseloads stable despite the economy and this is helpful to the overall County financial position. JESD and TAD future efforts will continue to focus on providing assistance and opportunity for our clients while working to reduce the dependency of both current and future generations. They will continue to provide support for families exiting CalWORKs to enable them to maintain their self-sufficiency and eventually end their reliance on government benefits.

The Performance, Education & Resource Center (PERC) provides staff training, organizational development, and career development and communication services to the County of San Bernardino, its departments and its employees. Over the past year, PERC presented more than 300 training programs to over 5,000 employees on topics including communication, customer service, computer skill, sexual harassment avoidance and a variety of supervisory, management and leadership topics. Although County Departments may choose to have employees trained at PERC or in a non-County training program, the number Departments selecting PERC training are increasing. It is widely understood that PERC adds value to all its training courses and highly cost effective.

In 2002, PERC began working with the Board of supervisors, County Administrative Office and the leadership team to develop and manage a Countywide strategic planning process. As a result, the County of San Bernardino has implemented a number of internal operational improvements affecting communication, computer technology, long-range planning, interdepartmental collaboration, organizational culture, customer service and the operation of our internal service departments. The continuation of this program is expected to save the County money and provide more efficient service.

Preschool Services Department (PSD) operates the federally funded Head Start program for 5,200 children between the ages of 3 – 5. Federal funding is approximately \$32 million annually with \$4 million from the State of California. Head Start offers both part and full day programs. Children participate in a variety of educational activities and services are offered to meet the special needs of children with disabilities. Children are given healthy meals and snacks and receive free medical and dental care. Head Start helps all children prepare for kindergarten and succeed in school.

PSD started in 1965 as part of a Community Action Agency and became a County Department in 1999. In program year 2001 – 2002 PSD applied for and received expansion funding to offer full day Head Start. With this expansion funding, PSD has opened and is in the process of opening six additional sites within the County of San Bernardino.

The County has taken a proactive stance in trying to reduce the County debt. During 2001-02 the County refinanced two outstanding debt issues, the 1992 Justice Center/Airport Improvement Project and the 1992 West Valley Detention Center project. The Justice Center/Airport Improvement refinancing generated \$2.1 million in general fund savings in 2001-02. The West Valley Detention Center refinancing will generate \$1.1 million in general funds savings in 2002-03.

DEPARTMENT FOCUS

The Probation Department completed the 160-bed expansion of the West Valley Juvenile Hall, including full services for Intake, Nursing and Behavioral Health during 2002. Due to overcrowding of the main facility, juveniles were sleeping in tents prior to the West Valley expansion. This type of overcrowding is against the State Board of Corrections requirements, and the Board ordered that something be done to rectify the situation. With the expansion the Probation has gained more capacity and the sleeping tents are being dismantled.

In addition, probation secured a Technology Grant of \$1.5 million from the Department of Justice, as well as, AB 1913 funds of \$1 million to implement a new Juvenile and Adult Case Management System. The new system will allow the County to maintain more efficient record keeping and interface with other automated systems such as the Courts. The new system will also eliminate paper records maintenance and storage.

ECONOMIC CONDITION AND OUTLOOK

The County of San Bernardino is the largest County in the contiguous United States, consisting of 20,164 square miles. The County contains 24 incorporated cities, has a diverse population of more than 1.7 million and covers more territory than the states of Rhode Island, Delaware, Massachusetts, and New Jersey combined. While less than 5% of the State's population resides in the County, its population is greater than that of Alaska, Hawaii, Nevada, Maine, Rhode Island, New Hampshire, Wyoming, Montana, Idaho, Delaware, North Dakota, South Dakota, and Vermont. According to the National Association of Counties, San Bernardino County has become one of the fastest growing urban counties in the State of California, ranking fourth.

The County of San Bernardino continues to be one of the fastest growing and most populous counties in the state, ranking fourth after Los Angeles, San Diego, and Orange counties. While businesses continue to relocate to San Bernardino County for its available land, families look towards the affordable housing offered as compared to neighboring Los Angeles and Orange Counties.

Fiscal year 2001-2002 was another year of expansion and growth for the Inland Empire. Major economic indicators for job creation, income, retail sales, spending, and construction all show improvement from the previous year in spite of September 11th, the national economic slowdown, and corporate uncertainties. The County's overall economy continues to grow with a 4.1% increase in employment totaling 42,500 new jobs, an increase in population to 1,709,434, and an advanced median household income of \$42,066.

Sales of new and existing homes in the County continue to rise due to the increased demand for housing in the region. This demand is directly related to the job growth of the area, the continued migration of families from the higher priced coastal counties of California, and immigrants seeking better opportunities. The Inland Empire is the growth engine of new housing in Southern California and this distinction is expected to continue. Both real estate and construction principals optimistically forecast a steady climb in future home sales.

With the expansion of many businesses and the influx of new families into San Bernardino County, educational institutions continue to advance the knowledge of the citizenry. Intercollegiate collaboration has created a diverse labor force that is comprised of a wide range of talent and skill levels. The Metrolink commuter rail service links San Bernardino County commuters with other rail and bus lines in the Los Angeles and Orange County areas—thereby allowing most of Southern California to benefit from the County's proficient work force. The County's diverse labor force is one of its greatest economic assets, second only to its strategic location that is supported by a superb transportation network.

The County of San Bernardino's overall economy is sustained through its outstanding transportation network that includes Ontario International Airport, Southern California Logistics Airport, two major transcontinental railroads with intermodal facilities and classification yards, and many miles of quality interstate highways. The strategic location of the region allows logistic distribution operations to be positioned within close proximity of the West's two largest ports: Los Angeles and Long Beach. Businesses located within the County effectively and efficiently serve markets throughout California, the Western US, and the Pacific Rim. Ensuring the County's role as a major transportation center is its desirable Southern California location that allows for the many cargo carriers entering or leaving California to pass through San Bernardino County on there way to the world.

A progressive approach to business and education, an attractive Southern California location, an unprecedented transportation network, and one of the last sources of affordable and available land within the greater Los Angeles area, assure that the County of San Bernardino's economic viability in the twenty-first century.

INDEPENDENT AUDIT

The County's financial statements have been audited by KPMG LLP, independent auditors. The auditors' report is included in the financial section, which is an integral part of this Comprehensive Annual Financial Report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Bernardino for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. This was the thirteenth consecutive year that the County has received this prestigious award.

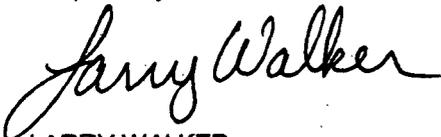
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to certificate program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

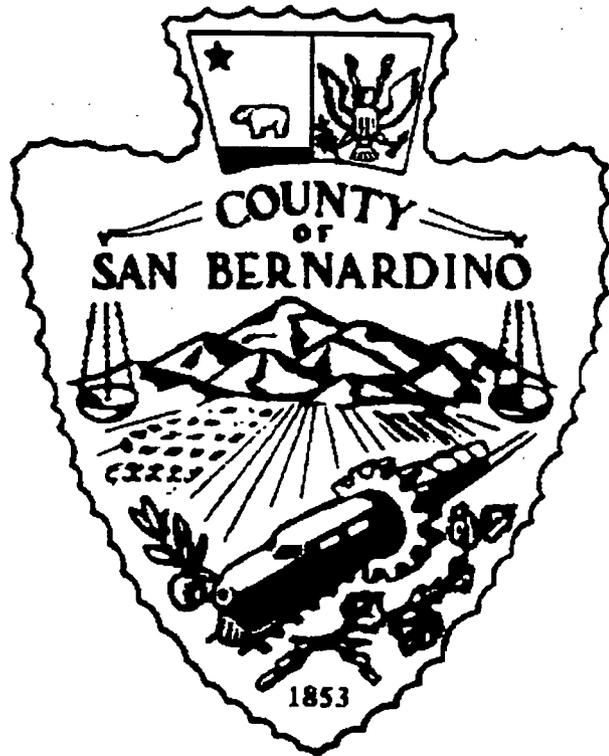
ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report and its timely issuance is the result of a concentrated, dedicated and coordinated effort by the entire Auditor/Controller staff. I would like to acknowledge the special efforts of the General Accounting and Internal Audits staff and our independent auditors, KPMG LLP, for their assistance in the report preparation. I would also like to thank all County departments who have participated in its preparation.

Respectfully submitted,



LARRY WALKER
AUDITOR/CONTROLLER-RECORDER



**COUNTY OF SAN BERNARDINO
DIRECTORY OF COUNTY OFFICIALS**

ELECTED

COUNTY SUPERVISOR, FIRST DISTRICT (VICE CHAIR) BILL POSTMUS

Note: Supervisor Postmus became Vice Chair on January 7, 2003.

COUNTY SUPERVISOR, SECOND DISTRICT PAUL BIANE

Note: Supervisor Biane took Office December 2, 2002. Prior to that date, Jon D. Mikels served as County Supervisor, Second District.

COUNTY SUPERVISOR, THIRD DISTRICT (CHAIR) DENNIS HANSBERGER

Note: Supervisor Hansberger served as Vice Chair from January, 2001 to January 7, 2003, and became Chair on January 7, 2003.

COUNTY SUPERVISOR, FOURTH DISTRICT FRED AGUIAR

Note: Supervisor Aguiar served as Chair from January, 2001 to January 7, 2003.

COUNTY SUPERVISOR, FIFTH DISTRICT JERRY EAVES

ASSESSOR DONALD E. WILLIAMSON

AUDITOR/CONTROLLER-RECORDER LARRY WALKER

CORONER/PUBLIC ADMINISTRATOR/PUBLIC GUARDIAN/CONSERVATOR BRIAN McCORMICK

DISTRICT ATTORNEY MIKE RAMOS

Note: Mike Ramos took office on January 6, 2003. Prior to that date, Dennis Stout served as District Attorney.

SHERIFF GARY PENROD

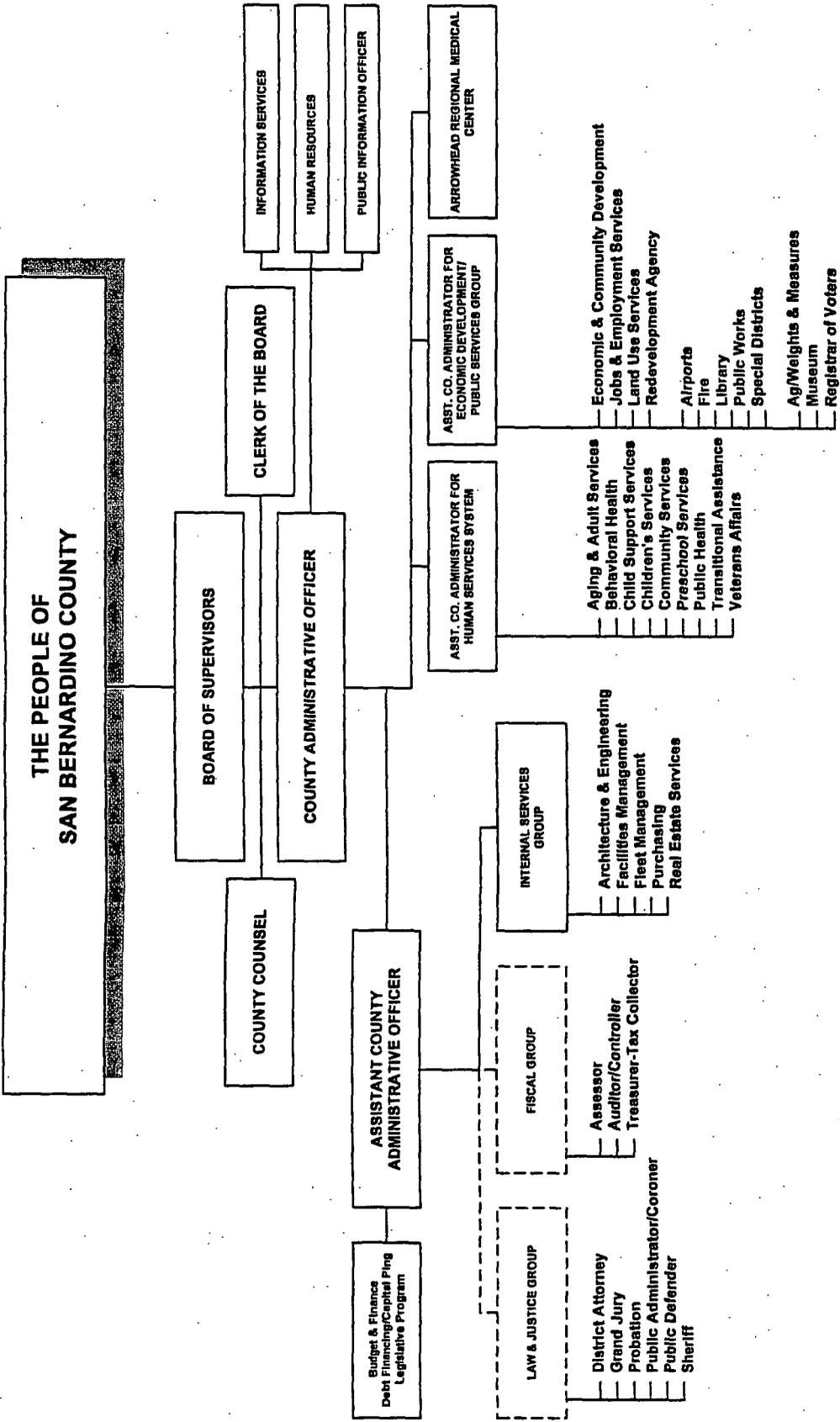
SUPERINTENDENT OF SCHOOLS DR. HERBERT R. FISCHER

TREASURER-TAX COLLECTOR RICHARD LARSEN

**COUNTY OF SAN BERNARDINO
DIRECTORY OF COUNTY OFFICIALS**

APPOINTED

AGING AND ADULT SERVICES.....	MARY SAWICKI
AGRICULTURAL COMMISSIONER/SEALER.....	EDOUARD P. LAYAYE
AIRPORTS	BILL INGRAHAM
ARCHITECTURE AND ENGINEERING.....	DAN OJEDA
BEHAVIORAL HEALTH	RUDY LOPEZ
CHILD SUPPORT SERVICES.....	CORY NELSEN
CHILDREN'S SERVICES.....	CATHY CIMBALO
CLERK OF THE BOARD OF SUPERVISORS	J. RENEE' BASTIAN
COMMUNITY SERVICES DEPARTMENT	PATRICIA L. NICKOLS
COUNTY ADMINISTRATIVE OFFICER	JOHN F. MICHAELSON
COUNTY COUNSEL.....	ALAN K. MARKS
COUNTY LIBRARIAN	ED KIECZYKOWSKI
ECONOMIC AND COMMUNITY DEVELOPMENT	THOMAS R. LAURIN
ECONOMIC DEVELOPMENT/PUBLIC SERVICES GROUP	JOHN GOSS
FACILITIES MANAGEMENT	DAVE GIBSON
FIRE DEPARTMENT/FIRE WARDEN.....	PETER R. HILLS
FLEET MANAGEMENT	ROGER G. WEAVER
HUMAN RESOURCES	MARCEL TURNER
HUMAN SERVICES SYSTEM	CAROL ANSEMI
INFORMATION SERVICES.....	LEYDEN HAHN
JOBS AND EMPLOYMENT SERVICES DEPARTMENT (INTERIM)	BARBARA HALSEY
LAND USE SERVICES	MICHAEL HAYS
MEDICAL CENTER.....	MARK UFFER
MUSEUM	ROBERT McKERNAN
PRESCHOOL SERVICES	ROBERTA YORK
PROBATION.....	RAYMOND B. WINGERD
PUBLIC DEFENDER.....	JOHN ROTH
PUBLIC HEALTH	JAMES FELTON
PUBLIC WORKS	KEN MILLER
PURCHASING.....	AURELIO W. DE LA TORRE
REAL ESTATE SERVICES.....	DAVID H. SLAUGHTER
REGISTRAR OF VOTERS	SCOTT KONOPASEK
SPECIAL DISTRICTS	EMIL MARZULLO
TRANSITIONAL ASSISTANCE DEPARTMENT.....	DONNA SAMPSON
VETERANS' AFFAIRS	BILL J. MOSELEY



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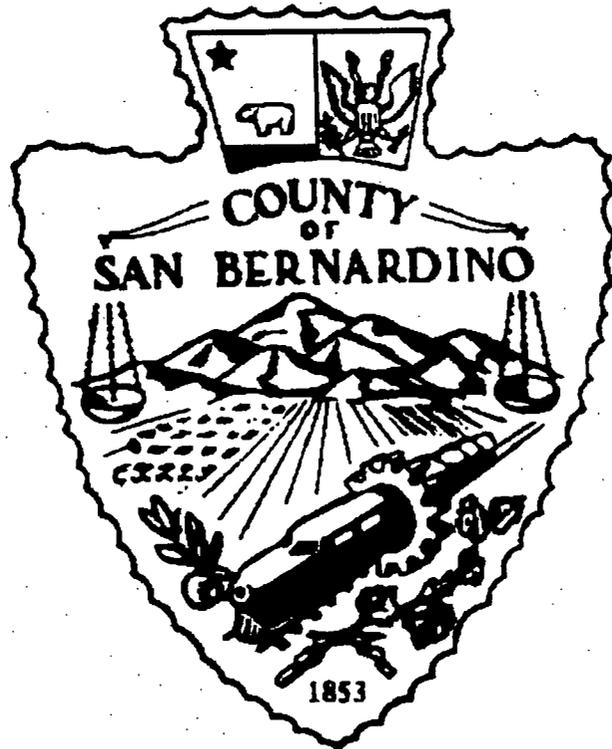
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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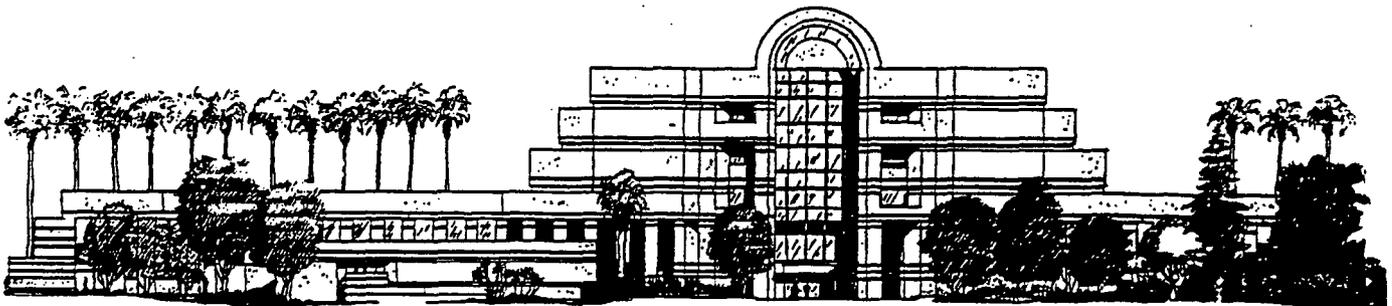


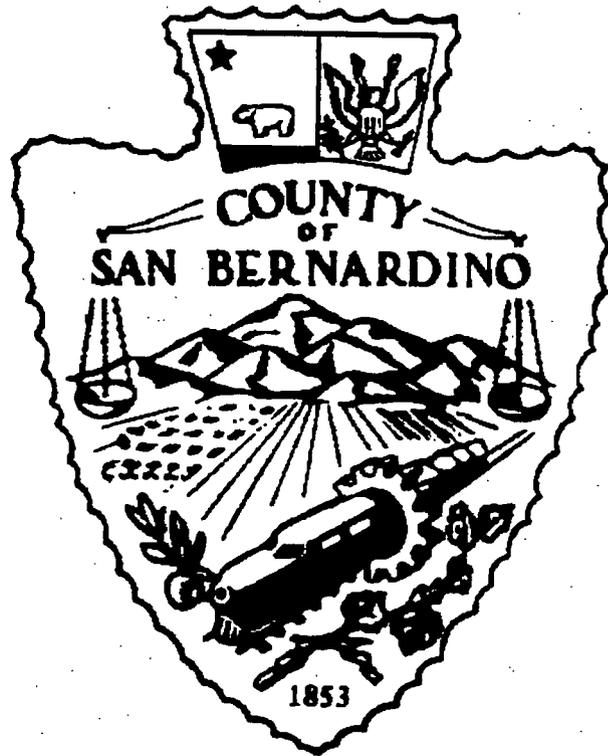
President

Executive Director



FINANCIAL SECTION







600 Anton Boulevard
Suite 700
Costa Mesa, CA 92626-7651

Independent Auditors' Report

The Honorable Members of the Board of Supervisors
County of San Bernardino, California:

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 County of San Bernardino, as of and for the year ended June 30, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 3 of the notes to the basic financial statements, the County adopted Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, No. 38, *Certain Financial Statement Note Disclosures* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, effective July 1, 2001.



Management's discussion and analysis on pages 19 through 33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 10, 2003 on our consideration of the County's internal control over financial reporting and on 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining, individual nonmajor fund statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining, individual nonmajor fund statements and schedules 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 section 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.

KPMG LLP

Orange County, California
January 17, 2003



MANAGEMENT'S DISCUSSION AND ANALYSIS





MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2002

This section of the County's annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2002. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic statements following this section.

FINANCIAL HIGHLIGHTS

(Amounts in thousands)

- The County's total net assets increased by \$149,103. Approximately 94.53% of this increase is attributable to the increase in assets of governmental activities.
- As of June 30, 2002, the County governmental funds reported combined fund balances of \$589,258, an increase/decrease of \$94,325 in comparison with the prior year. Approximately 82.6% of the combined fund balances, \$486,796 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$255,415, or 15.9% of the total general fund expenditures.
- The County's total long-term debt decreased by \$3,156 in comparison with the prior year. (See further detail on pages 32).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements.

Government-Wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. These statements include *all* assets and liabilities of the County 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.

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued Year Ended June 30, 2002

(Amounts in thousands)

The statement of net assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollectible taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Ultrascreen Theater, the Museum Gift Shop, and the Regional Parks Snack Bar Operations.

Component units are blended in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provided services entirely to the County. The following component units have been blended into the basic financial statements: Fire Protection Districts, Flood Control District, Park and Recreation Districts, Crestline Sanitation District, County Service Areas, various Joint Powers Authorities, ("JPAs") including a Public Benefits Corporation created for the benefit of the County, Inland Empire Facilities Corporation, Inland Empire Solid Waste Financing Authority, San Bernardino County Financing Authority and the Crestline Financing Authority.

The government-wide financial statements can be found on pages 36 - 37 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

Management's Discussion and Analysis, continued

Year Ended June 30, 2002

(Amounts in thousands)

information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains thirty-one individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds financial statements can be found on pages 40 - 42 of this report.

Proprietary funds are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The County uses enterprise funds to account for the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts - Ambulance, the Waste Systems Division, the Ultrascreen Theater, the Museum Gift Shop, and the Regional Parks Snack Bar Operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its printing services, records management, central mail services, telephone services, computer operations, vehicle services, self-insured worker's compensation, public liability, property conservation, and safety programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Medical Center and Waste Systems Division are considered to be major funds of the County. The County's six internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 43 - 45 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Fiduciary fund financial statements can be found on pages 46 - 47 of this report.

COUNTY OF SAN BERNARDINO

**Management's Discussion and Analysis, continued
Year Ended June 30, 2002**

(Amounts in thousands)

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes can be found on pages 49 - 87 of this report.

Supplemental Information

The Supplemental Information section of this report contains the combining statements and additional budgetary comparison schedules as well as the statistical section. This section is presented to provide additional information that is useful to the users of these financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This year is the first period the County applied Governmental Accounting Standards Board (GASB) Statements No. 34, 37 and 38. The County has not restated prior periods for the purposes of providing the comparative data for the Management's Discussion and Analysis (MD&A) because certain prior-year information is unavailable. However, in future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$888,017 at the close of the most recent fiscal year.

	Governmental Activities 2002	Business-Type Activities 2002	Total 2002
Current and other assets	\$ 978,228	\$ 285,057	\$ 1,263,285
Capital assets	1,095,504	662,721	1,758,225
Total assets	\$ 2,073,732	\$ 947,778	\$ 3,021,510
Current and other liabilities	\$ 297,113	\$ 39,307	\$ 336,420
Long-term Liabilities	900,274	896,799	1,797,073
Total liabilities	\$ 1,197,387	\$ 936,106	\$ 2,133,493
Net assets:			
Invested in capital assets, net of related debt	\$ 797,390	\$ (48,397)	\$ 748,993
Restricted	402,340	44,130	446,470
Unrestricted	(323,385)	15,939	(307,446)
Total Net Assets	\$ 876,345	\$ 11,672	\$ 888,017

The largest portion of the County's net assets of \$748,993 reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued

Year Ended June 30, 2002

(Amounts in thousands)

for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the County's net assets represents restricted net assets of \$446,470. This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The final component of net assets is unrestricted net assets. Unrestricted net assets are resources that the County may use to meet its current and ongoing obligation to citizens and creditors. The deficit balance for unrestricted net assets was primarily caused by the County's election to issue the 1995 Pension Obligation Revenue Bonds, which were used to fund the unfunded accrued actuarial long-term liability with respect to the retirement benefits of the County's employees. The issuance of the Revenue Bonds is not a reflection of the County's lack of resources to meet its current and ongoing obligations to the citizens and creditors.

For business-type activities, the County reported a negative balance of (\$48,397) invested in capital assets, net of related debt. This negative balance was due primarily to the Medical Center's capital assets that are being depreciated faster than the related debt schedule payments.

The County's net assets increased \$149,103 during the current fiscal year. About 41% percent of this increase is attributable to the one time reclassification of the restricted state realignment trust funds into the general fund and the recognition of revenue on the accrual basis of accounting as required by GASB No. 34. The remainder of this growth largely reflects increases in other state and federal operating grants and the increase in charges for services.

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued

Year Ended June 30, 2002

(Amounts in thousands)

The following table indicates the changes in net assets for governmental and business-type activities.

	Governmental Activities 2002	Other Business-Type Activities 2002	Total 2002
Revenues:			
Program Revenues			
Charges for Services	\$ 317,916	\$ 359,685	\$ 677,601
Operating Grants/Contributions	1,199,367	46,814	1,246,181
Capital Grants/Contributions	7,705	30,365	38,070
General Revenue			
Property Taxes, Levied for General Purposes	181,558	4,728	186,286
Property Taxes, Levied for Debt Service	4,173	-	4,173
Public Safety Tax	90,363	-	90,363
Sales Taxes	19,572	-	19,572
Other Taxes	14,797	-	14,797
Motor Vehicle In-Lieu taxes	111,964	-	111,964
Unrestricted Revenues from Use of Money and Property	51,922	17,032	68,954
Miscellaneous	73,922	3,497	77,419
Gains on Sale of Capital Assets	1,834	(10)	1,824
Total Revenues	2,075,093	462,111	2,537,204
Expenses:			
General Government	121,398	-	121,398
Public Protection	532,666	-	532,666
Public Ways and Facilities	54,659	-	54,659
Health and Sanitation	332,361	-	332,361
Public Assistance	804,164	-	804,164
Education	14,826	-	14,826
Recreation and Cultural Services	15,321	-	15,321
Interest on Long Term Debt	49,542	-	49,542
Medical Center	-	399,621	399,621
Waste Systems	-	46,051	46,051
Other	-	17,492	17,492
Total Expenses	1,924,937	463,164	2,388,101
Excess (Deficit) before Transfers	150,156	(1,053)	149,103
Transfers	(9,208)	9,208	-
Increase in Net Assets	140,948	8,155	149,103
Net Assets - Beginning of Year, as Restated	735,397	3,517	738,914
Net Assets - End of Year	\$ 876,345	\$ 11,672	\$ 888,017

Governmental activities. Governmental activities increased the County's net assets by \$140,948 thereby accounting for 94.53% of the total growth in net assets of the County.

Key elements of the increase of \$140,948 are as follows:

- Operating grants and contributions increased by \$154,000. Approximately \$61,000 or 39.6% of the overall increase is due to the one time reclassification of the restricted state realignment trust funds into the governmental activities and the recognition of revenues on the accrual basis of accounting as required by GASB No. 34. In addition, \$50,700 is due to the increase in the Public Assistance operating grants and contributions.
- Charges for Current Services increased by \$37,800. Approximately \$11,200 or 29.6% of

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued Year Ended June 30, 2002

(Amounts in thousands)

the overall increase is due to fee and workload increases in the Sheriff and Information Services Departments. The remaining \$18,800 is due to fee and workload increases throughout the remaining County Departments.

Although expenditures for certain functional categories reflect increases to parallel inflation and growth in the demand for services; overall, expenditures for governmental activities increased due to the increase in salaries in the governmental activities driven by increased employment and cost of living adjustments account for \$73,000 of the increase in functional category level.

Business-type activities. Business-type activities increased the County's net assets by \$8,155 or 5.47 % of the total growth in governmental activities' net assets.

The cause of the increase of \$8,155 is the action by The Waste Systems Division to enter into a new contract in which the County, took over many of the functions previously performed by an outside contractor. This change resulted in a decrease in professional services fees and also a decrease in services and supplies expenses of approximately \$6,000.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2002, the County's governmental funds reported a total fund balance of \$589,258, an increase of \$94,311 in comparison with the prior year. Approximately 82.6% of the total fund balances, \$486,796 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay debt service of \$37,382; 2) to reflect inventories and the amounts due from other funds that are long-term in nature and thus do not represent available spendable resources of \$4,621 3) to liquidate contractual commitments of the period of \$54,039 4) and to reflect the mandated 1% reserve for property tax losses of \$6,420.

The general fund is the chief operating fund of the County. At June 30, 2002, unreserved fund balance of the general fund was \$255,415 while total fund balance reached \$279,485. 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 15.9% of total fund expenditures, while total fund balance represents 17.4% of the same amount.

COUNTY OF SAN BERNARDINO

**Management's Discussion and Analysis, continued
Year Ended June 30, 2002**

(Amounts in thousands)

The County's management also designates (earmarks) unreserved fund balance to a particular function, project or activity. Fund balances may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the \$255,415 General Fund unreserved fund balance, 36% is designated. The most significant designations are \$31,992 for Medical Center Debt Service, \$30,228 for General Purpose, \$12,840 for Teeter Plan (reserve for property tax losses), and \$8,859 for Litigation Restitution. Unreserved undesignated fund balance at year-end was \$163,548.

Revenues for governmental functions totaled \$2,069,352 in fiscal year 2001-2002, which represents an increase of 9.86% from fiscal year 2000-2001.

The following table presents the amount of revenue from various sources as well as increases or decreases from the prior year.

Revenues	2001-02		Over (Under) 2000-01	
	Amount	Percent of Total	Amount	Percent
Taxes	\$ 300,737	15%	\$ (2,576)	-1%
Licenses, Permits and Penalties	16,520	1%	754	5%
Fines, Forfeitures and Penalties	16,574	1%	(1,866)	-10%
Revenues From Use of Money and Property	51,922	3%	(6,260)	-11%
Aid From Other Governmental Agencies	1,323,725	64%	154,017	13%
Charges for Current Services	284,822	14%	36,732	15%
Other Revenues	73,967	4%	3,810	5%
Total Revenues	\$ 2,068,267	100%	\$ 184,611	

The County's three major funding sources; taxes, aid from other governmental agencies, and charges for current services constitute for 92.3% of all revenues.

Revenues from use of money and property decreased by \$6.3 million due to decreased investment earnings resulting from lower interest rates.

Aid From Other Governmental Agencies increased by approximately \$154,000. Approximately \$61,000 or 39.7% is due to the one time reclassification of the restricted state realignment trust funds into the general fund and the recognition of revenue as required by GASB No. 34. Also \$50,700 is due to the increase in grant revenues from the following: \$25,000 in Social Services Administration, \$10,700 in Child Care, \$11,300 in Temporary Assistance for Needy Families Program (TANF), and \$3,700 in Aid to Adoptive Children.

Charges for Current Services increased by \$37,800. Approximately \$11,200 or 29.6% of the overall increase is due to fee and workload increases in the Sheriff and Information Services Departments. The remaining \$18,800 is due to fee and workload increases throughout the remaining County Departments.

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued

Year Ended June 30, 2002

(Amounts in thousands)

The following table presents expenditures by function compared to prior year amounts.

Expenditures	2001-02		Over (Under) 2000-01	
	Amount	Percent of Total	Amount	Percent
Current:				
General Government	\$ 118,669	6%	\$ 27,210	30%
Public Protection	521,433	26%	11,365	2%
Public Ways and Facilities	58,269	3%	15,091	35%
Health and Sanitation	331,155	17%	58,975	22%
Public Assistance	800,038	40%	90,217	13%
Education	12,626	1%	(28,273)	-69%
Recreation and Cultural Services	14,316	1%	258	2%
Debt Service				
Principal	24,662	1%	(74,895)	-75%
Interest and Fiscal Charges	35,817	2%	(12,760)	-26%
Capital Outlay	59,974	3%	15,145	34%
Total Expenditures	<u>\$ 1,976,959</u>	<u>100%</u>	<u>\$ 102,333</u>	

Total County expenditures increased \$102,333 or 5.46% from 2001 to 2002. Functional expenditures increased in all areas, other than Education. The increase in salaries in the governmental funds was driven by increased employment and cost of living adjustments account for \$73 million of the increase in the functional expenditures.

Health and Sanitation increased by \$58.9 million due to an increase in caseload expenditures in County Health Care costs of \$26.6 million, Behavioral Health cost of \$14.2 million, and Public Health cost of \$18.1 million.

Public Assistance, the largest user of financial resources, had increased expenditures of \$90.2 million. Approximately \$74 million of the increase was due to expenditure increases in the following areas due to an increase caseload: \$25 million in Social Services Administration, \$10.7 million in Child Care, \$11.3 million in Temporary Assistance for Needy Families Program (TANF), and \$3.7 million increase in Aid to Adoptive Children, and \$23.3 million was attributed to the reclassification of functional expense from Education to Public Assistance.

Education functional expenditures have decreased by \$28.3 million due to the reclassification of some functional expenses from Education to Public Assistance.

Debt service principal payments decreased by \$75 million, the decrease is attributable to the County's redemption of \$75 million in public capital improvement refunding revenue bonds in the prior fiscal year 2001.

Debt service interest payments decreased by \$12.8 million, the decrease is attributable to the overall reduction in interest rates that affect the interest payments due on Certificates of Participation that have variable interest rates.

Capital outlay expenditures increased by \$15.1 million due to additional construction in progress projects in fiscal year 2002. The most notable increases were the \$9.3 million for the Juvenile Housing remodel project and the \$4.9 million for the Chino Airport project.

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued

Year Ended June 30, 2002

(Amounts in thousands)

Other financing sources and uses are presented below to illustrate changes from the prior year.

**Other Financing Sources (Uses)
Governmental Funds**

	FY 2002	FY 2001	Increase/(Decrease)	
			Amount	Percent
Transfers to Other Funds	\$ (117,727)	(134,149)	\$ 16,422	-12%
Transfers from Other Funds	108,519	116,376	(7,857)	-7%
RDA Property Conveyance	-	(4,460)	4,460	-100%
Proceeds from Refunding Bonds	119,659	-	119,659	100%
Payment to Refunding Bond Escrow Agent	(112,171)	-	(112,171)	100%
Inception of Capital Lease Obligations	2,903	2,979	(76)	-3%
Sale of Capital Assets	1,834	4,413	(2,579)	-58%
Other	-	(49)	49	-100%
Total Other Financing Sources and (Uses)	\$ 3,017	(14,890)	\$ 17,907	

Total Other Financing Sources and (Uses) increased by \$17,907.

The transfers to other funds declined by \$16,422 in 2001-02. Of this amount, \$10,000 or 58.82% was due to the one-time transfer from the General Fund to the Capital Improvements Fund for the Hi-Desert Juvenile Facilities in FY 2000-01.

Proceeds from Refunding Bonds and Payments to Refunding Bond Escrow Agent increased by \$119,659 and \$112,171 respectively. The increases were due to the advance refunding of the issue of new Certificates of Participation with a net liability of \$113,441 and the Certificates of Participation totaling \$105,955 that were defeased by the proceeds from the new issues.

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds**

	Governmental Activities		Total Governmental Funds
	General Fund	Other Governmental Funds	
Revenues	\$ 1,722,925	\$ 345,342	\$ 2,068,267
Expenditures	(1,605,683)	(371,276)	(1,976,959)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	117,242	(25,934)	91,308
Total Other Financing Sources and (Uses)	(52,413)	55,430	3,017
Net Change in Fund Balance	64,829	29,496	94,325
Fund Balance, July 1, 2001 as Restated	214,656	280,277	494,933
Fund Balance, June 30, 2002	<u>\$ 279,485</u>	<u>\$ 309,773</u>	<u>\$ 589,258</u>

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued

Year Ended June 30, 2002

(Amounts in thousands)

The fund balance of the County's general fund increased by \$64,826 during the fiscal year. The key factor in this growth is the increase in revenues as a result on one time reclassification of the restricted state realignment trust funds into the general fund and the early recognition of revenues as required by the GASB No. 34 requirements.

Proprietary funds. The County's proprietary funds provide the same type of format found in the governmental-wide financial statements, but in more detail.

At June 30, 2002, the Medical Center had total deficit in net assets of (\$22,797). In addition, the Waste Systems Division had a deficit in net assets of (\$44,977).

The following table shows actual revenues, expenses and results of operations for the current fiscal year.

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds
	Medical Center	Waste Systems Division	Other Enterprise Funds	
Revenues				
Net Patient Care and Services	\$ 298,325	\$ -	\$ -	\$ 298,325
Charges for Current Services	-	41,531	15,086	56,617
Other	76,963	4,743	-	81,706
Total Operating Revenues	375,288	46,274	15,086	436,648
Operating Expenses				
Professional Services	32,089	19,737	1,579	53,405
Salaries and Employee Benefits	110,374	2,818	6,140	119,332
Services and Supplies	187,534	309	6,047	193,890
Depreciation and Amortization	24,253	17,195	2,583	44,031
Other	4,304	-	944	5,248
Total Operating Expenses	358,554	40,059	17,293	415,906
Operating Income (Loss)	16,734	6,215	(2,207)	20,742
Nonoperating Revenues (Expenses)				
Interest Revenue	3,685	12,380	967	17,032
Interest Expense	(35,195)	(5,991)	(208)	(41,394)
Tax Revenue	-	618	4,110	4,728
Grant Revenue	-	-	216	216
Gain (Loss) on Sale of Capital Assets	-	(29)	19	(10)
Other Nonoperating Revenues	2,025	-	949	2,974
Other Nonoperating Expenses	(5,872)	(1)	9	(5,864)
Total Nonoperating Revenues (Expenses)	(35,357)	6,977	6,062	(22,318)
Income (Loss) Before Transfers	(18,623)	13,192	3,855	(1,576)
Transfers to Other Funds	(1,928)	(6,060)	(1,716)	(9,704)
Transfers from Other Funds	19,431	-	4	19,435
Change in Net Assets (Deficit)	(1,120)	7,132	2,143	8,155
Net Assets (Deficit), July 1, 2001, as Restated	(21,677)	(52,109)	77,303	3,517
Net Assets (Deficit), June 30, 2002	\$ (22,797)	\$ (44,977)	\$ 79,446	\$ 11,672

The Medical Center's net assets decreased by \$1,120 or 5.17%. The key factors that contributed to the Medical Center's deficit were the continued rise in the costs of pharmaceutical, medical supplies and equipment.

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued

Year Ended June 30, 2002

(Amounts in thousands)

The Waste Systems Division's net assets increased by \$7,132 or 13.69%. The key factors that contributed to the net increase was the new agreement with a contractor to provide hauling and dumping services for the County which resulted in a decrease in professional services fees and also a decrease in services and supplies expenses of approximately \$6,000.

The nonmajor enterprise fund's net assets increased by \$2.1 million as a result of increased user fees over expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's final budget differs from the original budget by less than 2%. Supplemental appropriations of \$ 27,633 were approved during the fiscal year. The significant components of this increase are summarized below.

On November 20, 2001, the Board adopted a budget amendment to increase the budgets of some of the HSS programs (Human Services System). These increases were necessary because in many cases the original budget had been based on prior year funding allocations. The amounts of these adjustments were:

- HSS Administration increased by \$5,993
- AFDC Foster Care increased by \$1,385
- Aid to Adoptive Children increased by \$1,853

On January 29, 2002, the Board adopted a budget amendment which, along with various budget transfers, allocated an additional \$2,000 in Tobacco Settlement money to various to one-time uses.

An additional agenda item from the January 29 meeting changed the budget for Trial Courts. The revenues and appropriations were increased by \$2,656 to distribute to the State one half of the court fines and fees collected in excess of an established base and to distribute a portion of the County's share to a special court facilities fund.

In May 2002, the Transitional Assistance Department (TAD) received an amendment from the California Dept of Education that increased the contract amount by \$3,090 for a new maximum amount of \$29,120 from \$26,020. This contract was between the County (TAD) and the California Dept of Education for child care and development services funding for FY02.

As part of the year-end closing process, a budget adjustment of \$6,074 was required for the Temporary Assistance for Needy Families Program (TANF) program to cover the expenditures of the year's increased caseload, and was offset by increased State and Federal reimbursements.

The General Fund budget to actual statement can be found on page 42 of this report.

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued
Year Ended June 30, 2002

(Amounts in thousands)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's equity investment in capital assets for its governmental and business-type activities as of June 30, 2002, amounted to \$753,723 (net of accumulated depreciation). This investment in capital assets includes land, improvements to land, structures and improvements, equipment, construction in progress (CIP), and infrastructure less bonds and capital leases payable related to those assets.

Major capital asset events during the current fiscal year include the following:

- The Waste Systems Division had approximately \$17,397 in additions to land improvements. The additions to land improvements were the result of the following projects: 1) The Mid Valley Landfill Liner Project in the amount of \$9,088; 2) the Mid Valley Landfill Groundwater Monitoring Master System in the amount of \$3,579; and 3) the Big Bear Landfill Transfer Station in the amount of \$4,730
- The Special Aviation Fund had various projects in construction with a value in Construction In Progress (CIP) of \$21,145. The majority of the CIP was attributed to the Chino Airport Runway Relocation Project.
- The Capital Improvement Fund had the Juvenile Hall Housing Facility Remodel project under construction with a CIP value of \$13,562.
- The Flood Control Fund has various flood control channel facilities under construction with a CIP value of value of \$9,176. The majority of the of the flood control facilities comprised the following: 1) The West State Street Drain in the amount of \$2,191; the West CUC Channel with a CIP value of \$1,219; the Hermosa Storm Drain with a CIP value of \$1,448; the San Bernardino Storm Drain with a CIP value of \$1,057; and the Hickory Basin.
- The County overall purchased and capitalized equipment in the amount of \$30,832 for fiscal year ending June 30, 2002. Approximately \$18,000 or 58.38% of the total is comprised of vehicle additions.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year.

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent of Change
	2001		2001		2001		
	2002	As Restated	2002	As Restated	2002	As Restated	
Land	\$ 50,204	\$ 49,873	\$ 37,068	\$ 37,355	\$ 87,272	\$ 87,228	0.05%
Construction in progress	66,797	33,225	3,119	18,052	69,916	51,277	36.35%
Improvements other than Buildings	107,573	103,025	193,871	175,082	301,444	278,107	8.39%
Structures and Improvements	411,345	407,034	520,247	520,247	931,592	927,281	0.46%
Equipment	192,994	178,945	99,837	99,225	292,831	278,170	5.27%
Infrastructure	958,552	939,132	-	-	958,552	939,132	2.07%
Total	\$ 1,787,465	\$ 1,711,234	\$ 854,142	\$ 849,961	\$ 2,641,607	\$ 2,561,195	3.14%

COUNTY OF SAN BERNARDINO

Management's Discussion and Analysis, continued

Year Ended June 30, 2002

(Amounts in thousands)

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB No. 34.

Long-term debt

Major long-term debt events during the current fiscal year include the following:

- Issued new Certificates of Participation with net liability of \$113,441
- Certificates of Participation totaling \$105,955 were defeased by the proceeds from the new debt issues
- Increased beginning balance of debt by \$59,972 for the Revenue Bonds due to accreted interest and recorded a discount on issued Capital Appreciation Bonds.
- Amortization of deferred amount of refunding and discounts totaled \$16,510.
- A total of \$46,126 in principal payments was made on existing debt.

Long-term debt for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent of Change
	2002	2001 As Restated	2002	2001 As Restated	2002	2001 As Restated	
Certificates of Participation	\$ 249,756	\$ 254,570	\$ 622,057	\$ 639,409	\$ 871,813	\$ 893,979	-2.48%
General Obligation Bonds	-	-	2,979	3,365	2,979	3,365	-11.47%
Revenue Bonds	430,898	425,978	94,832	98,984	525,730	524,962	0.15%
Other Bonds and Notes Payable	21,499	19,770	1,556	1,647	23,055	21,417	7.65%
Compensated Absences	75,974	88,038	5,789	6,102	81,763	94,140	-13.15%
Capital Lease Obligations	8,682	8,296	669	1,144	9,351	9,440	-0.94%
Estimated Liability for Litigation and Self-Insured Claims	95,288	61,172	-	-	95,288	61,172	55.77%
Estimated Liability for Closure/Postclosure Care Cost	-	-	168,916	177,066	168,916	177,066	-4.60%
Other Long-Term Debt	18,177	14,687	-	-	18,177	14,687	23.76%
Total	\$ 900,274	\$ 872,511	\$ 896,798	\$ 927,717	\$ 1,797,072	\$ 1,800,228	-0.18%

ECONOMIC FACTORS AND FY03 BUDGETING

1. Preliminary versions of the FY 2002-03 State Budget addressed a large budget shortfall as a result of the economic downturn and declining revenues. As a result, the County of San Bernardino Board of Supervisors authorized the County's Administrative Office on October 8, 2002 to develop a plan to reduce general fund support in a manner that by June 30, 2003 departmental budgetary levels are positioned to be 4% lower in the beginning of the upcoming fiscal year as compared to the 2002-03 final budget local financing plan. The reduction plans are for county departments that received general fund support in 2002-03, including subsidies to County Fire, County Library and Special Districts.

COUNTY OF SAN BERNARDINO

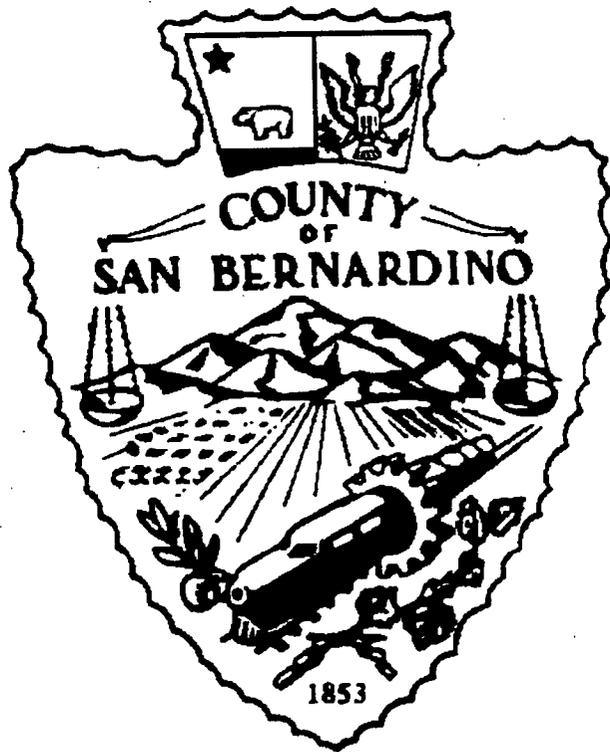
Management's Discussion and Analysis, continued Year Ended June 30, 2002

(Amounts in thousands)

2. Property tax revenues have increased due to rise in assessed valuation and general growth.
3. Sales of new and existing homes in the County continue increase due to the increased demand for affordable housing in the region. This demand is directly related to the job growth of the area and the continued migration of families from higher priced coastal counties of California.
4. The County's overall economy continues to grow with a 4.1% increase in employment totaling 42,500 new jobs.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

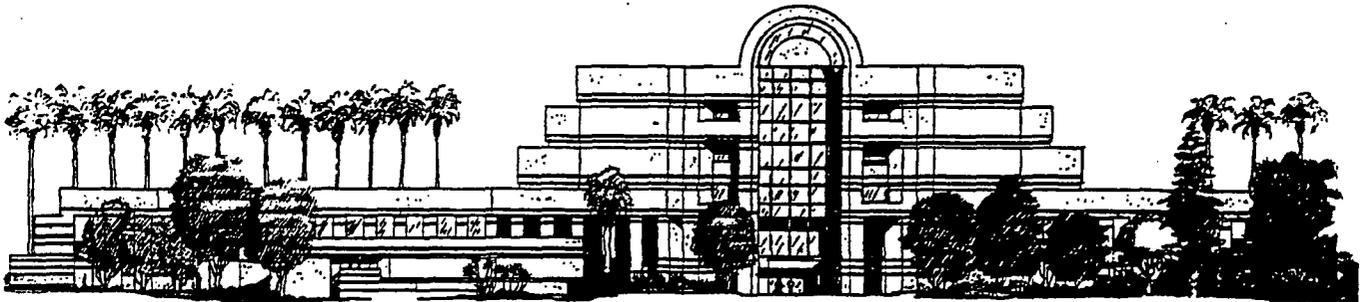
This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, separate reports of the County's component units or need any additional financial information, contact the Auditor/Controller-Recorder Office, 222 W. Hospitality Lane, County of San Bernardino, California, 92415.

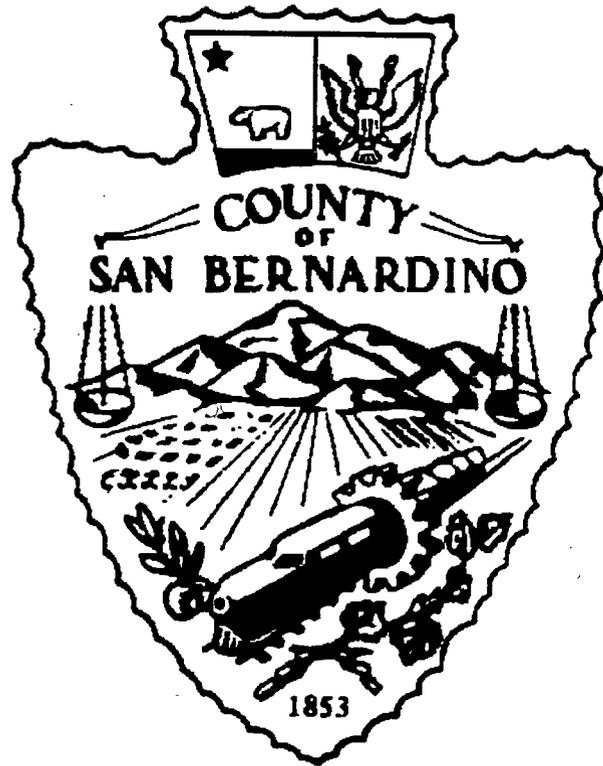


BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS





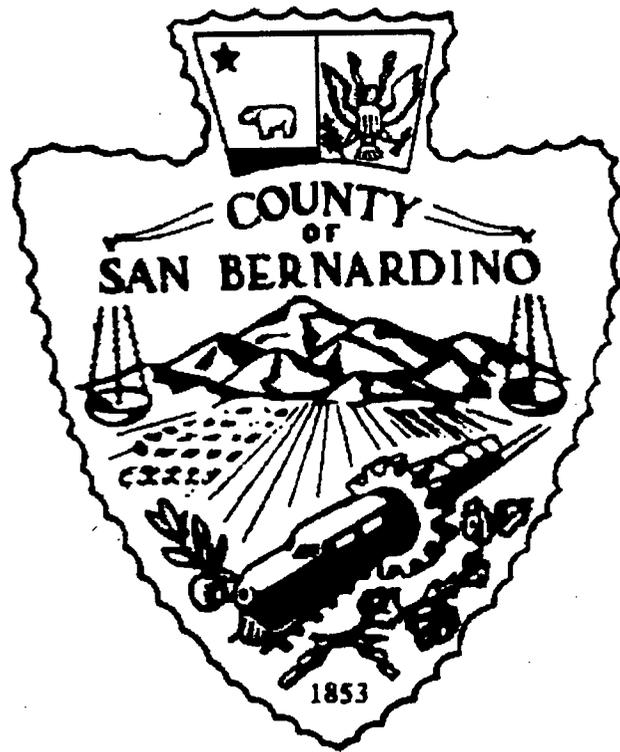
COUNTY OF SAN BERNARDINO
STATEMENT OF NET ASSETS
JUNE 30, 2002 (IN THOUSANDS)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS (NOTE 8)	\$ 527,273	\$ 33,916	\$ 561,189
INVESTMENTS	17,783	-	17,783
ACCOUNTS RECEIVABLE - NET (NOTE 2)	8,081	34,047	42,128
TAXES RECEIVABLE	20,915	791	21,706
INTEREST RECEIVABLE	2,478	18,259	20,737
SPECIAL ASSESSMENT RECEIVABLE	-	-	-
LOAN RECEIVABLE	1,218	-	1,218
OTHER RECEIVABLES	1,638	368	2,006
DUE FROM OTHER GOVERNMENTS	173,159	52,901	226,060
INTERNAL BALANCES	39,009	(39,009)	-
INVENTORIES	3,940	1,410	5,350
PREPAID ITEMS	932	16,611	17,543
DEFERRED CHARGES	142	458	600
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	181,438	154,329	335,767
OTHER ASSETS	222	10,976	11,198
LAND, STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	1,527,674	751,186	2,278,860
EQUIPMENT (NOTE 9)	192,994	99,837	292,831
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(691,961)	(191,421)	(883,382)
CONSTRUCTION IN PROGRESS (NOTE 9)	66,797	3,119	69,916
TOTAL ASSETS	2,073,732	947,778	3,021,510
LIABILITIES			
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	40,530	18,181	58,711
SALARIES AND BENEFITS PAYABLE	32,578	5,331	37,909
DUE TO OTHER GOVERNMENTS	33,116	899	34,015
INTEREST PAYABLE	6,250	14,896	21,146
DEFERRED REVENUE	9,639	-	9,639
TRANS NOTE PAYABLE	175,000	-	175,000
NONCURRENT LIABILITIES (NOTE 11):			
PORTION DUE OR PAYABLE IN ONE YEAR:			
COMPENSATED ABSENCES PAYABLE (NOTE 11)	65,000	5,625	70,625
BONDS AND NOTES PAYABLE (NOTE 11)	17,671	25,990	43,661
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 13)	3,856	380	4,236
OTHER LONG TERM LIABILITIES (NOTE 11)	255	-	255
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11 & 16)	-	11,501	11,501
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10 & 11)	29,880	-	29,880
PORTION DUE OR PAYABLE AFTER ONE YEAR:			
COMPENSATED ABSENCES PAYABLE (NOTE 11)	10,974	164	11,138
BONDS AND NOTES PAYABLE, NET (NOTE 11)	684,482	695,435	1,379,917
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 13)	4,826	289	5,115
OTHER LONG TERM LIABILITIES (NOTE 11)	17,922	-	17,922
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11 & 16)	-	157,415	157,415
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10 & 11)	65,408	-	65,408
	1,197,387	936,106	2,133,493
NET ASSETS:			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT RESTRICTED (NOTE 5)	797,390	(48,397)	748,993
UNRESTRICTED	402,340	44,130	446,470
	(323,385)	15,939	(307,446)
TOTAL NET ASSETS	\$ 876,345	\$ 11,672	\$ 888,017

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

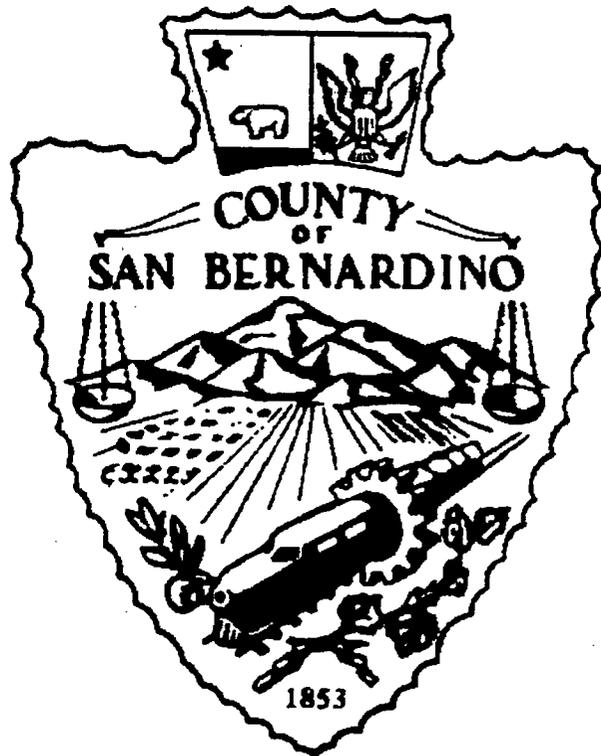
	PROGRAM REVENUES			NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
FUNCTIONS/PROGRAMS							
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES:							
GENERAL GOVERNMENT	\$ 121,388	\$ 78,945	\$ 8,046	\$ -	\$ (34,407)	\$ -	\$ (34,407)
PUBLIC PROTECTION	532,868	119,413	112,459	7,705	(293,069)	-	(293,069)
PUBLIC WAYS AND FACILITIES	54,659	2,772	48,822	-	(3,065)	-	(3,065)
HEALTH AND SANITATION	332,361	106,714	249,609	-	23,982	-	23,982
PUBLIC ASSISTANCE	804,164	2,881	778,054	-	(23,230)	-	(23,230)
EDUCATION	14,826	816	2,275	-	(11,735)	-	(11,735)
RECREATION AND CULTURAL SERVICES	15,321	6,375	102	-	(6,844)	-	(6,844)
INTEREST ON LONG TERM DEBT	49,542	-	-	-	(49,542)	-	(49,542)
TOTAL GOVERNMENTAL ACTIVITIES	1,924,937	317,916	1,199,367	7,705	(399,949)	-	(399,949)
BUSINESS-TYPE ACTIVITIES:							
MEDICAL CENTER	399,821	298,325	48,598	30,365	-	(24,333)	(24,333)
WASTE SYSTEMS	46,051	46,274	-	-	-	223	223
OTHER	17,492	15,066	216	-	(2,190)	-	(2,190)
TOTAL BUSINESS-TYPE ACTIVITIES	463,364	359,665	48,814	30,365	(28,300)	-	(28,300)
TOTAL PRIMARY GOVERNMENT	\$ 2,388,101	\$ 677,801	\$ 1,248,181	\$ 38,070	(399,949)	(26,300)	(426,249)
GENERAL REVENUES:							
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					181,558	4,728	186,286
PROPERTY TAXES, LEVIED FOR DEBT SERVICE					4,173	-	4,173
PUBLIC SAFETY TAX					90,363	-	90,363
SALES TAXES					19,572	-	19,572
OTHER TAXES					14,797	-	14,797
MOTOR VEHICLE IN-LIEU TAXES					111,964	-	111,964
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					51,922	17,032	68,954
MISCELLANEOUS					73,922	3,487	77,419
GAINS ON SALE OF CAPITAL ASSETS					(9,208)	(10)	1,824
TRANSFERS					540,897	9,208	550,105
TOTAL GENERAL REVENUES AND TRANSFERS					1,408,815	34,455	1,443,270
CHANGE IN NET ASSETS					140,848	8,155	149,003
NET ASSETS - BEGINNING					735,397	3,517	738,914
NET ASSETS - ENDING					\$ 876,245	\$ 11,672	\$ 887,917



FUND FINANCIAL STATEMENTS



STATE OF CALIFORNIA
OFFICE OF THE COMPTROLLER OF PUBLIC ACCOUNTS
SAN FRANCISCO, CALIFORNIA



COUNTY OF SAN BERNARDINO
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2002 (IN THOUSANDS)

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 165,659	\$ 282,498	\$ 448,157
INVESTMENTS (NOTE 6)	-	17,783	17,783
ACCOUNTS RECEIVABLES - NET (NOTE 2)	7,293	734	8,027
TAXES RECEIVABLE	13,135	7,780	20,915
INTEREST RECEIVABLE	1,902	47	1,949
LOANS RECEIVABLE	1,218	-	1,218
OTHER RECEIVABLES	1,209	429	1,638
DUE FROM OTHER FUNDS (NOTE 7)	52,582	19,481	72,043
DUE FROM OTHER GOVERNMENTS (NOTE 2)	140,879	19,429	160,308
INVENTORIES	1,192	919	2,111
PREPAID ITEMS	321	43	364
INTERFUND RECEIVABLE (NOTE 7)	925	3	928
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	181,318	120	181,438
OTHER ASSETS	-	222	222
TOTAL ASSETS	<u>\$ 567,633</u>	<u>\$ 349,488</u>	<u>\$ 917,101</u>
LIABILITIES AND FUND BALANCES			
ACCOUNTS PAYABLE	\$ 24,880	\$ 11,623	\$ 36,503
SALARIES AND BENEFITS PAYABLE	26,950	4,448	31,398
DUE TO OTHER FUNDS (NOTE 7)	6,123	14,098	20,221
DUE TO OTHER GOVERNMENTS	30,609	2,067	32,676
INTEREST PAYABLE	6,250	-	6,250
DEFERRED REVENUE (NOTE 2)	18,336	6,787	25,123
INTERFUND PAYABLE (NOTE 7)	-	672	672
BONDS AND NOTES PAYABLE (NOTE 20)	175,000	-	175,000
TOTAL LIABILITIES	<u>288,148</u>	<u>39,695</u>	<u>327,843</u>
FUND BALANCES (NOTE 5):			
RESERVED FOR:			
ENCUMBRANCES	13,994	40,045	54,039
PREPAID ITEMS	321	43	364
NONCURRENT INTERFUND RECEIVABLES	925	3	928
INVENTORIES	1,192	919	2,111
LOANS RECEIVABLE	1,218	-	1,218
DEBT SERVICE	-	37,382	37,382
TEETER	6,420	-	6,420
UNRESERVED, REPORTED IN:			
DESIGNATED	91,867	-	91,867
UNDESIGNATED			
GENERAL FUND	163,548	-	163,548
SPECIAL REVENUE FUNDS	-	196,714	196,714
CAPITAL PROJECTS FUNDS	-	34,182	34,182
PERMANENT FUNDS	-	475	475
TOTAL FUND BALANCES	<u>279,485</u>	<u>309,773</u>	<u>589,258</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 567,633</u>	<u>\$ 349,488</u>	

Amounts reported for governmental activities in the statement of net assets are different because (NOTE 4):

Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.

1,074,581

Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

15,784

Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.

(3,036)

Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds.

(800,242)

Net assets of governmental activities (page 35)

\$ 876,345

COUNTY OF SAN BERNARDINO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
TAXES	\$ 230,385	\$ 70,372	\$ 300,737
LICENSES, PERMITS AND FRANCHISES	16,260	260	16,520
FINES, FORFEITURES AND PENALTIES	8,264	8,310	16,574
REVENUES FROM USE OF MONEY AND PROPERTY	38,271	13,651	51,922
AID FROM OTHER GOVERNMENTAL AGENCIES	1,147,714	176,011	1,323,725
CHARGES FOR CURRENT SERVICES	280,933	23,889	284,822
OTHER REVENUES	21,118	52,849	73,967
TOTAL REVENUES	1,722,925	345,342	2,068,267
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	114,345	4,324	118,669
PUBLIC PROTECTION	437,295	84,138	521,433
PUBLIC WAYS AND FACILITIES	2,260	58,009	58,269
HEALTH AND SANITATION	322,530	8,825	331,155
PUBLIC ASSISTANCE	701,130	98,908	800,038
EDUCATION	1,380	11,246	12,626
RECREATION AND CULTURAL SERVICES	9,783	4,553	14,316
DEBT SERVICE			
PRINCIPAL	1,885	22,777	24,662
INTEREST AND FISCAL CHARGES	4,951	30,886	35,817
CAPITAL OUTLAY	10,144	49,830	59,974
TOTAL EXPENDITURE	1,605,683	371,276	1,976,959
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	117,242	(25,934)	91,308
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS (NOTE 7)	(79,069)	(38,658)	(117,727)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	25,302	83,217	108,519
PROCEEDS FROM REFUNDING BONDS	-	119,659	119,659
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	(112,171)	(112,171)
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	557	2,346	2,903
SALE OF CAPITAL ASSETS	797	1,037	1,834
TOTAL OTHER FINANCING SOURCES AND (USES)	(52,413)	55,430	3,017
NET CHANGE IN FUND BALANCE	64,829	29,496	94,325
FUND BALANCE, JULY 1, 2001 - AS RESTATED (NOTE 3)	214,656	280,277	494,933
FUND BALANCE, JUNE 30, 2002	\$ 279,485	\$ 309,773	\$ 589,258
NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL			94,325
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.			30,311
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			6,992
Expenses in the statement of activities that do not require the use of the current financial resources and, therefore, are not reported as expenditures in the governmental funds.			(13,725)
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. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			23,045
Changes in net assets of governmental activities (page 36)			140,948

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
TAXES	\$ 238,201	\$ 230,029	\$ 230,365	\$ 336
LICENSES, PERMITS AND FRANCHISES	15,517	15,517	16,280	743
FINES, FORFEITURES AND PENALTIES	19,095	19,095	8,284	(10,831)
REVENUES FROM USE OF MONEY AND PROPERTY	40,756	41,595	38,271	(3,324)
AID FROM OTHER GOVERNMENTAL AGENCIES	1,118,590	1,150,133	1,147,714	(2,419)
CHARGES FOR CURRENT SERVICES	278,792	285,329	280,933	(24,396)
OTHER REVENUES	13,162	16,599	21,118	4,519
TOTAL REVENUES	1,724,113	1,758,297	1,722,925	(35,372)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	143,877	136,209	114,832	21,377
PUBLIC PROTECTION	455,289	463,246	437,492	25,754
PUBLIC WAYS AND FACILITIES	2,212	2,300	2,263	37
HEALTH AND SANITATION	338,772	342,949	323,010	19,939
PUBLIC ASSISTANCE	716,407	737,448	698,729	37,719
EDUCATION	1,456	1,467	1,481	6
RECREATION AND CULTURAL SERVICES	9,920	9,931	9,626	305
DEBT SERVICE	-	-	-	-
PRINCIPAL	2,780	2,782	1,885	897
INTEREST AND FISCAL CHARGES	12,812	12,813	4,951	7,862
CAPITAL OUTLAY	10,519	12,532	11,281	1,251
TOTAL EXPENDITURE	1,693,844	1,721,477	1,606,530	114,947
EXCESS OF REVENUES OVER EXPENDITURES	30,269	36,820	116,395	79,575
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(83,530)	(90,286)	(79,069)	11,217
TRANSFERS FROM OTHER FUNDS (NOTE 7)	28,105	28,134	25,302	(2,832)
SALE OF CAPITAL ASSETS	731	731	797	66
TOTAL OTHER FINANCING SOURCES AND (USES)	(54,694)	(61,421)	(52,970)	8,451
NET CHANGE IN FUND BALANCE	(24,425)	(24,601)	63,425	88,026
FUND BALANCE, JULY 1, 2001 - AS RESTATED (NOTE 3)	197,318	197,318	197,318	-
FUND BALANCE, JUNE 30, 2002	\$ 172,893	\$ 172,717	\$ 260,743	\$ 88,026

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2001 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 339	\$ 8,699	\$ 23,878	\$ 33,916	\$ 79,116
ACCOUNTS RECEIVABLE - NET (NOTE 2)	27,476	4,119	2,452	34,047	54
TAXES RECEIVABLE	-	777	14	791	-
INTEREST RECEIVABLE	1,004	17,255	-	18,259	529
OTHER RECEIVABLES	-	339	29	368	-
DUE FROM OTHER FUNDS (NOTE 7)	3,123	365	581	4,069	615
DUE FROM OTHER GOVERNMENTS	49,691	2,407	443	52,541	913
INVENTORIES	1,279	-	131	1,410	1,829
PREPAID ITEMS	3,378	13,233	-	16,611	568
TOTAL CURRENT ASSETS	86,290	48,194	27,528	162,012	83,624
NONCURRENT ASSETS:					
DEFERRED CHARGES	-	458	-	458	142
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	57,640	96,689	-	154,329	-
INTERFUND RECEIVABLE (NOTE 7)	-	-	-	-	19
OTHER ASSETS	10,976	-	-	10,976	-
LAND, STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	512,577	142,235	96,374	751,186	7,049
EQUIPMENT	91,137	2,721	5,979	99,837	58,529
ACCUMULATED DEPRECIATION AND AMORTIZATION	(85,375)	(59,488)	(46,558)	(191,421)	(44,655)
CONSTRUCTION IN PROGRESS	-	822	2,297	3,118	-
TOTAL NONCURRENT ASSETS	586,955	183,437	58,092	828,484	21,084
TOTAL ASSETS	673,245	231,631	85,620	990,496	104,708
LIABILITIES					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	11,635	5,796	750	18,181	4,027
SALARIES AND BENEFITS PAYABLE	5,128	143	60	5,331	1,180
DUE TO OTHER FUNDS (NOTE 7)	36,620	5,492	106	42,218	1,740
DUE TO OTHER GOVERNMENTS	-	899	-	899	440
INTEREST PAYABLE	14,514	298	84	14,896	-
DEFERRED REVENUE	-	-	-	-	300
COMPENSATED ABSENCES PAYABLE (NOTE 11)	5,418	207	-	5,625	-
BONDS AND NOTES PAYABLE (NOTE 11)	20,850	4,730	410	25,990	-
CAPITAL LEASE OBLIGATIONS (NOTE 11)	380	-	-	380	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS	-	11,501	-	11,501	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	-	-	29,880
TOTAL CURRENT LIABILITIES	94,545	29,066	1,410	125,021	37,567
NONCURRENT LIABILITIES					
INTERFUND PAYABLE (NOTE 7)	-	-	500	500	25
COMPENSATED ABSENCES PAYABLE	-	25	139	164	2,467
BONDS AND NOTES PAYABLE	601,208	90,102	4,125	695,435	-
CAPITAL LEASE OBLIGATIONS	289	-	-	289	2,277
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS	-	157,415	-	157,415	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	-	-	65,408
TOTAL NONCURRENT LIABILITIES	601,497	247,542	4,764	853,803	70,177
TOTAL LIABILITIES	696,042	276,608	6,174	978,824	107,744
NET ASSETS:					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(93,412)	(8,542)	53,557	(48,397)	18,646
RESTRICTED FOR:					
OTHER RESTRICTIONS	44,130	-	-	44,130	-
UNRESTRICTED	26,485	(36,435)	25,889	15,939	(21,682)
TOTAL NET ASSETS	\$ (22,797)	\$ (44,977)	\$ 79,446	\$ 11,672	\$ (3,036)

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 YEAR ENDED, JUNE 30, 2002 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS		
OPERATING REVENUES:					
NET PATIENT CARE AND SERVICE CHARGES FOR CURRENT SERVICES	\$ 298,325	\$ -	\$ -	\$ 298,325	\$ -
OTHER	76,963	4,743	-	81,706	-
TOTAL OPERATING REVENUES	375,288	46,274	15,086	436,648	119,136
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	32,089	19,737	1,579	53,405	4,767
SALARIES AND EMPLOYEE BENEFITS	110,374	2,818	6,140	119,332	23,102
SELF-INSURANCE CLAIMS	-	-	-	-	63,876
SERVICES AND SUPPLIES	187,534	309	6,047	193,890	57,017
DEPRECIATION AND AMORTIZATION	24,253	17,195	2,583	44,031	5,984
OTHER	4,304	-	944	5,248	94
TOTAL OPERATING EXPENSES	358,554	40,059	17,293	415,906	154,840
OPERATING INCOME (LOSS)	16,734	6,215	(2,207)	20,742	(35,704)
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	3,685	12,380	867	17,032	3,900
INTEREST EXPENSE	(35,195)	(5,991)	(208)	(41,394)	(102)
TAX REVENUE	-	618	4,110	4,728	-
GRANT REVENUE	-	-	216	216	-
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	(29)	19	(10)	46
OTHER NONOPERATING REVENUES	2,025	-	949	2,974	257
OTHER NONOPERATING EXPENSES	(5,872)	(1)	9	(5,864)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(35,357)	6,977	6,062	(22,318)	4,101
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS	(18,623)	13,192	3,855	(1,576)	(31,603)
TRANSFERS TO OTHER FUNDS (NOTE 7)	(1,928)	(6,060)	(1,716)	(9,704)	(523)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	19,431	-	4	19,435	-
CHANGE IN NET ASSETS (DEFICIT)	(1,120)	7,132	2,143	8,155	(32,126)
TOTAL NET ASSETS, JULY 1, 2001, AS RESTATED (NOTE 3)	(21,677)	(52,109)	77,303	3,517	29,090
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2002	\$ (22,797)	\$ (44,977)	\$ 79,446	\$ 11,672	\$ (3,036)

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED, JUNE 30, 2002 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS		
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 331,644	\$ 43,972	\$ 14,369	\$ 389,885	\$ 118,812
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(228,000)	(33,450)	(7,829)	(268,379)	(91,382)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(109,969)	(2,643)	(8,180)	(118,792)	(23,202)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(6,425)	7,879	260	1,714	4,228
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
TAXES RECEIVED	-	(159)	4,096	3,937	-
GRANTS RECEIVED	-	-	216	216	-
OTHER NONOPERATING REVENUE	-	-	949	949	257
TRANSFERS RECEIVED	20,958	746	(85)	21,819	284
TRANSFERS PAID	-	(5,189)	(1,711)	(6,880)	(758)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	20,958	(4,582)	3,465	18,841	(237)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
STATE DEBT SERVICE FUNDING RECEIVED	30,365	-	-	-	-
ACQUISITION OF CAPITAL ASSETS	(895)	(3,055)	(1,340)	(5,290)	(6,648)
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(474)	-	410	(64)	(588)
INTEREST PAID ON CAPITAL LEASE OBLIGATIONS	(64)	-	-	(64)	(74)
PRINCIPAL PAID ON BONDS AND NOTES	(19,895)	(4,152)	(887)	(24,934)	-
INTEREST PAID ON BONDS AND NOTES	(35,576)	(6,483)	(233)	(42,292)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	(29)	-	(29)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(26,539)	(13,719)	(2,050)	(72,673)	(7,310)
CASH FLOWS FROM INVESTING ACTIVITIES:					
INTEREST ON INVESTMENTS	3,483	9,664	967	14,114	3,371
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,483	9,664	967	14,114	3,371
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,523)	(758)	2,642	(6,639)	52
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	86,502	107,146	21,222	194,870	79,064
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 57,979	\$ 106,388	\$ 23,864	\$ 188,231	\$ 79,116
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ 16,734	\$ 6,215	\$ (2,207)	\$ 20,742	\$ (35,704)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION	24,253	17,195	2,583	44,031	5,984
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(1,394)	(2,096)	(714)	(4,204)	3
DUE FROM OTHER GOVERNMENTS	(42,350)	(206)	(3)	(42,559)	(327)
INVENTORIES	285	-	(14)	271	3
PREPAID ITEMS	(2,172)	(700)	4	(2,868)	(104)
DEFERRED CHARGES	-	78	-	78	189
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(2,186)	(4,632)	651	(6,167)	168
SALARIES AND BENEFITS PAYABLE	807	84	(38)	853	186
ESTIMATED LIABILITIES FOR CLOSURE/POST CARE CLOSURE COSTS	-	(8,150)	-	(8,150)	-
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	-	-	-	-	34,116
COMPENSATED ABSENCES PAYABLE	(402)	91	(2)	(313)	(286)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (6,425)	\$ 7,879	\$ 260	\$ 1,714	\$ 4,228

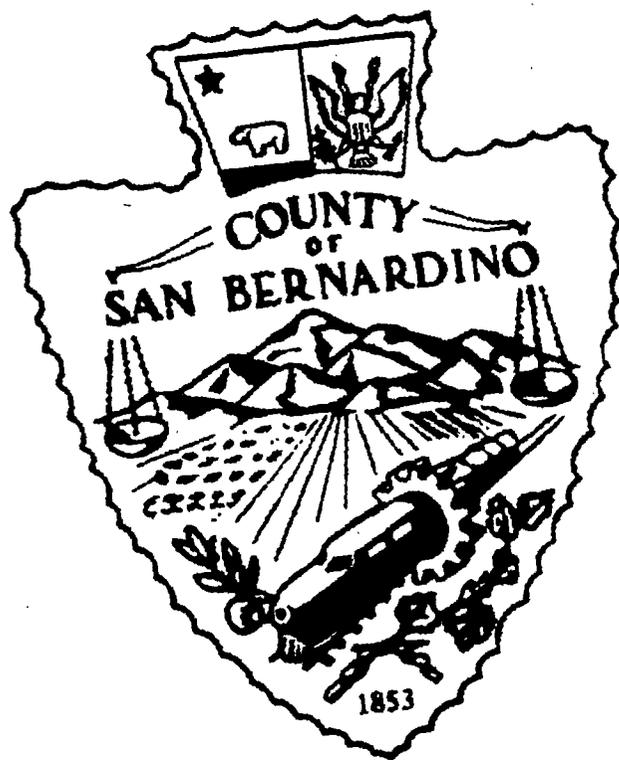
COUNTY OF SAN BERNARDINO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2002 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>INVESTMENT TRUST</u>	<u>AGENCY</u>
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 1,584,468	\$ 1,322,976	261,492
INVESTMENTS (NOTE 6)	8,865	-	8,865
ACCOUNTS RECEIVABLE - NET	335	100	235
TAXES RECEIVABLE	145,154	50	145,104
LOANS RECEIVABLE	5	5	-
DUE FROM OTHER FUNDS (NOTE 7)	13,820	12,228	1,592
DUE FROM OTHER GOVERNMENTS	4,454	4,274	180
ADVANCES TO OTHER FUNDS	250	-	250
TOTAL ASSETS	<u>\$ 1,757,351</u>	<u>\$ 1,339,633</u>	<u>\$ 417,718</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES:			
DUE TO OTHER FUNDS (NOTE 7)	\$ 26,399	\$ 971	25,428
DUE TO OTHER GOVERNMENTS	392,290	-	392,290
TOTAL LIABILITIES	<u>\$ 418,689</u>	<u>\$ 971</u>	<u>\$ 417,718</u>
<u>NET ASSETS</u>			
NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS	<u>\$ 1,338,662</u>	<u>\$ 1,338,662</u>	

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 INVESTMENT TRUST FUND
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>INVESTMENT TRUST FUND</u>
ADDITIONS:	
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 6,759,953
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	2,896
INTEREST INCOME ON CASH AND SECURITIES	<u>51,968</u>
TOTAL ADDITIONS	6,814,817
DEDUCTIONS:	
DISTRIBUTIONS FROM POOLED INVESTMENTS	<u>6,762,279</u>
TOTAL DEDUCTIONS	<u>6,762,279</u>
NET INCREASE IN NET ASSETS	52,538
NET ASSETS HELD IN TRUST, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>1,286,124</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2002	<u>\$ 1,338,662</u>



NOTES TO THE BASIC FINANCIAL STATEMENTS



NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

NOTE 1 – THE FINANCIAL REPORTING ENTITY

(a) Reporting Entity

The County of San Bernardino (the "County"), which was established by an act of the State Legislature on April 26, 1853, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five-member Board of Supervisors (the "Board") which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles, these basic financial statements present the primary government and its component units, which are, in substance, although legally separate entities, part of the County's operations and so data from these units are blended with the data of the primary government. Each blended component unit has a June 30 year-end. The County has no discretely presented component units.

The County's Comprehensive Annual Financial Report does not include the financial statements of the San Bernardino County Employee's Retirement Association (SBCERA). The Retirement Board controls the Retirement Association acting as fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes a separate Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and was determined not to be a component unit according to the criteria set forth in Governmental Accounting Standards Board, the Financial Reporting Entity (GASB 14).

Additional detailed financial information for each of these entities can be obtained from the Auditor/Controller's Office at 222 W. Hospitality Lane, San Bernardino, CA 92415-0018.

(b) Blended Component Units

Using the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, management determined that the following component units should be blended:

- Fire Protection Districts
- Flood Control District
- Park and Recreation Districts
- Crestline Sanitation District
- County Service Areas
- Various joint powers authorities ("JPAs") including a public benefit Corporation
- The Inland Empire Facilities Corporation, created for the benefit of the County
- Inland Empire Solid Waste Authority
- San Bernardino County Financing Authority
- Crestline Financing Authority

The County is financially accountable for each of the above component units through the County's elected officials and descriptions of these component units are contained in subsequent sections of this Comprehensive Annual Financial Report. Financial accountability is demonstrated by the Board of Supervisors acting as the governing board for the component

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

unit. Because of their relationship with the County and the nature of their operations, each of the component units is, in substance, part of the County's operations and, accordingly, the activities of these component units are combined (blended) with the activities of the County for purposes of reporting in the accompanying basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Implementation of Governmental Accounting Standards Board (GASB) Statements

GASB Statement Nos. 34 & 37

In June 1999 and June 2001, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus*, respectively. These statements provide for the most significant change in financial reporting in over twenty years and began a phased implementation (based on the size of the government) starting with fiscal years ending 2002.

Statement No. 34 requires the preparation of government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by the fund or account group but distinguish between the governmental activities and business-type activities. Significantly, the County's statement of net assets will include both non-current and current assets and liabilities some of which were previously recorded in the General Fixed Asset Account Group and General Long Term Debt Account Group. Additionally, the County retroactively capitalized infrastructure assets that were acquired beginning with fiscal year ending June 30, 1924. The government-wide financial statement of activities also reflects depreciation expenses on the County's capital assets, including infrastructure.

In addition to the government-wide financial statements, the County has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. However, these statements have been reported using a major fund emphasis with the remainder of the funds combined into one column.

GASB Statement No. 38

In June 2001, the GASB issued Statement No. 38, *Certain Financial Statement Note Disclosure*. This statement modifies, adds and deletes various note disclosure requirements. Those requirements address revenue recognition policies, actions taken in response to legal violations, debt services requirements, variable-rate debt, receivable and payable balances, interfund transfers and balances, and short-term debt.

GASB Interpretation No. 6

In March 2000, the GASB issued Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This interpretation clarifies the application of standards for modified accrual recognition of certain liabilities and

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

(b) Basis of Presentation

Government – Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipient for goods or services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports only one major governmental fund:

- *The General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, Education, and Recreation and Cultural Services.

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

The County reports the following major enterprise funds.

- *The County Medical Center Fund* accounts for inpatient and outpatient care including emergency room services and indigent care to County residents. The fund is financed primarily by patient care services.
- *The Waste Systems Division Fund* accounts for refuse disposal services provided to the public by twenty landfill sites. The waste disposal program is financed by funds derived from gate fees at the San Bernardino Valley landfill sites and from land use fees charged to property owners in both the mountain and desert areas.

The County reports the following additional fund types in their fund financial statements:

- *Internal Service Funds* account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis.
- *The Investment Trust Fund* accounts for the pooled investments of numerous self-governed school and special districts for which cash and investments are held by the County Treasurer. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets, and the related fiduciary responsibility of the County for disbursements of these assets. Activities of the school districts and special districts are administered by their own separate elected boards and are independent of the County Board of Supervisors. The County Auditor/Controller makes disbursements upon the request of the responsible school and self-governed district officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial responsibility, establish revenue limits, nor to appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County.
- *The Agency Funds* account for assets held by the County as an agent for various local governments.

(c) Basis of Accounting

The government-wide, proprietary, and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and sales taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period, and recognized as revenue. The County considers items available if received within 9 months of year end, for voluntary non-exchange transactions such as federal and state grants. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds are used to account for business-type activities, which are financed mainly by fees and charges to users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

(d) Capital Assets And Long-Term Debt

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide Statement of Net Assets.

(e) Due From Other Governments

At June 30, 2002, the General Fund accrued \$140,879 of receivables from other governments, of which \$126,139 was due from the State of California. Of the amount owed by the State, \$19,110 was for Health Care Services, \$62,781 was for Public Social Services, \$36,387 was for motor vehicle license fees and sales tax monies, and the remaining \$7,861 was for other services. Amounts owed from cities for booking fees and other services were \$6,882. The remaining amount of \$7,858 was due from the federal government and other governmental agencies.

(f) Taxes and Accounts Receivable

Taxes receivable balance in the Governmental Activities column of the statement of net assets at June 30, 2002 is net of an allowance of doubtful accounts of \$957. The accounts receivable balance of the Medical Center Enterprise Fund at June 30, 2002 is net of an allowance for doubtful accounts of \$238,439. The accounts receivable balance of the Fire Protection Districts – Ambulance Fund at June 30, 2002 is net of an allowance for doubtful accounts of \$333. This fund is reflected as part of the enterprise funds on the statement of net assets.

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

(g) Deferred Revenue

In the fund financial statements, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2002, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental Activities			
General Fund			
Developer Deposits	\$ -	\$ 2,704	\$ 2,704
Property Tax Receivable	10,514		10,514
Due from governmental agencies	286	4,832	5,118
Nonmajor funds			
Property Tax Receivable	6,226	-	6,226
Due from governmental agencies	-	561	561
	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	<u>\$ 17,026</u>	<u>\$ 8,097</u>	<u>\$ 25,123</u>

(h) Cash and Cash Equivalents

For purposes of the statement of cash flows, the County considers all pooled investments and other highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

(i) Investments

The County's investments are governed by the California Government Code and the County's Investment Policy. These approved investments include U.S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements and reverse repurchase agreements as authorized by the Government Code Sections 53601, 53635 and 53638 which limit the investments to certain maximum percentages by investment type in the pool.

The County's investments and securities are reported at fair value based upon quoted market prices. Securities having no sales are valued based upon last reported bid prices. The County intends to either hold investments until maturity or until market values equal or exceed cost. The value of the various investments will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions.

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

(j) Inventories and Prepaid Items

Inventories, which consist principally of materials and supplies held for consumption, are valued at cost (first-in, first-out basis) for governmental fund types and at an amount which approximates the lower of average cost or market for proprietary fund types. Inventories of the governmental activities are accounted for as expenditures when the inventory items are consumed. In the fund financial statements, reported inventories are offset with a corresponding reservation of fund balance because these amounts are not available for appropriation and expenditure.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements.

(k) Property Taxes

The County levies, collects and apportions property taxes for all taxing jurisdictions within the County, including school and special districts. Property taxes are determined by applying approved rates to the assessed values of properties. The total 2001-02 gross assessed valuation of the County of San Bernardino was \$71,078 (after deducting \$17,384 for the redevelopment tax allocation increment).

Article XIII A of the State of California Constitution limits the property tax levy to support general government services of the various taxing jurisdictions to \$1.00 per \$100.00 of assessed value. Taxes levied to service voter-approved debt prior to June 30, 1978 are excluded from this limitation.

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on the March 1 lien date and become delinquent with penalties on August 31.

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. In the fund financial statements, property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred revenue when not received within sixty days after fiscal year-end. In the government-wide financial statements, property taxes are recorded as revenue when levied regardless of when the cash is collected.

(l) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roadways, bridges, roadway signage, guardrails, drainage systems, traffic lights, dams, and flood control), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000.00 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, equipment, and infrastructure of the primary government is depreciated using the straight line method over the following estimated useful lives:

Infrastructure	10 to 100 years
Structure and improvements	45 years
Equipment	5 to 15 years

The County has six networks of infrastructure assets – roads, runways/taxiways, water/sewer, lighting, drainage, and flood control.

(m) Employee Compensated Absences

Liabilities for vacation, holiday benefits, sick pay and compensatory time are accrued when incurred in the government-wide and proprietary fund financial statements. In the event of retirement or termination, an employee is paid 100% of accumulated vacation pay, and those with ten or more years of continuous services are paid 30% to 50% of their accumulated sick leave. Up to two times the annual vacation accrual rate may be carried over from one year to the next. In accordance with GASB Interpretation No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured, for example, as a result of employee resignations and retirements prior to year-end and are paid by the County subsequent to year-end.

(n) Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion interfund loans) or "Interfund receivables/payables" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Interfund receivables, as reported in the fund financial statements, are offset by the fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

(o) Use of Estimates

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – RESTATEMENT OF FUND EQUITY/NET ASSETS

Fund Reclassification

Agency Funds – During the current year, the County evaluated its agency funds and moved funds that did not meet the definition of an agency fund under GASB Statement No. 34 to the general fund, special revenues funds, and enterprise funds. The effect of adopting this standard was an increase the beginning fund balances at July 1, 2001, as presented in the table below, for the effect of recognizing revenue, which previously had been accounted for in the various agency funds. The adjustments are reported under the caption, *Trust and Agency Fund Reclassification*.

Contributed Capital

Historically, contributed capital has been reported as a separate item in the equity section of the balance sheet, to distinguish it from retained earnings. New contributed capital bypassed the operating statement and was reported as an addition to the beginning contributed capital balance. GASB 33 and 34 prescribes standards, which require the County to recognize capital contributions to proprietary funds as revenues in the operating statement, and not as a direct addition to equity. With the implementation of GASB 34, the County is required to restate the prior year's contributed capital balances to the beginning retained earnings. The adjustments are reported under the caption, *Contributed Capital*.

Revenue Recognition

The beginning fund balances of the funds described below have been increased due to the County's analysis of various deferred revenues. As such, the County and its component units determined items that met the availability criteria and are thus more appropriately revenues of a previous period.

	General Fund	Nonmajor Governmental Funds	Medical Center	Waste Systems Division	Nonmajor Enterprise Funds	Internal Service Funds	Investment Trust Fund
Beginning Fund Balance/retained earnings (deficit), as previously reported	\$ 125,219	\$ 258,563	\$ (63,638)	\$ (58,014)	\$ 38,314	\$ 24,172	\$ 1,288,867
Trust and Agency Fund Reclassification	81,420	16,035	1,159	-	-	-	(2,743)
Contributed Capital	-	-	40,567	3,587	37,326	3,746	-
Revenue Recognition	8,017	5,679	235	2,318	1,663	1,172	-
Beginning fund balance/retained earnings as restated	<u>\$ 214,656</u>	<u>\$ 280,277</u>	<u>\$ (21,677)</u>	<u>\$ (52,109)</u>	<u>\$ 77,303</u>	<u>\$ 29,090</u>	<u>1,286,124</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net assets are different from those reported for governmental funds in the balance sheet. The following provides a reconciliation of those differences.

	Total Governmental Funds (Page 38)	Long-Term Assets and Liabilities (1)	Internal Service Funds (2) (Page 41)	Eliminations	Statement of Net Assets Totals (Page 35)
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 448,157	\$ -	\$ 79,116	\$ -	\$ 527,273
INVESTMENTS	17,783	-	-	-	17,783
ACCOUNTS RECEIVABLE - NET	8,027	-	54	-	8,081
TAXES RECEIVABLE	20,915	-	-	-	20,915
INTEREST RECEIVABLE	1,949	-	529	-	2,478
LOAN RECEIVABLE	1,218	-	-	-	1,218
OTHER RECEIVABLES	1,638	-	-	-	1,638
DUE FROM OTHER FUNDS	72,043	-	615	(72,658)	-
DUE FROM OTHER GOVERNMENTS	160,308	-	913	11,938	173,159
INTERNAL BALANCES	-	-	-	39,009	39,009
INVENTORIES	2,111	-	1,829	-	3,940
PREPAID ITEMS	364	-	568	-	932
DEFERRED CHARGES	-	-	142	-	142
INTERFUND RECEIVABLE	928	-	19	(947)	-
RESTRICTED CASH AND INVESTMENTS	181,438	-	-	-	181,438
OTHER ASSETS	222	-	-	-	222
LAND, STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE	-	1,520,625	7,049	-	1,527,674
EQUIPMENT	-	134,465	58,529	-	192,994
ACCUMULATED DEPRECIATION AND AMORTIZATION	-	(647,306)	(44,655)	-	(691,961)
CONSTRUCTION IN PROGRESS	-	66,797	-	-	66,797
TOTAL ASSETS	\$ 917,101	\$ 1,074,581	\$ 104,708	\$ (22,658)	\$ 2,073,732
LIABILITIES					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	\$ 36,503	\$ -	\$ 4,027	\$ -	\$ 40,530
SALARIES AND BENEFITS PAYABLE	31,398	-	1,180	-	32,578
DUE TO OTHER FUNDS	20,221	-	1,740	(21,961)	-
DUE TO OTHER GOVERNMENTS	32,676	-	440	-	33,116
INTEREST PAYABLE	6,250	-	-	-	6,250
DEFERRED REVENUE	25,123	(15,784)	300	-	9,639
INTERFUND PAYABLE	672	-	25	(697)	-
COMPENSATED ABSENCES PAYABLE	-	73,507	2,467	-	75,974
BONDS AND NOTES PAYABLE	175,000	1,088,494	-	-	1,263,494
CAPITAL LEASE OBLIGATIONS	-	6,405	2,277	-	8,682
OTHER LONG TERM LIABILITIES	-	18,177	-	-	18,177
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	95,288	-	95,288
DEFERRED AMOUNT ON REFUNDING	-	(6,218)	-	-	(6,218)
PREMIUM	-	1,119	-	-	1,119
DISCOUNT	-	(381,242)	-	-	(381,242)
TOTAL LIABILITIES	327,843	784,458	107,744	(22,658)	1,197,387
FUND BALANCE/NET ASSETS:	589,258	290,123	(3,036)	-	876,345
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 917,101	\$ 1,074,581	\$ 104,708	\$ (22,658)	\$ 2,073,732

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

<p>(1) Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.</p> <p style="padding-left: 20px;">Land, Structures, Improvements, and Infrastructure</p> <p style="padding-left: 20px;">Equipment</p> <p style="padding-left: 20px;">Accumulated Depreciation and Amortization</p> <p style="padding-left: 20px;">Construction in Progress</p>	<p>\$ 1,520,625</p> <p>134,465</p> <p>(647,306)</p> <p>66,797</p> <hr style="width: 100%;"/> <p>\$ 1,074,581</p>
<p>(1) Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.</p>	<p>15,784</p>
<p>(1) Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds.</p> <p style="padding-left: 20px;">Compensated Absences Payable</p> <p style="padding-left: 20px;">Bonds and Notes Payable</p> <p style="padding-left: 20px;">Capital Lease Obligations</p> <p style="padding-left: 20px;">Other Long Term Liabilities</p> <p style="padding-left: 20px;">Deferred Amount on Refunding</p> <p style="padding-left: 20px;">Premium</p> <p style="padding-left: 20px;">Discount</p>	<p>(73,507)</p> <p>(1,088,494)</p> <p>(6,405)</p> <p>(18,177)</p> <p>6,218</p> <p>(1,119)</p> <p>381,242</p> <hr style="width: 100%;"/> <p>(800,242)</p> <hr style="width: 100%;"/> <p>\$ 290,123</p>
<p>(2) Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal</p>	<p>\$ (3,036)</p>

NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Budgetary information

In accordance with the provisions of Section 29000 – 29143 of the Government Code of the State of California, commonly known as the County Budget Act, the County prepares and adopts a budget on or before August 30, for each fiscal year. Budgets are adopted for the General Fund, certain Special Revenue Funds, and certain Capital Projects Funds. Budgets are prepared on the modified accrual basis of accounting, except that current year encumbrances are budgeted as expenditures.

Annual budgets are not adopted for the following funds: Community Services Department Special Revenue Fund, Pension Obligation Bonds Debt Service Fund and the Joint Powers Authorities Special Revenue, Debt Service and Capital Projects Funds.

The legal level of budgetary control is maintained at the object level and sub-object level for capital assets within departments. However, presentation of the basic financial statements at the legal level of control is not feasible due to excessive length. Because of the large volume of detail, the budget and the actual statements have been aggregated by function. The County does prepare a separate final budget document at the object and sub-object level that is made available to the public by the office of the Auditor/Controller.

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. From time to time during the year, supplemental appropriations were necessary and approved by the Board. Amendments or transfers of appropriations between object levels within the same department may be approved by the Board or the County Administrative Office. Transfers at the sub-object level or cost center level may be done at the discretion of the department head. Any deficiency of the budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided in the County Budget Act.

(b) Excess of Expenditures Over Appropriations

For fiscal year 2001-02, there were no instances in which expenditures exceed appropriations.

(c) Net Deficits of Individual Funds

The Medical Center net deficit of \$ 22,797 is expected to be eliminated in future years through rate increases and/or possible contributions from the General Fund.

The Waste System Division net deficit of \$ 44,977 is expected to be eliminated in future years through rate increases and non-operating interest earnings on investments.

The Risk Management Division incurred a net deficit of \$ 44,507 as a result of an adjustment that was made to align the County's claim liability with the current year actuarial report. The deficit is expected to be eliminated over the next five years through rate increases.

(d) Reconciliation of Budgetary Basis to GAAP Basis

The annual County Budget is prepared, approved and adopted in accordance with provisions of the County Budget Act. In preparing the budget, the County utilizes a basis of accounting which is different from the basis prescribed by generally accepted accounting principles ("GAAP"). The accompanying General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on Budgetary Basis presents comparisons of the legally adopted budget and the actual data on a budgetary basis. The following adjustments are necessary to provide a meaningful comparison of the actual results of operations with the budget:

	General Fund
Fund balance - budgetary basis	\$ 260,740
Outstanding encumbrances for budgeted funds	18,745
Fund balance - GAAP basis	\$ 279,485

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

Net Assets/Fund Balances

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets as well as any premium or discount paid on debt reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Examples of restricted net assets include federal and state grants that are restricted by grant agreements for specific purposes and restricted cash set aside for debt service payments. At June 30, 2002, the County reported restricted net assets of \$402,340 restricted for the following purposes:

Restricted for:

	<u>Amount</u>
Legally segregated special revenue funds for grants and other purposes	\$ 230,144
Debt Service	37,382
Capital project funds	41,772
Permanent funds	475
State Realignment Funds	<u>92,567</u>
	<u>\$ 402,340</u>

- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

Fund balances which are not available for appropriation at June 30, 2002 are reserved or designated for the following purposes:

Reserved Fund Balance

	Governmental Activities		
	General Fund	Nonmajor Funds	Total
Encumbrances	\$ 13,994	\$ 40,045	\$ 54,039
Prepaid Items	321	43	364
Noncurrent Interfund Receivables	925	3	928
Debt Service	-	37,382	37,382
Inventories	1,192	919	2,111
Loans Receivable	1,218	-	1,218
Deposits with Others	-	-	-
Teeter Plan	6,420	-	6,420
Total	<u>\$ 24,070</u>	<u>\$ 78,392</u>	<u>\$ 102,462</u>

Designated Fund Balance

	Governmental Activities	
	General Fund	Nonmajor Funds
General Purpose	\$ 30,228	\$ -
Medical Center Debt Service	31,992	-
Justice Facilities	4,955	-
West Valley Maximum Security	1,493	-
Future Retirement Rate	1,500	-
Teeter Plan	12,840	-
Restitution	8,859	-
Total Designated Fund Balance	<u>\$ 91,867</u>	<u>\$ -</u>

Unrestricted net assets at June 30, 2002, which have been earmarked for the following purposes:

	Enterprise	Internal Service
Site Closure and Maintenance	\$ 49,945	\$ -
Groundwater Detection Monitoring and Remediation	3,358	-
Vehicle/Equipment Replacement	-	9,528
Total	<u>\$ 53,303</u>	<u>\$ 9,528</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

NOTE 6 – CASH AND INVESTMENTS

Cash and investments include the cash balances of substantially all funds which are pooled (the "pool") and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7 – like pool. The pool does not issue a separate report. Included also are cash and investments held by certain joint powers authorities and cash held by various trustee financial institutions in accordance with the California Government Code.

DEPOSITS

At June 30, 2002, the carrying amount of the County's deposits was \$9,986 and the corresponding bank balance was \$180,917. The difference of \$170,931 was principally due to outstanding warrants, wires and deposits in transit. The County's deposits are categorized in the following manner:

Category 1 - Insured or collateralized with securities held by the County or by its agent in the County's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Category 3 - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name.

County deposits by category as of June 30, 2002 are as follows:

	Category			
	1	2	3	Total
Bank Accounts	<u>179,878</u>	<u>1,039</u>	<u>0</u>	<u>180,917</u>

INVESTMENTS

The County's investments are governed by the California Government Code and the County's Investment Policy. These approved investments include U.S. Government Treasury and Agency securities, bankers' acceptances, commercial paper, medium term notes, mutual funds, repurchase agreements and reverse repurchase agreements as authorized by Government Code Sections 53601, 53635 and 53638 which limit the investments to certain maximum percentages by investment type in the pool.

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

Monies deposited in the County pool by the participants represent an individual interest in all assets and investments in the County pool based upon the amount deposited. Interest income, realized gains and losses are distributed quarterly to the pool participants, based upon their average daily balance. Unrealized gains and losses are distributed annually to the pool participants, based upon their average daily balance.

The County Treasurer determines the market-to-book value difference of the County pool on a monthly basis and provides monthly reports of its asset mix, average life, market value and other features to both the Board of Supervisors and the County Investment Oversight Committee. The function of the Committee is to render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically they are charged with: 1) reviewing of the annual Investment Policy Statement and any subsequent changes, 2) reviewing of the investment portfolio and reports for compliance with law and investment policy, and 3) causing an annual audit to be conducted on the pooled investment portfolio.

State law now requires that all operating monies of the County, school districts, and certain special districts be held by the County Treasurer. The net asset value associated with legally mandated participants in the asset pool was \$1,249,555 at June 30, 2002.

As of June 30, 2002, the fair value of the County pool was \$2.2 billion. Approximately 15% of the County pool is attributable to the County General Fund, with the remainder of the balance comprised of other County funds, school districts and special districts. Additionally, as of June 30, 2002, \$88,958 of the amounts deposited in the County pool was attributable to depositors who are not required to, but choose to, invest in the County pool.

A summary of the investments held by the County Treasurer is as follows:

Investment	Fair Value	Cost	Interest Rate % Range	Maturity Date
U.S. Government Securities	\$ 1,210,473	\$ 1,195,813	2.25 - 7.32	07/01/02 - 05/17/06
Repurchase Agreements	350,002	350,000	1.94 - 2.07	07/01/02
Municipal Bonds	12,692	12,268	5.44 - 5.55	08/01/05
Collateralized Certificates of Deposit	10,002	10,000	1.89	09/09/02
Negotiable Certificates of Deposit	202,593	202,100	1.77 - 3.97	07/02/02 - 05/30/02
Commercial Paper	134,905	134,779	1.77 - 1.86	07/02/02 - 08/05/02
Medium Term Notes	125,430	125,575	4.25 - 7.88	09/03/02 - 11/01/03
Mutual Funds	223,000	223,000	N/A	N/A
	<u>\$ 2,269,097</u>	<u>\$ 2,253,535</u>		

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2001:

Statement of Net Assets

Equity of internal pool participants	\$ 930,584
Equity of external pool participants:	
Voluntary	88,958
Involuntary	<u>1,249,555</u>
Total Net Assets held for pool participants	<u>\$ 2,269,097</u>

Statement of Changes in Net Assets

Net Assets at July 1, 2001	\$ 2,105,550
Net change in investments by pool participants	<u>163,547</u>
Net Assets at June 30, 2002	<u>\$ 2,269,097</u>

In accordance with GASB Statement No. 3, the County's investments at June 30, 2002 are categorized separately to give an indication of the level of custodial credit risk assumed by the County. The County's investments are categorized in the following manner:

- Category 1 - Includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name.
- Category 2 - Includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the County's name.
- Category 3 - Includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent, but not in the County's name.

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

County investments by category as of June 30, 2002 are as follows:

	Category			Fair Value
	1	2	3	
U.S. Government Securities	\$ 1,210,473	\$ -	\$ -	\$ 1,210,473
Repurchase Agreements	350,002	-	-	350,002
Municipal Bonds	12,692	-	-	12,692
Collateralized Certificates of Deposit	10,002	-	-	10,002
Negotiable Certificates of Deposit	202,593	-	-	202,593
Commercial Paper	134,905	-	-	134,905
Medium Term Notes	125,430	-	-	125,430
Total Investments Controlled by County Treasurer	<u>2,046,097</u>	<u>-</u>	<u>-</u>	<u>2,046,097</u>
Investments Controlled by Fiscal Agents:				
U.S. Government Securities	2,995	130,876	-	133,871
Total Categorized Investments	<u>\$ 2,049,092</u>	<u>\$ 130,876</u>	<u>\$ -</u>	<u>\$ 2,179,968</u>

Summary of Cash and Investments (in thousands):

Total Categorized Investments at Fair Value	\$ 2,179,968
Total Deposits at Carrying Amount	9,986
Other Cash Funds (Imprest, Revolving)	747
Non-Categorized Mutual Funds	251,119
Non-Categorized Investments in Cash with Fiscal Agents (Guaranteed Investment Contracts)	66,252
Total Cash and Investments (Including Restricted Amounts)	<u>\$ 2,508,072</u>

Total County Cash and Cash Equivalents, Investments and Restricted Cash and Investments and Restricted Cash and Investments are reported as follows (in thousands):

Total Governmental Activities	\$ 726,667
Total Business-Type Activities	188,072
Total Agency Funds	1,593,333
Total Cash and Investments	<u>\$ 2,508,072</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

NOTE 7 – INTERFUND TRANSACTIONS

Due to/from other funds at June 30, 2002 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 3,875
	Medical Center	35,735
	Waste Systems Division	5,372
	Nonmajor Enterprise Funds	48
	Internal Service Funds	233
	Investment Trust Funds	245
	Agency Funds	7,074
		<u>52,582</u>
Nonmajor Governmental Funds	General Fund	1,438
	Nonmajor Governmental Funds	9,972
	Medical Center	885
	Waste Systems Division	120
	Nonmajor Enterprise Funds	58
	Internal Service Funds	1,507
	Investment Trust Funds	726
	Agency Funds	4,755
	<u>19,461</u>	
Medical Center	General Fund	2,947
	Agency Funds	176
		<u>3,123</u>
Waste Systems Division	General Fund	1
	Nonmajor Governmental Funds	2
	Agency Funds	362
		<u>365</u>
Nonmajor Enterprise Funds	General Fund	12
	Nonmajor Governmental Funds	202
	Agency Funds	367
		<u>581</u>
Internal Service Funds	General Fund	159
	Nonmajor Governmental Funds	47
	Agency Funds	409
		<u>615</u>
Investment Funds	Agency Funds	12,228
		<u>12,228</u>
Agency Funds	General Fund	1,566
		<u>1,566</u>
Spical Assessment Funds	Agency Funds	26
		<u>26</u>
	Total	<u><u>\$ 90,547</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, (2) move receipts identified for debt services from the funds collecting the receipts to the debt service funds as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

The balance of \$35,735 due to the General Fund from the Medical Center is the result of temporary cash flow loans to cover temporary cash deficits in the Medical Center and the funds are expected to be collected at the beginning of the next fiscal year.

The balance of \$5,372 due to the General Fund from Waste Systems Division resulted from accrued operating transfers.

Interfund Receivable/Payable at June 30, 2002 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds Nonmajor Enterprise Funds Internal Service Funds	400 500 25 <u>925</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>3</u> <u>3</u>
Internal Service Funds	Nonmajor Governmental Funds	<u>19</u> <u>19</u>
Agency Funds	Nonmajor Governmental Funds	<u>250</u> <u>250</u>
Total		<u><u>1,197</u></u>

Transfers To/From Other Funds for the year ended June 30, 2002 are as follows:

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

(a) Between Governmental and Business-type Activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Medical Center	\$ 18,167
		<u>18,167</u>
Nonmajor Governmental Funds	Medical Center	1,264
	Nonmajor Enterprise Funds	4
		<u>1,268</u>
Internal Service Funds	Nonmajor Governmental Funds	523
		<u>523</u>
Medical Center	Nonmajor Governmental Funds	1,928
		<u>1,928</u>
Waste Systems Division	General Fund	6,000
	Nonmajor Governmental Funds	60
		<u>6,060</u>
Nonmajor Enterprise Funds	General Fund	3
	Nonmajor Governmental Funds	1,713
		<u>1,716</u>
	Total	<u>\$ 29,662</u>

(b) Between Funds within the Governmental or Business-type Activities (1)

General Fund	Nonmajor Governmental Funds	60,902
		<u>60,902</u>
Nonmajor Governmental Funds	General Fund	19,299
	Nonmajor Governmental Funds	18,091
		<u>37,390</u>
Total		<u>\$ 98,292</u>

(1) These transfers were eliminated in the consolidation, by column, for the Governmental and Business Type Activities.

Amounts transferred out of the General Fund to the Medical Center are the result of transferring funds to cover prior year operating costs, and providing funds for debt service payments.

Amounts transferred from the General Fund to Nonmajor Governmental Funds are the results of reimbursing and providing subsidies to Capital Improvement Projects, and the result of the joint powers authorities' debt service payments.

Amounts transferred out of the Nonmajor Governmental Funds to the General Fund are a result of the annual operating transfers from the temporary courthouse funds to the General Fund.

Amounts transferred out of the General Fund and Nonmajor Governmental Funds respectively to Nonmajor Governmental Funds are the result of the pension obligation bond debt service payments.

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

NOTE 8 – RESTRICTED CASH AND INVESTMENTS

Cash and cash equivalents that are restricted by legal or contractual requirements at June 30, 2002 are comprised of the following:

The General Fund

The General Fund has restricted cash and cash equivalents in the amount of \$181,318 for the repayment of the Tax and Revenue Anticipation Notes ("TRANS"), and the interest thereon due July 1, 2002.

Special Revenue Funds

Flood Control District:

The Flood Control District has set aside \$120 of cash and cash equivalents to be used for the construction of the Etiwanda/San Sevaine and Day Creek Projects.

Enterprise Funds

Medical Center:

Restricted cash and cash equivalents of \$57,640 represent funds set aside for construction costs and debt service payments.

Waste System Division:

Restricted cash and cash equivalents of \$96,689 represent funds set aside as specified by bond covenants and for a waste water treatment facility, groundwater detection, treatment and remediation, and for State mandated site closure and maintenance costs.

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2002 was as follows:

	Balance July 1, 2001 (as restated)	Additions	Decreases	Balance June 30, 2002
Governmental Activities				
Capital assets, non-depreciable:				
Land	\$ 49,873	\$ 347	\$ 16	\$ 50,204
Construction in progress	33,225	37,266	3,694	66,797
Total assets, non-depreciable	<u>83,098</u>	<u>37,613</u>	<u>3,710</u>	<u>117,001</u>
Capital Assets, depreciable:				
Improvements other than Buildings	103,025	4,607	59	107,573
Structures and Improvements	407,034	5,082	771	411,345
Equipment	178,945	29,558	15,509	192,994
Infrastructure	939,132	19,420	-	958,552
Total assets-depreciable	<u>1,628,136</u>	<u>58,667</u>	<u>16,339</u>	<u>1,670,464</u>
Less accumulated depreciation for :				
Improvements other than Buildings	44,339	2,630	59	46,910
Structures and Improvements	101,839	9,219	771	110,287
Equipment	113,503	19,788	13,340	119,951
Infrastructure	392,691	22,122	-	414,813
Total accumulated depreciation	<u>652,372</u>	<u>53,759</u>	<u>14,170</u>	<u>691,961</u>
Total capital assets, depreciable, net	<u>975,764</u>	<u>4,908</u>	<u>2,169</u>	<u>978,503</u>
Governmental activities capital assets, net	<u>\$ 1,058,862</u>	<u>\$ 42,521</u>	<u>\$ 5,879</u>	<u>\$ 1,095,504</u>
Business-type Activities				
Capital assets, non-depreciable:				
Land	\$ 37,355	\$ 1	\$ 288	\$ 37,068
Construction in progress	18,052	2,001	16,934	3,119
Total assets, non-depreciable	<u>55,407</u>	<u>2,002</u>	<u>17,222</u>	<u>40,187</u>
Capital Assets, depreciable:				
Improvements other than Buildings	175,082	18,789	-	\$ 193,871
Structures and Improvements	520,247	-	-	520,247
Equipment	99,225	1,274	662	99,837
Total capital assets-depreciable	<u>794,554</u>	<u>20,063</u>	<u>662</u>	<u>813,955</u>
Less accumulated depreciation for :				
Improvements other than Buildings	60,842	17,875	-	78,717
Structures and Improvements	83,277	25,601	986	107,892
Equipment	4,882	555	625	4,812
Total accumulated depreciation	<u>149,001</u>	<u>44,031</u>	<u>1,611</u>	<u>191,421</u>
Total capital assets, depreciable, net	<u>645,553</u>	<u>165</u>	<u>(949)</u>	<u>622,534</u>
Business-type activities capital assets, net	<u>\$ 700,960</u>	<u>\$ 2,167</u>	<u>\$ 16,273</u>	<u>\$ 662,721</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

At July 1, 2001, the County made the following restatements to capital assets:

<u>Governmental Activities Capital Assets</u> as reported in the General Fixed Assets Account Group – June 30, 2001	\$ 710,184
Record infrastructure assets, net of accumulated depreciation of \$414,816	546,441
Record capital assets previously recorded under proprietary fund, net of depreciation of \$44394	17,497
Record restatement of beginning balance on capital assets - to record capital assets not previously reported.	33
Record accumulated depreciation for Improvements other than Buildings, Structures and Improvements, and Equipment	(215,293)
Record equipment previously not reported as a capital asset	
	<hr/>
Governmental activities capital assets as restated – July 1, 2001	<u>\$ 1,058,862</u>

<u>Business-type Activities Gross Capital Assets</u> as reported in the enterprise funds - June 30, 2001	\$ 849,296
Record equipment previously not reported as a capital asset	665
Business-type activities capital assets as restated – July 1, 2001	<u>\$ 849,961</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 1,935
Public Protection	15,829
Public Ways and Facilities	25,811
Health and Sanitation	665
Public Assistance	2,579
Education	195
Recreation and Cultural Services	948
	<hr/>
Total depreciation expense - governmental functions	<u>\$ 47,962</u>

Depreciation expense was charged to the business-type functions as follows:

Medical Center	\$ 24,253
Waste Systems Divison	17,195
Nonmajor Funds	2,583
	<hr/>
Total depreciation expense - business type functions	<u>\$ 44,031</u>

Construction in Progress

Construction in Progress consists of thye following projects

Chino airport and Other Airport Projects
Juvenile Hall Housing Facility Remodel
Various Flood Control Projects
Other Various Projects

Total

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
\$ 21,145	\$ -
13,562	-
9,176	-
22,914	3,119
	<hr/>
<u>\$ 66,797</u>	<u>\$ 3,119</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

NOTE 10 – SELF INSURANCE

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability and workers' compensation claims. Public liability claims are self-insured for up to \$250,000.00 per occurrence. Excess insurance coverage up to \$30 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority ("EIA") Liability Program II. Workers' compensation claims are self-insured up to \$1 million per occurrence and covered by an independent carrier for the balance up to \$2 million for employer's liability and for workers' compensation statutory liability. Property damage claims are self-insured on an occurrence basis up to \$25,000.00 and insured by the CSAC EIA Property Programs I and II.

The County supplements its self-insurance for medical malpractice claims with an insurance policy that provides annual coverage on an occurrence basis with deductibles of \$1,000 for each claim and \$5,000 for total annual claims. Maximum coverage under the policy is \$20 million per occurrence with an additional \$30 million in limits provided by the CSAC EIA General Liability II Program.

The activities related to such programs are accounted for in the Risk Management Fund (an Internal Service Fund) except for unemployment insurance and employee dental insurance which are accounted for in the General Fund. The liabilities included in the Risk Management Fund are based upon the results of actuarial studies and include amounts for claims incurred but not reported and allocated loss adjustment expense. The liabilities for these claims are reported using a discounted rate of 5.00%.

The County has an investment agreement with National Westminster Bank to finance the self-insured general liability, automobile liability, workers' compensation and medical malpractice programs. Quarterly disbursements are received by the County for fund reserves and payment of claims. The County's investment in the agreements totaled \$42,590 at June 30, 2002.

The claims liability of \$95,288 reported at June 30, 2002 is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount in fiscal years 2001 and 2002 were:

Fiscal Year	Beginning of	Current Year		Balance at Fiscal Year-end
	Fiscal Year Liability	Claims and Changes in Estimates	Claims Payments	
2000-01	\$ 52,853	13,384	(5,065)	\$ 61,172
2001-02	61,172	61,832	(27,716)	95,288

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

NOTE 11 – LONG TERM DEBT

The following is a summary of long-term liability transactions for the year ended June 30, 2002:

	Restated Balance July 1, 2001	Additions	Reductions	Ending Balance June 30, 2002	Due Within One Year
Governmental Activities					
Certificates of Participation, net	\$ 254,570	\$ 113,441	\$ 118,255	\$ 249,756	\$ 6,555
Revenue Bonds, net	425,978	13,725	8,805	430,898	10,805
Other Bonds and Notes	19,770	1,984	255	21,499	311
Compensated Absences	88,038	61,442	73,506	75,974	65,000
Capital Lease Obligation	8,296	4,142	3,756	8,682	3,856
Estimated Liability for Litigation and Self-Insured Claims	61,172	61,832	27,716	95,288	29,880
Other Long-Term Liabilities	14,687	4,023	533	18,177	255
Total Governmental Activities - Long- term Liabilities	\$ 872,511	\$ 260,589	\$ 232,826	\$ 900,274	\$ 116,662
Business-type Activities					
Certificates of Participation, net	\$ 639,409	\$ 2,543	\$ 19,895	\$ 622,057	\$ 20,850
General Obligation Bonds	3,365	4	390	2,979	325
Revenue Bonds, net	98,984	238	4,390	94,832	4,730
Notes	1,647		91	1,556	85
Compensated Absences	6,102	6,581	6,894	5,789	5,625
Capital Lease Obligation	1,144	-	475	669	380
Estimated Liability for Closure/ Postclosure Care Costs	177,066	36,033	44,183	168,916	11,501
Total Business-type Activities - Long- term Liabilities	\$ 927,717	\$ 45,399	\$ 76,318	\$ 896,798	\$ 43,496

Other Long-Term Liabilities include \$11,008 relating to construction of the San Sevaine Creek Water Project, \$5,765 relating to the San Timoteo Creek Project, \$378 of loans from special districts and \$1,026 of rebatable arbitrage earnings. The United States Treasury's rebate regulations, issued May 12, 1989, state that excess investment earnings (calculated in accordance with the regulations) must be submitted to the federal government at the end of each installment computation period (being five bond years). In accordance with each trust agreement, the trustee transfers from the Earnings Fund to the Rebate Fund, for purposes of ultimate rebate to the United States Treasury, an amount equal to the excess investment earnings. This calculation is performed every bond year.

At June 30, 2002 the \$11,008 is owed to the United States Department of the Interior, Bureau of Reclamation, for construction of the San Sevaine Creek Water Project, and the \$5,765 is owed to the United States Army Corp of Engineers (\$5,000) and the City of Loma Linda Redevelopment Agency (\$765) for the construction of the San Timoteo Creek Project. Amounts owed to the Bureau of Reclamation are determined annually until the project is completed (approximately 7 years) based on costs incurred but not exceeding \$20 million. After the project completion, the County has 15 years to pay back the liability along with 7% interest. The loan payable to the United States Army Corp of Engineers will be paid back over 15 years after the

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

completion of the project and interest will be charged at the federal prime rate in effect upon the completion of the project. The loan payable of \$765 to the City of Loma Linda Redevelopment Agency is non-interest bearing and will be paid back over the next 3 years.

A summary of bonds and notes payable recorded in the governmental activities and payable from Debt Service Funds is as follows:

Certificates of Participation	Interest Rates (%)	Issue Date	Maturity Date	Original Issue Amount	Outstanding as of 6-30-02
West Valley Detention Center (1992)	3.50 to 6.50	05-01-92	10-15-18	\$ 117,770	\$ 55,625
Glen Helen Blockbuster (Series C)	VARIABLE	12-01-94	03-01-24	7,380	6,210
Glen Helen Blockbuster (Series D)	VARIABLE	12-06-95	03-01-24	16,510	13,125
Glen Helen Blockbuster (Series E)	VARIABLE	12-06-95	03-01-24	4,430	3,725
Capital Improvement Refinancing (1996)	VARIABLE	06-21-96	11-01-25	9,200	8,600
County Center Refinancing (1996)	VARIABLE	07-11-96	07-01-15	39,600	33,200
Public Improvement Project (1997)	3.85 to 5.00	10-01-97	10-01-25	17,790	16,195
West Valley Detention Center (2001 A)	3.50 to 4.60	10-25-01	11-01-18	8,365	8,365
West Valley Detention Center (2001 B)	3.50 to 5.00	10-25-01	11-01-12	42,075	41,710
Justice Center/Airport Improvement	3.00 to 5.00	03-01-02	07-01-16	68,100	68,100
					<u>254,855</u>
Deferred Amount on Refunding:					
West Valley Detention Center (2001 B)					(3,101)
Justice Center/Airport Improvement					(3,117)
Premium(Discounts):					
West Valley Detention Center (2001 B)					639
Justice Center/Airport Improvement					480
Net Certificates of Participation					<u>249,756</u>
Revenue Bonds					
Pension Obligation (1995)	5.68 to 7.72	11-22-95	08-01-21	386,266	812,140
(Discounts)					(381,242)
Net Revenue Bonds					<u>430,898</u>
Other Bonds and Notes					
San Sevaine Redevelopment Bonds	5.30 to 6.85	03-01-00	09-01-29	19,770	19,515
County Library	3.41	07-18-01	02-01-31	1,982	1,984
Subtotal					<u>21,499</u>
Total Bonds And Notes Payable					<u>\$ 702,153</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

A summary of bonds and notes payable recorded in the business-type activities is as follows:

Medical Center	Interest Rates (%)	Issue Date	Maturity Date	Original Issue Amount	Outstanding as of 6-30-02
Certificates of Participation:					
Medical Center Project (Series 1994)	4.60 to 7.00	02-01-94	08-01-28	\$ 283,245	\$ 203,950
Medical Center Project (Series 1995)	4.80 to 7.00	06-01-95	08-01-22	363,265	137,935
Medical Center Project (Series 1996)	5.00 to 5.25	01-01-96	08-01-28	65,070	65,070
Medical Center Project (Series 1997)	4.30 to 5.50	09-01-97	08-01-08	121,095	98,645
Medical Center Project (Series 1998)	4.1895	10-22-98	08-01-26	176,510	176,510
					<u>682,110</u>
Less:					
Deferred Amount on Refunding					(45,257)
Discounts					(14,796)
Net Certificates of Participation					<u>622,057</u>
County Service Areas					
General Obligation Bonds:					
Spring Valley Lake Sewer Facilities:					
Series A	6.50 to 6.75	02-15-72	02-15-02	1,300	15
Series B	6.10 to 6.15	04-01-74	04-01-04	1,000	195
Helendale Sewer Facilities:					
Series A	5.00	06-01-78	06-01-98	1,550	5
Helendale Water Facilities:					
Series B	7.00	09-01-82	06-01-97	1,450	5
Pinion Hills Water Distribution:					
Series A	5.00	03-01-78	03-01-18	1,708	1,074
Series B	5.00	03-01-78	03-01-18	275	160
Series C	9.00 to 11.00	11-01-84	03-01-05	1,518	475
Landers Water Distribution System	5.00	06-01-79	06-01-19	1,540	1,045
Oak Hills Water Distribution Facilities	7.00	09-01-74	09-01-94	750	5
Subtotal					<u>2,979</u>
Notes Payable:					
Morongo Valley Water Facilities (Note)	4.50	05-06-64	05-06-04	50	6
Hacienda Water Facilities	5.00	07-14-67	07-14-07	114	29
Crestline Sanitation District		11-01-95	10-01-17	2,160	1,457
Morongo Valley Water Facilities (Loan)		08-17-99	08-17-04	40	64
Subtotal					<u>1,556</u>
Waste Systems Division					
Revenue Bonds:					
Landfill Closure Financing Project	6.04 to 7.55	06-01-96	02-01-03	25,390	4,730
Landfill Improvement Refinancing	VARIABLE	12-01-99	08-01-16	92,120	92,120
					<u>96,850</u>
Less:					
Deferred Amount on Refunding					(2,018)
Net Revenue Bonds					<u>94,832</u>
Total Business-type Activities					<u>\$ 721,424</u>

Not included above, but carried in the Debt Service Fund, are \$20 in matured bearer bonds payable for the Chino Civic Center Authority, a JPA that financed the Chino library facility.

General Obligation Bonds are issued to provide funds for the acquisition and construction of major capital facilities. These bonds are backed by the full faith and credit of the County, and revenue for the retirement of such bonds is provided by ad valorem taxes on property within the jurisdiction of the governmental unit issuing the bonds.

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

Certificates of Participation (COP) are secured by annual lease payments payable by the County for use of the facilities constructed or acquired from the COP proceeds. The County has created nonprofit organizations and joint powers authorities to issue the Certificates. The County leases various projects from the authorities. The lease payments are used by the authorities to pay interest on, and principal of, the COPs.

The Certificates of Participation contain certain bond covenants, which are deemed by the County to be duties imposed by law. The County must include the applicable lease-purchase payments due each year in its annual budget and make the necessary appropriations. The County is also covenanted to maintain certain levels of liability, property damage, casualty, rental interruption and earthquake insurance in connection with each lease-purchase agreement. The County is in compliance with all significant financial restrictions and requirements as set forth in its various debt covenants.

In prior years, the County has defeased certain Certificates of Participation by placing the proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the County's basis financial statements. At June 30, 2002, approximately \$369,125 of outstanding debt is considered defeased.

The joint powers authorities have issued revenue bonds, with a June 30, 2002 outstanding balance of \$452,033 for the purpose of enabling the County to acquire certain qualified obligations to finance outstanding pension indebtedness, to provide reimbursement for the cost of land, buildings, equipment and other public capital improvements within the County. The obligations may be in the form of assessment district bonds, community facilities district (or Mello-Roos) bonds, general obligation bonds, revenue bonds, notes, or lease-purchase agreements.

In prior years, the County has defeased certain revenue bonds by liquidating investments held and placing the proceeds in an irrevocable trust to provide for all future debt service payments on the bonds. At June 30, 2002, all defeased revenue bonds had been paid off.

The following is a schedule of principal debt service requirements to maturity as of June 30, 2002 for bonds and notes payable in the governmental activities:

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

<u>Years Ending June 30</u>	<u>Certificates of Participation</u>	<u>Revenue Bonds</u>	<u>Other Long-Term Debt</u>	<u>Total</u>
2003	\$ 6,555	\$ 10,805	\$ 311	\$ 17,671
2004	10,800	13,020	322	24,142
2005	10,180	15,480	344	26,004
2006	12,585	18,200	360	31,145
2007	13,115	21,200	382	34,697
2008-2012	74,885	162,965	2,256	240,106
2013-2017	87,665	250,895	3,032	341,592
2018-2022	30,730	319,575	4,154	354,459
2023-2027	8,340		5,755	14,095
2028-2032			4,583	4,583
Total Principal	254,855	812,140	21,499	1,088,494
Plus Premium	1,119			1,119
Less:				0
Deferred Amount				0
on Refunding	(6,218)			(6,218)
Discount		(381,242)		(381,242)
Total Bonds and Notes Payable	<u>\$ 249,756</u>	<u>\$ 430,898</u>	<u>\$ 21,499</u>	<u>\$ 702,153</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2002 for bonds and notes payable in the governmental activities:

<u>Years Ending June 30</u>	<u>Certificates of Participation</u>	<u>Revenue Bonds</u>	<u>Other Long-Term Debt</u>	<u>Total</u>
2003	\$ 9,318	\$ 16,211	\$ 1,395	\$ 26,924
2004	9,365	15,440	1,379	26,184
2005	8,991	14,500	1,362	24,853
2006	8,640	13,377	1,344	23,361
2007	8,235	12,053	1,324	21,612
2008-2012	34,001	31,519	6,267	71,787
2013-2017	18,333		5,491	23,824
2018-2022	3,080		4,361	7,441
2023-2027	434		2,769	3,203
2028-2032			635	635
Total Interest	<u>\$ 100,397</u>	<u>\$ 103,100</u>	<u>\$ 26,327</u>	<u>\$ 229,824</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

The following is a schedule of principal debt service requirements to maturity as of June 30, 2002 for bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Revenue Bonds	Total
2003	\$ 20,850	\$ 364	\$ 85	\$ 4,730	\$ 26,029
2004	21,890	345	87	4,930	27,252
2005	23,060	280	88	5,185	28,613
2006	24,350	110	89	5,445	29,994
2007	25,735	115	91	5,720	31,661
2008-2012	103,800	660	513	33,185	138,158
2013-2017	96,705	820	497	37,655	135,677
2018-2022	125,900	285	106		126,291
2023-2027	162,500				162,500
2028-2032	77,320				77,320
Total Principal	682,110	2,979	1,556	96,850	783,495
Less:					
Deferred Amount on Refunding	(45,257)			(2,018)	(47,275)
Discount	(14,796)				(14,796)
Total Bonds and Notes Payable	<u>\$ 622,057</u>	<u>\$ 2,979</u>	<u>\$ 1,556</u>	<u>\$ 94,832</u>	<u>\$ 721,424</u>

The following is a schedule of interest expense requirements to maturity as of June 30, 2002 for bonds and notes payable in the business-type activities:

Years Ending June 30	Certificates of Participation	General Obligation Bonds	Notes Payable	Revenue Bonds	Total
2003	\$ 34,578	\$ 172	\$ 32	\$ 2,065	\$ 36,847
2004	33,538	146	30	1,796	35,510
2005	32,367	121	28	1,700	34,216
2006	31,076	100	26	1,599	32,801
2007	29,694	94	24	1,493	31,305
2008-2012	128,115	378	91	5,676	134,260
2013-2017	103,685	198	43	2,100	106,026
2018-2022	75,083	19	2		75,104
2023-2027	38,725				38,725
2028-2032	3,843				3,843
Total Interest	<u>\$ 510,704</u>	<u>\$ 1,228</u>	<u>\$ 276</u>	<u>\$ 16,429</u>	<u>\$ 528,637</u>

Non-Obligation Debt

The County issues Single Family Mortgage Revenue Bonds to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed and existing single-family residences. Additionally, the County issues Multi-Family Mortgage Revenue Bonds to finance the construction of multi-family apartment projects in the County. These programs assist persons and families of low and moderate income within the County to afford the costs of

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

decent, safe and sanitary housing. The bonds will be payable solely from and secured by a pledge of payment received on the acquired mortgage loans, certain insurance with respect thereto, and other monies pledged under the bond resolution. The bonds do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

The County acts as an agent for the property owners benefited by the projects financed from special assessment bond proceeds, in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if appropriate. Special assessment bonds (\$3,432 at June 30, 2002) do not represent a liability of the County and, as such, do not appear in the accompanying basic financial statements.

NOTE 12 – ADVANCE REFUNDINGS

Construction and Improvement Project: The County issued Certificates of Participation in the amount of \$68,100, consisting of \$61,575 Series 2002A Certificates and \$6,525 Taxable Series 2002A-T the "2002 Certificates" dated March 1, 2002. Interest rates range from 3.00 percent to 5.00 percent with July 1, 2016 final maturity date. The Certificates are not subject to optional prepayments prior to maturity.

The proceeds available for advance refunding of the remaining outstanding Prior Certificates issued in 1992 were used to purchase government securities, and those securities were deposited in an irrevocable trust with an escrow agent, to provide debt service until the remaining outstanding prior Certificates mature. The advance refunding met the requirements of an in-substance defeasance and the remaining outstanding prior Certificates were removed from a liability of the County. As of June 30, 2002, the amount of debt outstanding, but removed from the corporation's accounting records amounted to \$66,130.

As a result of the advance refunding, the County has reduced its debt requirements by \$4,412. This results in an economic gain (difference between the present value of debt service payments in the old and new debt) of \$4,365.

West Valley Detention Center Project: On October 25, 2001 the County issued "2001 Series B" Certificates of Participation in the amount of \$42,075,000. The 2001 Series B Certificates bear interest rates from 3.50 percent to 4.00 percent.

The 2001 Series B Certificates are subject to optional prepayment prior to the maturity on or after November 1, 2011 at the option of the County as a whole or in part on any interest payment date, at the following premiums, plus accrued but unpaid interest to the prepayment date:

<u>Prepayment Period</u>	<u>Premium</u>
November 1, 2011 through October 31, 2012	2%
November 1, 2012 through October 31, 2013	1%
November 1, 2013 and thereafter	0%

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

The proceeds available for refunding of the outstanding 1992 Certificates were used to reimburse Bear, Sterns and Co, Inc for funds advanced by it for the purchase of \$39,825 of the outstanding 1992 Certificates. The purchased Certificates were then canceled.

As a result of the advance refunding, the County has potentially reduced its debt requirements by \$3,543. This results in an economic gain (difference between the present value of debt service payments in the old and new debt) of \$3,182.

NOTE 13 – LEASES

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met.

Equipment and related accumulated amortization under capital lease are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Equipment	\$ 16,129	\$ 96
Less: Accumulated depreciation	(7,514)	(96)
Total	\$ 8,615	\$ -

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2002, were as follows:

Year Ending June 30:	Governmental Activities	Business-type Activities
2003	\$ 3,885	\$ 415
2004	2,342	299
2005	1,164	-
2006	780	-
2007	715	-
2008-2012	748	-
Total Minimum Lease Payments	9,634	714
Less: Amount Representing Interest	(952)	(45)
Present Value of Minimum Lease Payments	\$ 8,682	\$ 669

Operating Leases

The following is a schedule by years of future minimum rental payments, principally for the General Fund, required under operating leases entered into by the County that have initial or remaining non-cancelable lease term in excess of one year as of June 30, 2002:

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

<u>Year Ending June 30,</u>	
2003	\$ 26,931
2004	22,889
2005	19,270
2006	13,078
2007	11,971
2008-2012	29,894
2013-2017	<u>1,367</u>
Total Minimum Payments	<u>\$ 125,400</u>

The County incurred rental expenditures of \$23,759, principally in the General Fund, for the year ending June 30, 2002.

NOTE 14 – COLLATERIZED FACILITIES

The following County Facilities have been pledged as collateral in certain County financing transactions:

<u>Facilities</u>	<u>Cost</u>
Foothill Law and Justice	\$ 42,642
Victorville Law Center	8,644
West Valley Detention Center	146,327
Public Health Bldg	1,102
Courthouse & Annex	9,450
Mid-Valley Landfill	59,260
West Valley Juvenile Detention Center	5,077
Information Services Bldg	500
Glen Helen Rehabilitation Center	10,486
Sheriff's Academy	5,539
Central Jail	10,819
Offices and Bindery	4,247
Vehicle Services Garage	3,469
Coroner's Office	1,212
Fontana Government Center	566
Fontana Government Center	2,274
Arrowhead Regional Medical Center	490,481
Sheriff Emergency Vehicle OC	1,491
Hall of Records (New)	12,666
Hall of Records (Old)	2,054
Glen Helen Pavilion Amphitheater	26,174
Civic Center	5,117
Sheriff's Admin Bldg	13,416
County Gov Center	<u>25,711</u>
	<u>\$ 888,724</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

NOTE 15 – MEDICARE AND MEDI-CAL PROGRAMS

The Medical Center provides services to eligible patients under Medi-Cal and Medicare programs. For the years ended June 30, 2002 and 2001, the Medi-Cal program represented 26% and 49%, and the Medicare program represented approximately 12% and 10%, respectively, of the Medical Center's net patient service revenues. Medi-Cal inpatient services are reimbursed at contractually agreed-upon per diem rates and outpatient services are reimbursed under a schedule of maximum allowances. Medicare inpatient services are reimbursed based upon pre-established rates for diagnostic-related groups. Outpatient services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. Final reimbursement is determined as a result of audits by the intermediary of annual cost reports submitted by the Medical Center. Reports on the results of such audits have been received through June 30, 2001 for Medicare and Medi-Cal. Adjustments as a result of such audits are recorded in the year the amount can be determined.

NOTE 16 – CLOSURE AND POSTCLOSURE CARE COST

State Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms, to fund the closure and postclosure maintenance of landfills. The funding must be completed prior to the final date of closure. These regulations apply only to those landfills operating prior to 1989. The closure and postclosure care costs of other landfills not subject to these State regulations are funded separately in the Site Closure and Maintenance Fund.

Closure and postclosure care costs include, but are not limited to, such items as final cover, groundwater monitoring, well installations and landfill gas monitoring systems.

The twenty (20) landfills listed below (with their capacity used and estimated remaining lives) are those currently subject to the State regulations:

LANDFILL	Capacity Used	YEARS Remaining	LANDFILL	Capacity Used	YEARS Remaining
Apple Valley	33%	Inactive	Milliken	92%	Inactive
Baker	6%	Inactive	Morongo Valley	81%	Inactive
Barstow	80%	7	Needles	100%	Inactive
Big Bear	100%	Inactive	Newberry Springs	100%	Inactive
Colton	81%	6	Pheasant	60%	Inactive
Hesperia	55%	Inactive	San Timoteo	48%	5
Landers	68%	24	Trona-Argus	18%	Inactive
Lenwood-Hinkley	6%	Inactive	Twentynine Palms	14%	Inactive
Lucerne Valley	100%	Inactive	Victorville	77%	5
Mid-Valley	85%	2	Yermo	70%	Inactive

The landfill closure and postclosure care cost estimates of \$111,663 and \$136,309, respectively, are based upon the most recently submitted Closure/Postclosure Maintenance Plan documents filed with the State and Federal permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to changes in inflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure.

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

Each year a portion of each landfill's estimated closure and postclosure cost is recognized as an expense and liability based upon the amount of capacity used during the year. As of June 30, 2002, the cumulative liability recorded by the County based upon individual landfill capacity usage was \$213,099. The remaining \$34,873 of estimated closure and postclosure costs will be recorded and funded as landfill capacity is used. Closure and postclosure related expenditures of \$44,183 have been paid which reduced the landfill closure and postclosure liability to \$168,916 at June 30, 2002.

Current State regulations allow public agencies to demonstrate financial assurance for postclosure maintenance costs through a "pledge of revenue" mechanism. This mechanism allows agencies to pledge a reliable future revenue source to fund the required postclosure maintenance at each landfill site for thirty years after landfill closure. The County has pledged a portion of its future tipping fees and investment earnings from the Waste Systems Division enterprise funds to fund these costs.

NOTE 17 – RETIREMENT PLAN

Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the "Plan") operating under the California County Employees Retirement Act of 1937 ("1937 Act"). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD) and the South Coast Air Quality Management District (the "AQMD"), were later included, along with the County of San Bernardino (the "County"), and are collectively referred to as the "Participating Members". The plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary Responsibility

The Retirement Association is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2002.

Funding Policy

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary bases on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

according to age and classification (general or safety). Members are required to contribute 7.57% - 13.72% of their annual covered salary of which the County pays approximately 7%. All employers combined are required to contribute (0.16)% of the current year covered payroll. For 2002, the County's annual pension cost of \$69,245 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

The following table shows the County's required contributions and percentage contributed, for the current year and two preceding years:

Year Ended June 30,	Annual Pension Cost	Percentage Contributed
2000	42,673	100%
2001	58,572	100%
2002	69,245	100%

The County, along with the AQMD, issued Pension Refunding Bonds (the "Bonds") in November 1995 with an aggregate amount of \$420,527. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266. The current amount outstanding at June 30, 2002 is \$430,898 (see Note 11).

NOTE 18 - LEASE/LEASEBACK

In May 1997, the County entered into a lease agreement whereby seven separate County facilities, valued at a total of approximately \$146 million, were leased to a financing institution. The County simultaneously entered into a sublease agreement to lease the buildings back, and received a prepayment of \$96.2 million from the financing institution, as the investor parent. The County then deposited \$87.6 million with the defeasance bank. After transaction expenses of \$1 million, the net benefit to the County was \$7.6 million. The deposit amount provides payments equal to the County's obligation under the sublease and purchase option. As a result, obligations under this lease/leaseback arrangement are considered to be economically, although not legally defeased. Therefore, the trust assets and the related debt have been excluded from the County's financial statements.

The term of the full lease with the financing institution ends in 2034. However, the term of the agreement with the defeasance bank ends in 2014, at which time the County may either exercise the early purchase option or renegotiate the agreement to the end of the full lease term. The decision will then be based on the prevailing interest rates at the time.

NOTES TO THE BASIC FINANCIAL STATEMENTS

(Amounts in the thousands)

NOTE 19 – COMMITMENTS AND CONTINGENCIES

The County has been named as a defendant in numerous lawsuits and claims arising in the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, such loss has been accrued in the accompanying basic financial statements. In the opinion of County management and County Counsel, the ultimate outcome of the remaining claims cannot be determined at this time.

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's grant programs are being audited through June 30, 2001 in accordance with the provisions of the Single Audit Act of 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Solid Waste may transfer \$5,000 annually to the General Fund for operating purposes based on the availability of funds. These operating transfers can continue through the fiscal year ending June 30, 2006. An accrual of \$5,000 was recorded as an operating transfer for the fiscal year ended June 30, 2002. A long-term liability has not been recorded for these transfers as they are being evaluated each year and funded on a 'pay as you go' basis.

In October 1986, the Flood Control District entered into a loan agreement with the Federal Government for construction of the Day Creek Project for \$13,400. A subsequent agreement between the County (on behalf of the District) and the City of Rancho Cucamonga Redevelopment Agency provides the terms and conditions for repayment of the loan. Payments are reflected in the Flood Control District as other revenue (from the City of Rancho Cucamonga) and debt service-principal (to the Bureau of Reclamation). This agreement is to be in force approximately 24 years or until the project is complete and the federal loan is repaid. Payments commenced in 1992 and the remaining balance of the loan as of June 30, 2002, is \$5,997. The Flood Control District is contingently liable for the loan if the Agency defaults.

The County has entered into several contractual agreements for the construction and/or improvement of several capital projects. These commitments include \$4,361 for various projects of the Capital Improvements Fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS
(Amounts in the thousands)

NOTE 20 – SUBSEQUENT EVENTS

In July 2002, the County issued Tax and Revenue Anticipation Notes ("TRANS"), Series A and Series B, totaling \$25,000 and \$145,000, respectively, due July 1 2003, at interest rates of 2.50% and 3.00%, respectively. This issue followed the prior year issued TRANS of \$175,000, which was repaid July 2, 2002. The proceeds of the TRANS are intended to provide financing for 2002-03 General Fund expenditures, including current expenditures, capital expenditures and the discharge of other obligations or indebtedness of the County. The TRANS are secured by a pledge of various monthly amounts of property taxes on the secured roll.

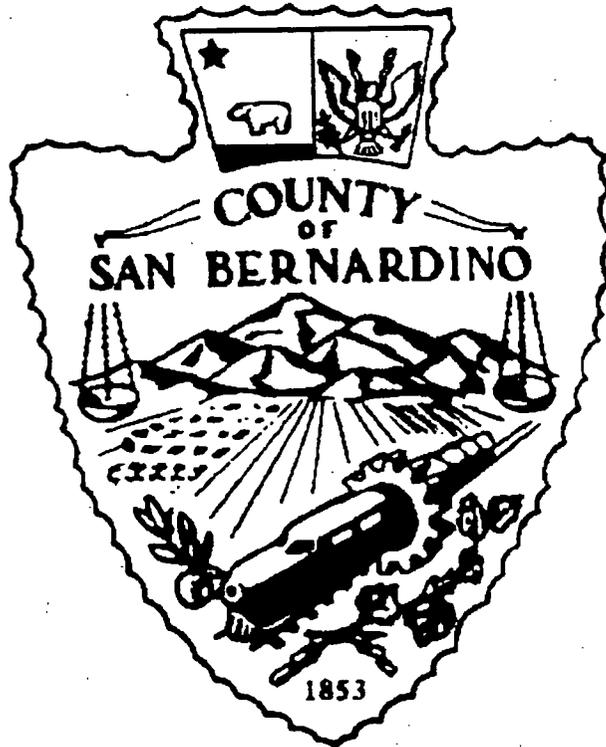
Beginning Balance July 1, 2001	Additions	Reductions	Ending Balance June 30, 2002
\$ 225,000	\$ 175,000	\$ 225,000	\$ 175,000

On May 21, 2002, the board approved the dissolution of the Arrowhead Health Administrators as a Joint Powers Authority effective July 1, 2002. The Arrowhead Health Administrators is currently reported as a blended component unit of the County.

On December 20, 2002, the Regional Water Quality Control Board (RWQCB) notified the County of San Bernardino's Solid Waste Management Division that it will issue a Cleanup and Abatement Order for mitigation of the identified perchlorate impacts to groundwater. The draft order states that the property that the County purchased in 1993 is a source of the perchlorate and requires additional investigation to define the extent of perchlorate impacts. Compliance with the RWQCB issued Cleanup and Abatement Order is estimated to cost approximately \$3.5 to \$5 million. This estimate includes full implementation of the RWQCB approved workplan, installation of six additional groundwater monitoring wells, five soil borings for sample collection through Robertson's wash ponds, and design and construction of a groundwater treatment system. Additionally, the estimated annual operations and maintenance cost for the treatment system is \$150 to \$300.

Governor Gray Davis recently called for a special legislative session in early December to approve \$5 billion in mid-year budget reductions. This special session along with the Governor's 2003-04 Proposed Budget submitted in January will most likely impact the county in some form. The 2003-04 financing plan that will be presented to the County of San Bernardino Board of Supervisors in February will be adjusted to make up for any ongoing shortfall based on the latest available information. Because of the expected mid-year implementation of any state budgetary changes, the negative impacts will be greater to the affected departments since annualized budget cuts will have to be fully realized in the remainder of the fiscal year. The extent of these possible impacts is not known at this time.

In addition, the County is in the process of requesting 2003-04 budget projections for departments. Based on the uncertainty of ongoing financing, the County is requesting all departments to continue to prioritize their operations and programs, and submit reduction plan by program that would cut up to 30% of their local financing in an incremental, priority based fashion. Since the County will not know the outcome or extent of the continuing state cuts for 2003-04, these incremental reduction scenarios will allow the county to react more quickly and more thoughtful if those state cuts are forthcoming.

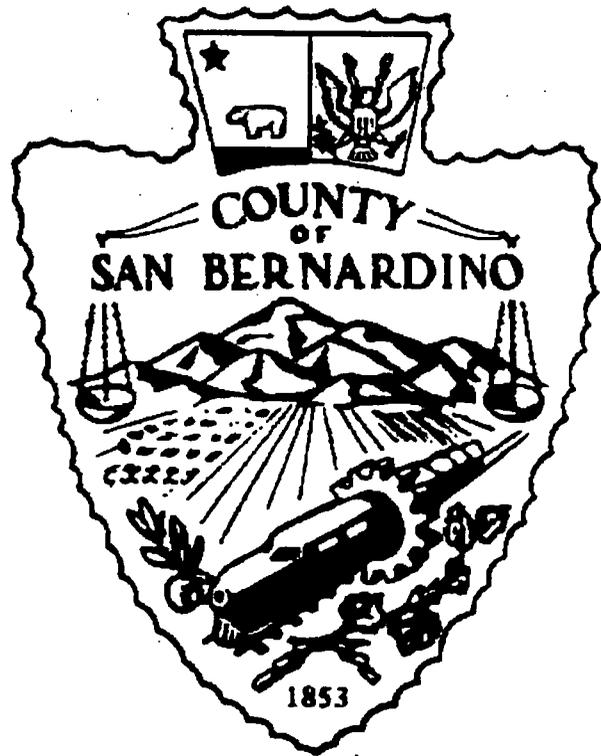


SUPPLEMENTAL INFORMATION



COMBINED FINANCIAL STATEMENT NONMAJOR GOVERNMENTAL FUNDS





COUNTY OF SAN BERNARDINO
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2002 (IN THOUSANDS)

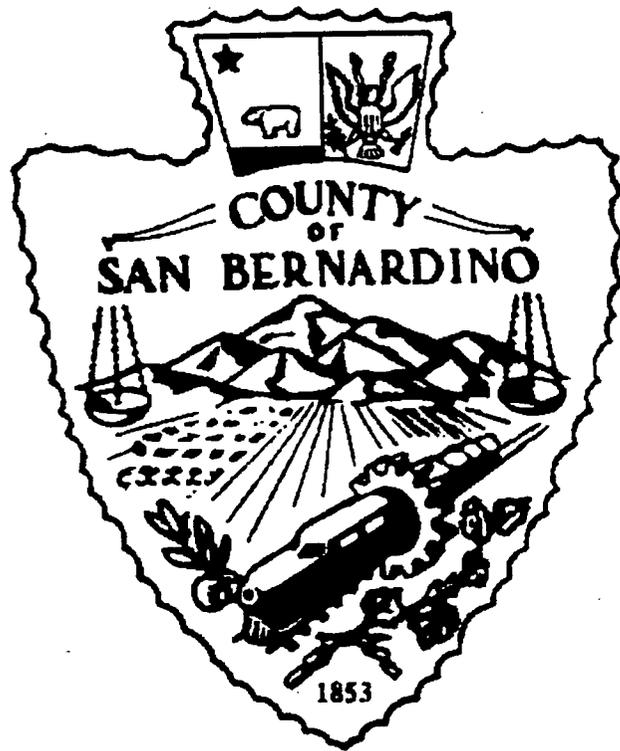
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR FUNDS
ASSETS					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 223,626	\$ 19,522	\$ 38,880	\$ 470	\$ 282,498
INVESTMENTS (NOTE 8)	-	17,783	-	-	17,783
ACCOUNTS RECEIVABLES - NET	704	30	-	-	734
TAXES RECEIVABLE	7,780	-	-	-	7,780
INTEREST RECEIVABLE	4	27	18	-	47
OTHER RECEIVABLES	429	-	-	-	429
DUE FROM OTHER FUNDS (NOTE 7)	8,682	150	10,624	5	19,461
DUE FROM OTHER GOVERNMENTS	17,254	-	2,175	-	19,429
INVENTORIES	919	-	-	-	919
PREPAID ITEMS	43	-	-	-	43
INTERFUND RECEIVABLE (NOTE 7)	3	-	-	-	3
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	120	-	-	-	120
OTHER ASSETS	73	-	149	-	222
TOTAL ASSETS	\$ 259,637	\$ 37,512	\$ 51,844	\$ 475	\$ 349,468
LIABILITIES AND FUND BALANCES					
ACCOUNTS PAYABLE	\$ 9,345	\$ -	\$ 2,278	\$ -	\$ 11,623
SALARIES AND BENEFITS PAYABLE	4,448	-	-	-	4,448
DUE TO OTHER FUNDS (NOTE 7)	6,177	130	7,791	-	14,098
DUE TO OTHER GOVERNMENTS	2,067	-	-	-	2,067
DEFERRED REVENUE	6,787	-	-	-	6,787
INTERFUND PAYABLE (NOTE 7)	669	-	3	-	672
TOTAL LIABILITIES	29,493	130	10,072	-	39,695
FUND BALANCES:					
RESERVED:					
ENCUMBRANCES	32,465	-	7,580	-	40,045
PREPAID ITEMS	43	-	-	-	43
NONCURRENT INTERFUND RECEIVABLES	3	-	-	-	3
INVENTORIES	919	-	-	-	919
OTHER RESERVES	-	-	-	-	-
DEBT SERVICE	-	37,382	-	-	37,382
ENDOWMENT FUNDS	-	-	-	475	475
UNRESERVED:					
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	18	-	-	-	18
UNDESIGNATED	196,696	-	34,192	-	230,888
TOTAL FUND BALANCES	230,144	37,382	41,772	475	309,773
TOTAL LIABILITIES AND FUND BALANCES	\$ 259,637	\$ 37,512	\$ 51,844	\$ 475	\$ 349,468

See accompanying independent auditor's report.

**COUNTY OF SAN BERNARDINO
 COMBINED - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)**

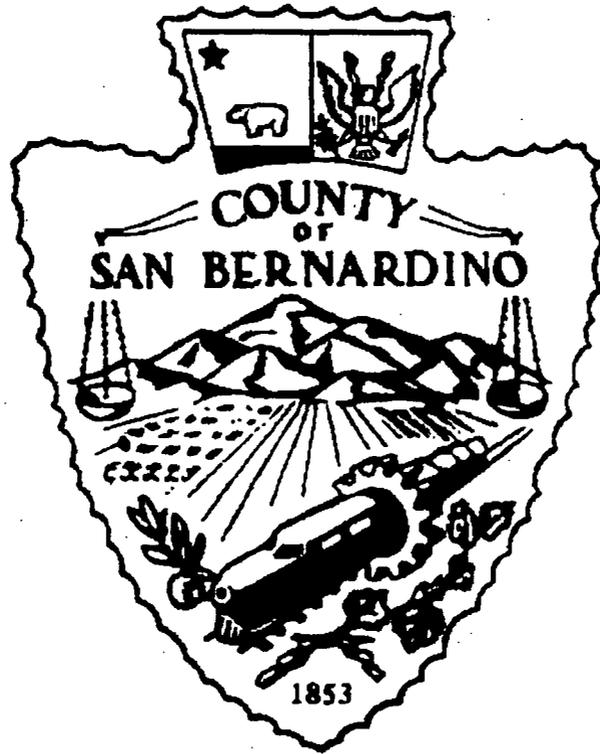
	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>PERMANENT FUNDS</u>	<u>TOTAL NONMAJOR FUNDS</u>
REVENUES					
TAXES	\$ 66,855	\$ 3,517	\$ -	-	70,372
LICENSES, PERMITS AND FRANCHISES	260	-	-	-	260
FINES, FORFEITURES AND PENALTIES	8,310	-	-	-	8,310
REVENUES FROM USE OF MONEY AND PROPERTY	11,772	741	1,116	22	13,651
AID FROM OTHER GOVERNMENTAL AGENCIES	168,306	-	7,705	-	176,011
CHARGES FOR CURRENT SERVICES	23,859	-	30	-	23,889
OTHER REVENUES	51,289	1,383	144	33	52,849
TOTAL REVENUES	<u>330,651</u>	<u>5,641</u>	<u>8,995</u>	<u>55</u>	<u>345,342</u>
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	4,324	-	-	-	4,324
PUBLIC PROTECTION	84,138	-	-	-	84,138
PUBLIC WAYS AND FACILITIES	56,009	-	-	-	56,009
HEALTH AND SANITATION	8,625	-	-	-	8,625
PUBLIC ASSISTANCE	98,908	-	-	-	98,908
EDUCATION	11,245	-	-	1	11,246
RECREATION AND CULTURAL SERVICES	4,553	-	-	-	4,553
DEBT SERVICE					
PRINCIPAL	1,417	21,360	-	-	22,777
INTEREST AND FISCAL CHARGES	806	30,060	-	-	30,866
CAPITAL OUTLAY	19,433	-	30,397	-	49,830
TOTAL EXPENDITURES	<u>289,458</u>	<u>51,420</u>	<u>30,397</u>	<u>1</u>	<u>371,276</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>41,193</u>	<u>(45,779)</u>	<u>(21,402)</u>	<u>54</u>	<u>(25,934)</u>
OTHER FINANCING SOURCES (USES):					
TRANSFERS TO OTHER FUNDS (NOTE 7)	(29,131)	(1,952)	(7,575)	-	(38,658)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	13,902	49,498	19,817	-	83,217
PROCEEDS OF REFUNDING BONDS	-	119,659	-	-	119,659
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	(112,171)	-	-	(112,171)
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11 & 12)	2,346	-	-	-	2,346
SALE OF CAPITAL ASSETS	1,037	-	-	-	1,037
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(11,846)</u>	<u>55,034</u>	<u>12,242</u>	<u>-</u>	<u>55,430</u>
NET CHANGE IN FUND BALANCE	<u>29,347</u>	<u>9,255</u>	<u>(9,160)</u>	<u>54</u>	<u>29,496</u>
FUND BALANCE, JULY 1, 2001 - AS RESTATED (NOTE 3)	<u>200,797</u>	<u>28,127</u>	<u>50,932</u>	<u>421</u>	<u>280,277</u>
FUND BALANCE, JUNE 30, 2002	<u>\$ 230,144</u>	<u>\$ 37,382</u>	<u>\$ 41,772</u>	<u>\$ 475</u>	<u>\$ 309,773</u>

See accompanying independent auditor's report.



COMBINING FINANCIAL STATEMENTS NONMAJOR GOVERNMENTAL FUNDS





NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS DESCRIPTIONS

TRANSPORTATION

The Transportation Fund is responsible for the administration, planning, design, contracting, traffic management and maintenance of approximately 2,899 miles of County roads. The fund is financed principally from the State Highway User's Tax, a small share of the state sales tax, and State and Federal aid for road improvements.

COUNTY FREE LIBRARY

The County Free Library Fund provides public library services through a network of 27 branches to all of the unincorporated areas and 17 of the cities within the County. Four bookmobiles reach people who live in sparsely populated areas or who are not able to use traditional branches. The Library also operates the County Archives, the Medical Library at the County Medical Center and a documents collection service at the Library Administration building in San Bernardino. The fund is financed principally from property taxes.

ECONOMIC AND COMMUNITY DEVELOPMENT

The Economic and Community Development Fund accounts for Federal Community Development Block Grants, which are used to develop viable urban communities through the provision of decent housing, a suitable living environment, and economic opportunities for low and moderate income individuals.

AGING AND ADULT SERVICES

The Aging and Adult Services Fund accounts for services to the County's elderly through senior citizen programs financed primarily by state aid.

JOBS AND EMPLOYMENT SERVICES

The Jobs and Employment Services Fund was established to provide various job training programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to economically disadvantaged individuals facing barriers to employment.

MICROGRAPHICS FEES

The Micrographics Fees Fund was established to account for the automation of record keeping systems. Revenues are derived from a portion of the County Clerk's filing fees.

COUNTY SERVICE AREAS

The County Service Areas Special Revenue Funds account for a broad range of services to remote geographical areas as well as rapidly growing communities. These funds are financed principally from property taxes.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - CONTINUED

COURTHOUSE TEMPORARY CONSTRUCTION

The Courthouse Temporary Construction Fund accounts for monies to be used for the acquisition, rehabilitation, construction, and financing of courtrooms and courtroom facilities. Revenues are derived from a surcharge on parking fines, non-parking offenses, and criminal fines.

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION

The Criminal Justice Temporary Construction Fund accounts for the monies to be used for improvements to criminal justice facilities. Revenues are derived from a surcharge on criminal fines.

FLOOD CONTROL DISTRICT

The Flood Control District Fund accounts for the control of flood and storm waters and for the conservation of such waters for beneficial and useful purposes to the public. The Flood Control District's primary source of funding is from property taxes.

FIRE PROTECTION DISTRICTS

The Fire Protection Districts account for the operation and maintenance of fire protection facilities. Property taxes represent the principal source of financing.

PARK AND RECREATION DISTRICTS

The Park and Recreation Districts account for the operation and maintenance of recreational facilities. Property taxes represent the principal sources of financing to the extent that service fees are not sufficient to provide such financing.

TOBACCO TAX PROGRAM

The Tobacco Tax Program, which was implemented by State Assembly Bill (AB) 75, accounts for Cigarette and Tobacco Products Surtax Funds. These funds are to be used for Hospital Services, Physician Services, and other Health Services.

JOINT POWERS AUTHORITIES

The Joint Powers Authorities Funds account for cash accumulated for the payment of all administrative costs of the authorities, incidental to the issuance of Certificates of Participation.

SPECIAL AVIATION

The Special Aviation Fund accounts for the County's airport construction projects financed principally by state and federal grants.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

COMMUNITY SERVICES DEPARTMENT

The Community Services Department Fund accounts for activities designed to provide nutrition, transportation, energy, and emergency food and shelter programs to the elderly and low-income residents of the County. Services are funded primarily by local, state, and federal grants and contracts.

PRESCHOOL SERVICES DEPARTMENT

The Preschool Services Department Fund administers the following programs: Headstart State Preschool, Child Development, Alternative Payment, and Child Nutrition Services. These programs are funded by the U.S. Department of Health and Human Services, and the California State Department of Education.

SHERIFF'S SPECIAL PROJECTS

Sheriff's Special Projects Fund accounts for the following functions: public gatherings – appropriations set aside to fund Sheriff protective services for public gatherings; contract training – represents special law enforcement training provided to the County Sheriff; asset seizures – represents funds appropriated from drug asset seizures to be used for the purchase of non-budgeted services and equipment; High Intensity Drug Trafficking Area Program and the Regional Narcotics Task Force to enable regional cooperation and coordination in fighting major drug trafficking and surveillance of criminal and narcotics activities; and CAL-ID – an automated criminal identification system through fingerprinting.

SPECIAL TRANSPORTATION

The Special Transportation Fund was established for the purpose of accounting for various transportation projects within the County. Funding comes from Measure I money (9½% sales tax approved by voters in November 1989).

REDEVELOPMENT AGENCY

The Redevelopment Agency Fund accounts for administration and revenues and expenditures related to the San Sevaine project and low and moderate-income housing.

OTHER SPECIAL REVENUE

Other Special Revenue Funds account for revenues received for various activities and programs including Fish and Game, Off-Highway Vehicle License Fees, Intergovernmental Training, Industrial Development Authority, California Grazing Fees, Litter Cleanup, Survey Monument Preservation, Geothermal Energy, Hazardous Waste Awards, Glen Helen Amphitheater, and the Chino Open Space Project.

DEBT SERVICE FUNDS DESCRIPTIONS

REDEVELOPMENT AGENCY BONDS

This fund is used to account for Redevelopment Agency of the County of San Bernardino bonds.

JOINT POWERS AUTHORITIES

The Joint Powers Authorities Debt Service funds account for the accumulation of resources for, and payment of, general long-term debt principal and interest. Long-term lease payments from the General Fund present the primary source of financing the requirements.

NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS - Continued

PENSION OBLIGATION BONDS

The Pension Obligation Bond Fund administers the debt service payments related to the County's pension obligation bonds.

CAPITAL PROJECTS FUNDS DESCRIPTIONS

CAPITAL IMPROVEMENTS

The Capital Improvements Fund accounts for the County's major capital acquisition and construction projects, which are not otherwise accounted for within the Fire Protection Districts, Park and Recreation Districts, Community Services Districts, Joint Powers Authorities or County Service Area Capital Projects Funds. Revenues are derived primarily from operating transfers from other funds and state and Federal grants.

PARK AND RECREATION DISTRICTS

The Park and Recreation Districts' Capital Projects funds account for the financial resources and the acquisition and construction of recreational facilities within certain geographical areas of the County.

JOINT POWERS AUTHORITIES

The Joint Powers Authorities Capital Projects funds account for the financial resources and the acquisition and construction of facilities under joint powers agreements.

COUNTY SERVICE AREAS

The County Service Areas Capital Projects funds account for the financial resources and acquisition and construction of facilities within certain geographical areas of the County.

FIRE PROTECTION DISTRICTS

The Fire Protection Districts Capital Projects funds account for the financial resources and acquisition and construction of fire protection facilities within certain geographical areas of the County.

PERMANENT FUNDS DESCRIPTIONS

Barstow Cemetery Endowment Care Fund - The Barstow Cemetery Endowment Care Fund accounts for all cash deposits collected for each grave lot sold, and is used to defray the actual costs of care and maintenance of the cemetery.

Lucerne Valley Cemetery Endowment Care Fund - The Lucerne Valley Cemetery Endowment Care Fund accounts for all cash deposits collected for each grave lot sold, and is used to defray the actual costs of care and maintenance of the cemetery.

B.D. "Nino" Galleano Scholarship Fund - The B.D. "Nino" Galleano Scholarship Fund accounts for all donations received to promote additional education in the conservation of natural resources. The fund is administered by the West End Resource Conservation District.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2002 (IN THOUSANDS)

PAGE 1 OF 3

ASSETS	TOTAL	TRANSPORTATION	COUNTY FREE LIBRARY	ECONOMIC AND COMMUNITY DEVELOPMENT
CASH AND CASH EQUIVALENTS	\$ 223,626	\$ 15,607	\$ 845	\$ 16,468
ACCOUNTS RECEIVABLE - NET	704	-	118	-
TAXES RECEIVABLE	7,780	-	829	2
INTEREST RECEIVABLE	4	-	-	-
OTHER RECEIVABLES	429	-	224	-
DUE FROM OTHER FUNDS	8,682	681	-	199
DUE FROM OTHER GOVERNMENTS	17,254	6,954	-	-
INVENTORIES	919	352	-	-
PREPAID ITEMS	43	-	-	-
INTERFUND RECEIVABLE	3	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	120	-	-	-
OTHER ASSETS	73	-	-	-
TOTAL ASSETS	\$ 259,637	\$ 23,594	\$ 2,016	\$ 16,669
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 9,345	\$ 1,231	\$ 13	\$ -
SALARIES AND BENEFITS PAYABLE	4,448	908	333	147
DUE TO OTHER FUNDS	6,177	178	61	219
DUE TO OTHER GOVERNMENTS	2,067	-	-	-
DEFERRED REVENUE	6,787	-	663	-
INTERFUND PAYABLE	669	-	-	-
TOTAL LIABILITIES	29,493	2,317	1,070	366
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	32,465	4,625	317	849
RESERVED FOR PREPAID ITEMS	43	-	-	-
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	3	-	-	-
RESERVED FOR INVENTORIES	919	352	-	-
OTHER RESERVES	-	-	-	-
UNRESERVED:				
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	18	-	-	-
UNDESIGNATED	196,696	16,300	629	15,454
TOTAL FUND BALANCE	230,144	21,277	946	16,303
TOTAL LIABILITIES AND FUND BALANCE	\$ 259,637	\$ 23,594	\$ 2,016	\$ 16,669

See accompanying independent auditor's report.

AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES	MICROGRAPHICS FEES	COUNTY SERVICE AREAS
\$ 1,359	\$ 535	\$ 11,710	\$ 18,327
-	-	-	296
-	-	-	1,907
-	-	-	-
-	-	-	99
127	38	-	3,398
1,254	154	-	552
-	-	-	-
-	-	-	-
-	-	-	3
-	-	-	-
-	-	-	-
<u>\$ 2,740</u>	<u>\$ 727</u>	<u>\$ 11,710</u>	<u>\$ 24,582</u>

\$ 563	\$ 55	\$ 14	\$ 547
139	252	-	1,675
89	98	-	298
85	-	-	27
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	1,526
400	-	-	-
<u>1,276</u>	<u>405</u>	<u>14</u>	<u>4,073</u>

13	296	670	1,145
-	-	-	-
-	-	-	3
-	-	-	-
-	-	-	-
-	-	-	-
1,451	26	11,026	19,361
<u>1,464</u>	<u>322</u>	<u>11,696</u>	<u>20,509</u>
<u>\$ 2,740</u>	<u>\$ 727</u>	<u>\$ 11,710</u>	<u>\$ 24,582</u>

ASSETS

CASH AND CASH EQUIVALENTS
ACCOUNTS RECEIVABLE - NET
TAXES RECEIVABLE
INTEREST RECEIVABLE
OTHER RECEIVABLES
DUE FROM OTHER FUNDS
DUE FROM OTHER GOVERNMENTS
INVENTORIES
PREPAID ITEMS
INTERFUND RECEIVABLE
RESTRICTED CASH AND CASH EQUIVALENTS
OTHER ASSETS
TOTAL ASSETS

LIABILITIES AND FUND BALANCE

LIABILITIES:
ACCOUNTS PAYABLE
SALARIES AND BENEFITS PAYABLE
DUE TO OTHER FUNDS
DUE TO OTHER GOVERNMENTS
INTEREST PAYABLE
OTHER ACCRUED LIABILITIES
DEFERRED REVENUE
INTERFUND PAYABLE
TOTAL LIABILITIES
FUND BALANCE:
RESERVED:
RESERVED FOR ENCUMBRANCES
RESERVED FOR PREPAID ITEMS
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
RESERVED FOR INVENTORIES
OTHER RESERVES
UNRESERVED:
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES
UNDESIGNATED
TOTAL FUND BALANCE
TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2002 (IN THOUSANDS)

PAGE 2 OF 3

<u>ASSETS</u>	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>	<u>FLOOD CONTROL DISTRICT</u>	<u>FIRE PROTECTION DISTRICTS</u>
CASH AND CASH EQUIVALENTS	\$ 668	\$ 514	\$ 61,456	\$ 3,301
ACCOUNTS RECEIVABLE - NET	-	-	-	-
TAXES RECEIVABLE	-	-	2,249	1,947
INTEREST RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	106	-
DUE FROM OTHER FUNDS	12	7	775	1,001
DUE FROM OTHER GOVERNMENTS	132	163	769	968
INVENTORIES	-	-	-	-
PREPAID ITEMS	-	-	-	-
INTERFUND RECEIVABLE	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	120	-
OTHER ASSETS	-	-	-	-
TOTAL ASSETS	\$ 812	\$ 684	\$ 65,475	\$ 7,217
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ -	\$ -	\$ 455	\$ 5
SALARIES AND BENEFITS PAYABLE	-	-	404	25
DUE TO OTHER FUNDS	-	-	153	1,535
DUE TO OTHER GOVERNMENTS	-	-	1,294	109
INTEREST PAYABLE	-	-	-	-
OTHER ACCRUED LIABILITIES	-	-	-	-
DEFERRED REVENUE	-	-	1,807	1,558
INTERFUND PAYABLE	-	-	19	-
TOTAL LIABILITIES	-	-	4,132	3,232
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	-	-	13,469	11
RESERVED FOR PREPAID ITEMS	-	-	-	-
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	-	-	-	-
RESERVED FOR INVENTORIES	-	-	-	-
OTHER RESERVES	-	-	-	-
UNRESERVED:				
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	-	-	-	-
UNDESIGNATED	812	684	47,874	3,974
TOTAL FUND BALANCE	812	684	61,343	3,985
TOTAL LIABILITIES AND FUND BALANCE	\$ 812	\$ 684	\$ 65,475	\$ 7,217

See accompanying independent auditor's report.

<u>PARK AND RECREATION DISTRICTS</u>	<u>TOBACCO TAX PROGRAM</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>SPECIAL AVIATION</u>
\$ 410	\$ 800	\$ 552	\$ 11,266
-	-	164	-
121	-	-	-
-	-	4	-
-	-	-	-
63	22	2	354
120	-	60	-
-	-	-	-
-	-	1	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 714</u>	<u>\$ 822</u>	<u>\$ 783</u>	<u>\$ 11,620</u>

<u>ASSETS</u>
CASH AND CASH EQUIVALENTS
ACCOUNTS RECEIVABLE - NET
TAXES RECEIVABLE
INTEREST RECEIVABLE
OTHER RECEIVABLES
DUE FROM OTHER FUNDS
DUE FROM OTHER GOVERNMENTS
INVENTORIES
PREPAID ITEMS
INTERFUND RECEIVABLE
RESTRICTED CASH AND CASH EQUIVALENTS
OTHER ASSETS
TOTAL ASSETS

\$ 25	\$ -	\$ 87	\$ -
47	-	32	-
62	-	-	2
-	-	79	-
-	-	-	-
-	-	-	-
97	-	-	-
-	-	-	-
<u>231</u>	<u>-</u>	<u>198</u>	<u>2</u>

<u>LIABILITIES AND FUND BALANCE</u>
LIABILITIES:
ACCOUNTS PAYABLE
SALARIES AND BENEFITS PAYABLE
DUE TO OTHER FUNDS
DUE TO OTHER GOVERNMENTS
INTEREST PAYABLE
OTHER ACCRUED LIABILITIES
DEFERRED REVENUE
INTERFUND PAYABLE
TOTAL LIABILITIES

5	-	-	1,114
-	-	1	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	18	-
<u>478</u>	<u>822</u>	<u>566</u>	<u>10,504</u>
<u>483</u>	<u>822</u>	<u>585</u>	<u>11,618</u>
<u>\$ 714</u>	<u>\$ 822</u>	<u>\$ 783</u>	<u>\$ 11,620</u>

FUND BALANCE:
RESERVED:
RESERVED FOR ENCUMBRANCES
RESERVED FOR PREPAID ITEMS
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
RESERVED FOR INVENTORIES
OTHER RESERVES
UNRESERVED:
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES
UNDESIGNATED
TOTAL FUND BALANCE
TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2002 (IN THOUSANDS)

PAGE 3 OF 3

ASSETS	COMMUNITY SERVICES DEPARTMENT	LOCAL LAW ENFORCEMENT BLOCK GRANT	PRESCHOOL SERVICES DEPARTMENT	SHERIFF'S SPECIAL PROJECTS
CASH AND CASH EQUIVALENTS	\$ 812	\$ 534	\$ 944	\$ 10,959
ACCOUNTS RECEIVABLE - NET	-	-	-	-
TAXES RECEIVABLE	-	-	-	-
INTEREST RECEIVABLE	-	-	-	-
OTHER RECEIVABLES	-	-	-	-
DUE FROM OTHER FUNDS	-	6	16	213
DUE FROM OTHER GOVERNMENTS	1,920	-	1,483	181
INVENTORIES	567	-	-	-
PREPAID ITEMS	-	-	-	42
INTERFUND RECEIVABLE	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	-	-	-	-
OTHER ASSETS	73	-	-	-
TOTAL ASSETS	\$ 3,372	\$ 540	\$ 2,443	\$ 11,395
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 631	\$ -	\$ 1,711	\$ 1
SALARIES AND BENEFITS PAYABLE	218	-	-	54
DUE TO OTHER FUNDS	-	13	62	456
DUE TO OTHER GOVERNMENTS	-	-	404	69
INTEREST PAYABLE	-	-	-	-
OTHER ACCRUED LIABILITIES	-	-	-	-
DEFERRED REVENUE	556	-	-	-
INTERFUND PAYABLE	-	-	-	250
TOTAL LIABILITIES	1,405	13	2,177	830
FUND BALANCE:				
RESERVED:				
RESERVED FOR ENCUMBRANCES	-	-	388	408
RESERVED FOR PREPAID ITEMS	-	-	-	42
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE	-	-	-	-
RESERVED FOR INVENTORIES	567	-	-	-
OTHER RESERVES	-	-	-	-
UNRESERVED:				
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	-	-	-	-
UNDESIGNATED	1,400	527	(122)	10,115
TOTAL FUND BALANCE	1,967	527	266	10,565
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,372	\$ 540	\$ 2,443	\$ 11,395

See accompanying independent auditor's report.

<u>SPECIAL TRANSPORTATION</u>	<u>REDEVELOPMENT AGENCY</u>	<u>OTHER SPECIAL REVENUE</u>
\$ 19,422	\$ 7,620	\$ 39,517
125	-	1
600	-	125
-	-	-
-	-	-
197	196	1,375
2,309	155	80
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 22,653</u>	<u>\$ 7,971</u>	<u>\$ 41,098</u>
\$ 748	\$ -	\$ 3,259
-	8	206
339	-	2,612
-	-	-
-	-	-
-	-	-
480	-	100
-	-	-
<u>1,567</u>	<u>8</u>	<u>6,177</u>
8,918	-	237
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>12,168</u>	<u>7,963</u>	<u>34,684</u>
<u>21,086</u>	<u>7,963</u>	<u>34,921</u>
<u>\$ 22,653</u>	<u>\$ 7,971</u>	<u>\$ 41,098</u>

<u>ASSETS</u>
CASH AND CASH EQUIVALENTS
ACCOUNTS RECEIVABLE - NET
TAXES RECEIVABLE
INTEREST RECEIVABLE
OTHER RECEIVABLES
DUE FROM OTHER FUNDS
DUE FROM OTHER GOVERNMENTS
INVENTORIES
PREPAID ITEMS
INTERFUND RECEIVABLE
RESTRICTED CASH AND CASH EQUIVALENTS
OTHER ASSETS
TOTAL ASSETS

<u>LIABILITIES AND FUND BALANCE</u>
LIABILITIES:
ACCOUNTS PAYABLE
SALARIES AND BENEFITS PAYABLE
DUE TO OTHER FUNDS
DUE TO OTHER GOVERNMENTS
INTEREST PAYABLE
OTHER ACCRUED LIABILITIES
DEFERRED REVENUE
INTERFUND PAYABLE
TOTAL LIABILITIES

FUND BALANCE:
RESERVED:
RESERVED FOR ENCUMBRANCES
RESERVED FOR PREPAID ITEMS
RESERVED FOR NONCURRENT INTERFUND RECEIVABLE
RESERVED FOR INVENTORIES
OTHER RESERVES
UNRESERVED:
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES
UNDESIGNATED
TOTAL FUND BALANCE
TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

PAGE 1 OF 3

	<u>TOTAL</u>	<u>TRANSPORTATION</u>	<u>COUNTY FREE LIBRARY</u>	<u>ECONOMIC AND COMMUNITY DEVELOPMENT</u>
REVENUES:				
TAXES	\$ 66,855	\$ -	\$ 6,858	\$ 13
LICENSES, PERMITS AND FRANCHISES	260	212	-	-
FINES, FORFEITURES AND PENALTIES	8,310	-	-	3
REVENUES FROM USE OF MONEY AND PROPERTY	11,772	963	-	356
AID FROM OTHER GOVERNMENTAL AGENCIES	168,306	35,071	2,275	12,840
CHARGES FOR CURRENT SERVICES	23,859	1,248	816	24
OTHER REVENUES	51,289	188	1,198	13,854
TOTAL REVENUES	<u>330,651</u>	<u>37,682</u>	<u>11,147</u>	<u>27,090</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	4,324	-	-	-
PUBLIC PROTECTION	84,138	-	-	-
PUBLIC WAYS AND FACILITIES	56,009	38,040	-	-
HEALTH AND SANITATION	8,625	-	-	-
PUBLIC ASSISTANCE	98,908	-	-	22,189
EDUCATION	11,245	-	11,245	-
RECREATION AND CULTURAL SERVICES	4,553	-	-	-
DEBT SERVICE:				
PRINCIPAL	1,417	383	-	-
INTEREST AND FISCAL CHARGES	806	148	-	-
CAPITAL OUTLAY	19,433	5,957	-	-
TOTAL EXPENDITURES	<u>289,458</u>	<u>44,528</u>	<u>11,245</u>	<u>22,189</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>41,193</u>	<u>(6,846)</u>	<u>(98)</u>	<u>4,901</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS	(29,131)	(367)	(198)	(726)
TRANSFERS FROM OTHER FUNDS	13,902	745	442	100
INCEPTION OF CAPITAL LEASE OBLIGATIONS	2,346	2,346	-	-
SALE OF CAPITAL ASSETS	1,037	173	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(11,846)</u>	<u>2,897</u>	<u>244</u>	<u>(626)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>29,347</u>	<u>(3,949)</u>	<u>146</u>	<u>4,275</u>
FUND BALANCE (DEFICIT), JULY 1, 2001, AS RESTATED (NOTE 3)	<u>200,797</u>	<u>25,226</u>	<u>800</u>	<u>12,028</u>
FUND BALANCE, JUNE 30, 2002	<u>\$ 230,144</u>	<u>\$ 21,277</u>	<u>\$ 946</u>	<u>\$ 16,303</u>

See accompanying independent auditor's report.

AGING AND ADULT SERVICES	JOBS AND EMPLOYMENT SERVICES	MICROGRAPHICS FEES	COUNTY SERVICE AREAS
\$ -	\$ -	\$ -	\$ 16,276
-	-	-	-
-	-	-	-
21	16	-	848
7,378	22,469	-	723
-	-	2,155	7,096
222	2	787	3,999
<u>7,621</u>	<u>22,487</u>	<u>2,942</u>	<u>28,942</u>
-	-	662	511
-	-	-	25,477
-	-	-	1,246
7,508	21,689	-	-
-	-	-	-
-	-	-	747
-	-	-	476
-	-	-	78
66	239	1,145	568
<u>7,574</u>	<u>21,928</u>	<u>1,807</u>	<u>29,103</u>
<u>47</u>	<u>559</u>	<u>1,135</u>	<u>(161)</u>
(46)	(109)	(142)	(2,747)
1,334	-	-	5,110
-	-	-	-
-	-	-	8
<u>1,288</u>	<u>(109)</u>	<u>(142)</u>	<u>2,371</u>
1,335	450	993	2,210
129	(128)	10,703	18,299
<u>\$ 1,464</u>	<u>\$ 322</u>	<u>\$ 11,696</u>	<u>\$ 20,509</u>

REVENUES:

TAXES
 LICENSES, PERMITS AND FRANCHISES
 FINES, FORFEITURES AND PENALTIES
 REVENUES FROM USE OF MONEY AND PROPERTY
 AID FROM OTHER GOVERNMENTAL AGENCIES
 CHARGES FOR CURRENT SERVICES
 OTHER REVENUES

TOTAL REVENUES

EXPENDITURES:

CURRENT:
 GENERAL GOVERNMENT
 PUBLIC PROTECTION
 PUBLIC WAYS AND FACILITIES
 HEALTH AND SANITATION
 PUBLIC ASSISTANCE
 EDUCATION
 RECREATION AND CULTURAL SERVICES
 DEBT SERVICE:
 PRINCIPAL
 INTEREST AND FISCAL CHARGES
 CAPITAL OUTLAY

TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES (USES):

TRANSFERS TO OTHER FUNDS
 TRANSFERS FROM OTHER FUNDS
 INCEPTION OF CAPITAL LEASE OBLIGATIONS
 SALE OF CAPITAL ASSETS

TOTAL OTHER FINANCING SOURCES (USES)

EXCESS (DEFICIENCY) OF REVENUES
 AND OTHER FINANCING SOURCES OVER (UNDER)
 EXPENDITURES AND OTHER FINANCING USES

FUND BALANCE (DEFICIT), JULY 1, 2001, AS RESTATED (NOTE 3)

FUND BALANCE, JUNE 30, 2002

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

PAGE 2 OF 3

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>	<u>FLOOD CONTROL DISTRICT</u>	<u>FIRE PROTECTION DISTRICTS</u>
REVENUES:				
TAXES	\$ -	\$ -	\$ 19,206	\$ 16,623
LICENSES, PERMITS AND FRANCHISES	-	-	48	-
FINES, FORFEITURES AND PENALTIES	1,925	2,019	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	38	24	3,909	145
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	7,895	466
CHARGES FOR CURRENT SERVICES	-	-	41	3,108
OTHER REVENUES	-	353	1,108	284
TOTAL REVENUES	<u>1,963</u>	<u>2,396</u>	<u>32,207</u>	<u>20,626</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	-	24,836	20,859
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	-	-	-	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	522	-
INTEREST AND FISCAL CHARGES	-	-	571	-
CAPITAL OUTLAY	-	-	7	1,808
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>25,936</u>	<u>22,667</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,963</u>	<u>2,396</u>	<u>6,271</u>	<u>(2,041)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS	(1,356)	(3,905)	(181)	(1,823)
TRANSFERS FROM OTHER FUNDS	-	-	1	890
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	-	859	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,356)</u>	<u>(3,905)</u>	<u>679</u>	<u>(933)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	607	(1,509)	6,950	(2,974)
FUND BALANCE (DEFICIT), JULY 1, 2001, AS RESTATED (NOTE 3)	205	2,193	54,393	6,959
FUND BALANCE, JUNE 30, 2002	<u>\$ 812</u>	<u>\$ 684</u>	<u>\$ 61,343</u>	<u>\$ 3,985</u>

See accompanying independent auditor's report.

<u>PARK AND RECREATION DISTRICTS</u>	<u>TOBACCO TAX PROGRAM</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>SPECIAL AVIATION</u>
\$ 1,031	\$ -	\$ -	\$ -
-	-	-	-
2	-	-	-
43	87	142	836
88	3,745	-	4,102
606	-	1,193	-
19	7	4	453
<u>1,789</u>	<u>3,839</u>	<u>1,339</u>	<u>5,391</u>
-	-	150	-
-	-	-	81
-	4,323	1,096	-
-	-	-	-
1,682	-	-	-
-	-	-	-
-	-	-	-
31	-	-	6,307
<u>1,713</u>	<u>4,323</u>	<u>1,246</u>	<u>6,388</u>
<u>76</u>	<u>(484)</u>	<u>93</u>	<u>(997)</u>
(68)	-	-	-
22	-	-	-
-	-	-	-
-	-	-	-
<u>(46)</u>	<u>-</u>	<u>-</u>	<u>-</u>
30	(484)	93	(997)
453	1,306	492	12,615
<u>\$ 483</u>	<u>\$ 822</u>	<u>\$ 585</u>	<u>\$ 11,618</u>

REVENUES:

- TAXES
- LICENSES, PERMITS AND FRANCHISES
- FINES, FORFEITURES AND PENALTIES
- REVENUES FROM USE OF MONEY AND PROPERTY
- AID FROM OTHER GOVERNMENTAL AGENCIES
- CHARGES FOR CURRENT SERVICES
- OTHER REVENUES

TOTAL REVENUES

EXPENDITURES:

CURRENT:

- GENERAL GOVERNMENT
- PUBLIC PROTECTION
- PUBLIC WAYS AND FACILITIES
- HEALTH AND SANITATION
- PUBLIC ASSISTANCE
- EDUCATION
- RECREATION AND CULTURAL SERVICES
- DEBT SERVICE:
- PRINCIPAL
- INTEREST AND FISCAL CHARGES
- CAPITAL OUTLAY

TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES (USES):

- TRANSFERS TO OTHER FUNDS
- TRANSFERS FROM OTHER FUNDS
- INCEPTION OF CAPITAL LEASE OBLIGATIONS
- SALE OF CAPITAL ASSETS

TOTAL OTHER FINANCING SOURCES (USES)

EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES

FUND BALANCE (DEFICIT), JULY 1, 2001, AS RESTATED (NOTE 3)

FUND BALANCE, JUNE 30, 2002

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

PAGE 3 OF 3

	COMMUNITY SERVICES DEPARTMENT	LOCAL LAW ENFORCEMENT BLOCK GRANT	PRESCHOOL SERVICES DEPARTMENT	SHERIFFS SPECIAL PROJECTS
REVENUES:				
TAXES	\$ -	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-	1,111
REVENUES FROM USE OF MONEY AND PROPERTY	4	26	57	192
AID FROM OTHER GOVERNMENTAL AGENCIES	10,229	212	31,583	4,802
CHARGES FOR CURRENT SERVICES	-	-	-	3,483
OTHER REVENUES	659	-	-	4,266
TOTAL REVENUES	10,892	238	31,640	13,854
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	-	-
PUBLIC PROTECTION	-	-	-	10,394
PUBLIC WAYS AND FACILITIES	-	-	-	-
HEALTH AND SANITATION	-	-	-	-
PUBLIC ASSISTANCE	10,304	-	31,605	-
EDUCATION	-	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-	-
DEBT SERVICE:				
PRINCIPAL	-	-	-	36
INTEREST AND FISCAL CHARGES	-	-	-	2
CAPITAL OUTLAY	-	-	92	3,067
TOTAL EXPENDITURES	10,304	-	31,697	13,499
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	588	238	(57)	355
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS (NOTE 7)	-	-	(103)	(27)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	-	-	-	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS	-	-	-	-
SALE OF CAPITAL ASSETS	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(103)	(27)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	588	238	(160)	328
FUND BALANCE (DEFICIT), JULY 1, 2001, AS RESTATED (NOTE 3)	1,379	289	426	10,237
FUND BALANCE, JUNE 30, 2002	\$ 1,967	\$ 527	\$ 266	\$ 10,565

See accompanying independent auditor's report.

SPECIAL TRANSPORTATION	REDEVELOPMENT AGENCY	OTHER SPECIAL REVENUE
\$ 5,121	\$ 655	\$ 1,072
-	-	-
-	-	3,250
877	291	2,897
9,396	-	15,032
1,007	-	3,082
927	-	22,959
<u>17,328</u>	<u>946</u>	<u>48,292</u>
-	816	2,185
-	-	2,572
16,262	-	380
-	-	3,206
-	-	5,613
-	-	-
-	-	2,124
-	-	-
7	-	-
-	-	146
<u>16,269</u>	<u>816</u>	<u>16,226</u>
<u>1,059</u>	<u>130</u>	<u>32,066</u>
(745)	-	(16,588)
-	1,952	3,306
-	-	-
(3)	-	-
<u>(748)</u>	<u>1,952</u>	<u>(13,282)</u>
311	2,082	18,784
20,775	5,881	16,137
<u>\$ 21,086</u>	<u>\$ 7,963</u>	<u>\$ 34,921</u>

REVENUES:

TAXES
 LICENSES, PERMITS AND FRANCHISES
 FINES, FORFEITURES AND PENALTIES
 REVENUES FROM USE OF MONEY AND PROPERTY
 AID FROM OTHER GOVERNMENTAL AGENCIES
 CHARGES FOR CURRENT SERVICES
 OTHER REVENUES

TOTAL REVENUES

EXPENDITURES:

CURRENT:
 GENERAL GOVERNMENT
 PUBLIC PROTECTION
 PUBLIC WAYS AND FACILITIES
 HEALTH AND SANITATION
 PUBLIC ASSISTANCE
 EDUCATION
 RECREATION AND CULTURAL SERVICES
 DEBT SERVICE:
 PRINCIPAL
 INTEREST AND FISCAL CHARGES
 CAPITAL OUTLAY

TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES (USES):

TRANSFERS TO OTHER FUNDS
 TRANSFERS FROM OTHER FUNDS
 INCEPTION OF CAPITAL LEASE OBLIGATIONS
 SALE OF CAPITAL ASSETS

TOTAL OTHER FINANCING SOURCES (USES)

EXCESS (DEFICIENCY) OF REVENUES
 AND OTHER FINANCING SOURCES OVER (UNDER)
 EXPENDITURES AND OTHER FINANCING USES

FUND BALANCE (DEFICIT), JULY 1, 2001, AS RESTATED (NOTE 3)

FUND BALANCE, JUNE 30, 2002

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2002 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>REDEVELOPMENT AGENCY BONDS</u>	<u>JOINT POWERS AUTHORITIES</u>	<u>PENSION OBLIGATION BONDS</u>
CASH AND CASH EQUIVALENTS	\$ 19,522	\$ 944	\$ 2,009	\$ 16,569
INVESTMENTS	17,783	1,744	16,039	-
ACCOUNTS RECEIVABLE - NET	30	-	30	-
INTEREST RECEIVABLE	27	-	27	-
DUE FROM OTHER FUNDS	150	150	-	-
TOTAL ASSETS	<u>\$ 37,512</u>	<u>\$ 2,838</u>	<u>\$ 18,105</u>	<u>\$ 16,569</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES:				
DUE TO OTHER FUNDS (NOTE 7)	130	130	-	-
TOTAL LIABILITIES	<u>130</u>	<u>130</u>	<u>-</u>	<u>-</u>
FUND BALANCE:				
RESERVED FOR DEBT SERVICE	37,382	2,708	18,105	16,569
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 37,512</u>	<u>\$ 2,838</u>	<u>\$ 18,105</u>	<u>\$ 16,569</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	TOTAL	REDEVELOPMENT AGENCY BONDS	JOINT POWERS AUTHORITIES	PENSION OBLIGATION BONDS
REVENUES:				
TAXES	\$ 3,517	\$ 3,517	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	741	99	642	-
OTHER REVENUES	1,383	-	28	1,355
TOTAL REVENUES	<u>5,641</u>	<u>3,616</u>	<u>670</u>	<u>1,355</u>
EXPENDITURES:				
DEBT SERVICE:				
PRINCIPAL	21,360	255	12,300	8,805
INTEREST	30,060	1,335	11,894	16,831
TOTAL EXPENDITURES	<u>51,420</u>	<u>1,590</u>	<u>24,194</u>	<u>25,636</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(45,779)</u>	<u>2,026</u>	<u>(23,524)</u>	<u>(24,281)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS TO OTHER FUNDS	(1,952)	(1,952)	-	-
TRANSFERS FROM OTHER FUNDS	49,498	-	20,955	28,543
PROCEEDS OF REFUNDING BONDS	119,659	-	119,659	-
PAYMENT TO REFUNDED BOND ESCROW AGENT	(112,171)	-	(112,171)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>55,034</u>	<u>(1,952)</u>	<u>28,443</u>	<u>28,543</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	9,255	74	4,919	4,262
FUND BALANCE, JULY 1, 2001	<u>28,127</u>	<u>2,634</u>	<u>13,186</u>	<u>12,307</u>
FUND BALANCE, JUNE 30, 2002	<u>\$ 37,382</u>	<u>\$ 2,708</u>	<u>\$ 18,105</u>	<u>\$ 16,569</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2002 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
CASH AND CASH EQUIVALENTS	\$ 38,880	\$ 17,349	\$ 15
ACCOUNTS RECEIVABLE - NET	-	-	-
INTEREST RECEIVABLE	16	-	-
DUE FROM OTHER FUNDS (NOTE 7)	10,624	10,437	63
DUE FROM OTHER GOVERNMENTS	2,175	2,175	-
OTHER ASSETS	149	-	-
TOTAL ASSETS	<u>\$ 51,844</u>	<u>\$ 29,961</u>	<u>\$ 78</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 2,278	\$ 2,214	\$ 57
DUE TO OTHER FUNDS	7,791	185	-
INTERFUND PAYABLE	3	-	-
TOTAL LIABILITIES	<u>10,072</u>	<u>2,399</u>	<u>57</u>
FUND BALANCE:			
RESERVED FOR ENCUMBRANCES	7,580	7,035	-
UNRESERVED, UNDESIGNATED	34,192	20,527	21
TOTAL FUND BALANCE	<u>41,772</u>	<u>27,562</u>	<u>21</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 51,844</u>	<u>\$ 29,961</u>	<u>\$ 78</u>

See accompanying independent auditor's report.

<u>JOINT POWERS AUTHORITIES</u>	<u>COUNTY SERVICE AREAS</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>REDEVELOPMENT AGENCY</u>	<u>ASSETS</u>
\$ 11,763	\$ 2,360	\$ 28	\$ 7,365	CASH AND CASH EQUIVALENTS
-	-	-	-	ACCOUNTS RECEIVABLE - NET
16	-	-	-	INTEREST RECEIVABLE
-	43	-	81	DUE FROM OTHER FUNDS
-	-	-	-	DUE FROM OTHER GOVERNMENTS
-	149	-	-	OTHER ASSETS
<u>\$ 11,779</u>	<u>\$ 2,552</u>	<u>\$ 28</u>	<u>\$ 7,446</u>	TOTAL ASSETS
				<u>LIABILITIES AND FUND BALANCE</u>
\$ -	\$ 7	\$ -	\$ -	LIABILITIES:
7,537	24	-	45	ACCOUNTS PAYABLE
-	3	-	-	DUE TO OTHER FUNDS
<u>7,537</u>	<u>34</u>	<u>-</u>	<u>45</u>	INTERFUND PAYABLE
				TOTAL LIABILITIES
-	545	-	-	FUND BALANCE:
4,242	1,973	28	7,401	RESERVED FOR ENCUMBRANCES
<u>4,242</u>	<u>2,518</u>	<u>28</u>	<u>7,401</u>	UNRESERVED, UNDESIGNATED
<u>\$ 11,779</u>	<u>\$ 2,552</u>	<u>\$ 28</u>	<u>\$ 7,446</u>	TOTAL FUND BALANCE
				TOTAL LIABILITIES AND FUND BALANCE

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>TOTAL</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>PARK AND RECREATION DISTRICTS</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	1,116	330	1
AID FROM OTHER GOVERNMENTAL AGENCIES	7,705	7,705	-
CHARGES FOR CURRENT SERVICES	30	30	-
OTHER REVENUES	<u>144</u>	<u>57</u>	<u>-</u>
TOTAL REVENUES	<u>8,995</u>	<u>8,122</u>	<u>1</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>30,397</u>	<u>27,314</u>	<u>57</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(21,402)</u>	<u>(19,192)</u>	<u>(56)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(7,575)	-	-
TRANSFERS FROM OTHER FUNDS	<u>19,817</u>	<u>18,472</u>	<u>62</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,242</u>	<u>18,472</u>	<u>62</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(9,160)	(720)	6
FUND BALANCE, JULY 1, 2001	<u>50,932</u>	<u>28,282</u>	<u>15</u>
FUND BALANCE, JUNE 30, 2002	<u>\$ 41,772</u>	<u>\$ 27,562</u>	<u>\$ 21</u>

See accompanying independent auditor's report.

<u>JOINT POWERS AUTHORITIES</u>	<u>COUNTY SERVICE AREAS</u>	<u>FIRE PROTECTION DISTRICTS</u>	<u>REDEVELOPMENT AGENCY</u>
\$ -	\$ -	\$ -	\$ -
288	88	2	407
-	-	-	-
-	87	-	-
<u>288</u>	<u>175</u>	<u>2</u>	<u>407</u>
94	996	49	1,887
<u>194</u>	<u>(821)</u>	<u>(47)</u>	<u>(1,480)</u>
(7,537)	(38)	-	-
<u>46</u>	<u>1,188</u>	<u>49</u>	<u>-</u>
<u>(7,491)</u>	<u>1,150</u>	<u>49</u>	<u>-</u>
(7,297)	329	2	(1,480)
11,539	2,189	26	8,881
<u>\$ 4,242</u>	<u>\$ 2,518</u>	<u>\$ 28</u>	<u>\$ 7,401</u>

REVENUES:

TAXES
REVENUES FROM USE OF MONEY AND PROPERTY
AID FROM OTHER GOVERNMENTAL AGENCIES
CHARGES FOR CURRENT SERVICES
OTHER REVENUES

TOTAL REVENUES

EXPENDITURES:

CAPITAL OUTLAY

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES

OTHER FINANCING SOURCES (USES):

TRANSFERS TO OTHER FUNDS
TRANSFERS FROM OTHER FUNDS

TOTAL OTHER FINANCING SOURCES (USES)

EXCESS (DEFICIENCY) OF REVENUES
AND OTHER FINANCING SOURCES OVER
EXPENDITURES AND OTHER FINANCING USES

FUND BALANCE, JULY 1, 2001

FUND BALANCE, JUNE 30, 2002

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2002 (IN THOUSANDS)

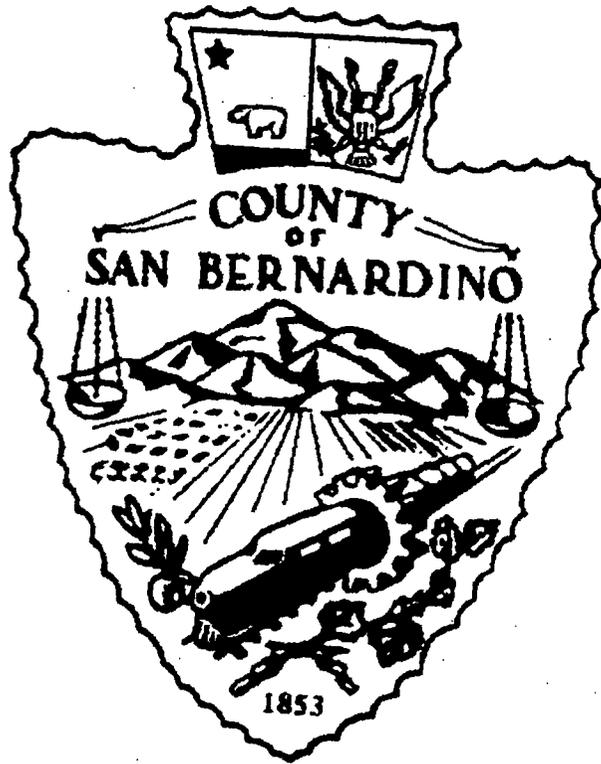
<u>ASSETS</u>	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>B.D. 'NIÑO' GALLEANO SCHOLARSHIP FUND</u>
CASH AND CASH EQUIVALENTS	\$ 470	\$ 396	\$ 71	\$ 3
DUE FROM OTHER FUNDS	<u>5</u>	<u>4</u>	<u>1</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 475</u>	<u>\$ 400</u>	<u>\$ 72</u>	<u>\$ 3</u>
<u>FUND BALANCE</u>				
FUND BALANCE: RESERVED FOR ENDOWMENTS	<u>\$ 475</u>	<u>\$ 400</u>	<u>\$ 72</u>	<u>\$ 3</u>
TOTAL FUND BALANCE	<u>475</u>	<u>400</u>	<u>72</u>	<u>3</u>
TOTAL FUND BALANCE	<u>\$ 475</u>	<u>\$ 400</u>	<u>\$ 72</u>	<u>\$ 3</u>

See accompanying independent auditor's report.

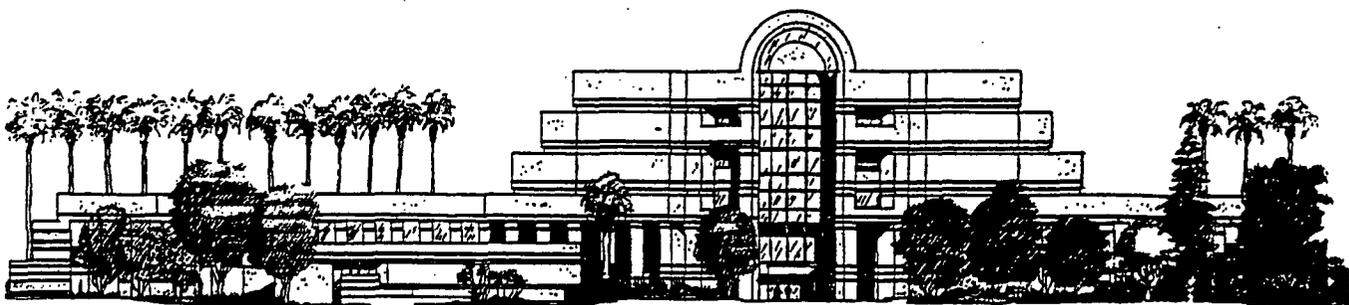
COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 PERMANENT FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>TOTAL</u>	<u>BARSTOW CEMETERY ENDOWMENT CARE FUND</u>	<u>LUCERNE VALLEY CEMETERY ENDOWMENT CARE FUND</u>	<u>B.D. 'NIÑO' GALLEANO SCHOLARSHIP FUND</u>
REVENUES:				
REVENUES FROM USE OF MONEY & PROPERTY	\$ 22	\$ 19	\$ 3	\$ -
OTHER REVENUES	<u>33</u>	<u>33</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>55</u>	<u>52</u>	<u>3</u>	<u>-</u>
EXPENDITURES:				
CURRENT:				
EDUCATION	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
TOTAL EXPENDITURES	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	54	52	3	(1)
FUND BALANCE, JULY 1, 2001	<u>421</u>	<u>348</u>	<u>69</u>	<u>4</u>
FUND BALANCE, JUNE 30, 2002	<u>\$ 475</u>	<u>\$ 400</u>	<u>\$ 72</u>	<u>\$ 3</u>

See accompanying independent auditor's report.



COMBINING FINANCIAL STATEMENTS NONMAJOR ENTERPRISE FUNDS



NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

CRESTLINE SANITATION DISTRICT

The Crestline Sanitation District provides sewage collection, treatment and disposal service for 5,040 equivalent dwelling units. Three treatment plants and 100 miles of sewer lines are maintained. User fees are the principal source of revenue.

COUNTY SERVICE AREAS

The County Service Areas Enterprise Funds account for water and sewer facilities within certain geographical areas of the County. User fees are the principal source of revenue.

FIRE PROTECTION DISTRICTS -- AMBULANCE

The Fire Protection Districts-Ambulance Funds account for ambulance transport services. User fees are the principal source of revenue.

ULTRASCREEN THEATER

The Ultrascreen Theater, a component unit of the County of San Bernardino, is a new state-of-the-art large screen facility operated in partnership with Ogden Entertainment Services and features educational films for schools and the general public.

OTHER ENTERPRISE

The Other Enterprise Funds account for the Museum Gift Shop, and Regional Parks Snack Bar operations. Sales are the principal source of revenue.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2002 (IN THOUSANDS)

<u>ASSETS</u>	<u>TOTAL</u>	<u>CRESTLINE SANITATION DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 23,878	\$ 5,629	\$ 17,144
ACCOUNTS RECEIVABLE - NET	2,452	251	1,736
TAXES RECEIVABLE	14	-	14
OTHER RECEIVABLES	29	20	9
DUE FROM OTHER FUNDS	581	221	350
DUE FROM OTHER GOVERNMENTS	443	132	299
INVENTORIES	131	-	-
TOTAL CURRENT ASSETS	<u>27,528</u>	<u>6,253</u>	<u>19,552</u>
NONCURRENT ASSETS			
LAND, STRUCTURES AND IMPROVEMENTS	96,374	21,419	74,955
EQUIPMENT	5,979	1,146	1,485
ACCUMULATED DEPRECIATION AND AMORTIZATION	(46,558)	(13,376)	(32,080)
CONSTRUCTION IN PROGRESS	2,297	988	1,309
TOTAL NONCURRENT ASSETS	<u>58,092</u>	<u>10,177</u>	<u>45,669</u>
TOTAL ASSETS	<u>\$ 85,620</u>	<u>\$ 16,430</u>	<u>\$ 65,221</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	\$ 750	\$ 85	\$ 665
SALARIES AND BENEFITS PAYABLE	60	55	-
DUE TO OTHER FUNDS	106	-	81
INTEREST PAYABLE	84	-	84
TOTAL CURRENT LIABILITIES	<u>1,000</u>	<u>140</u>	<u>830</u>
NONCURRENT LIABILITIES:			
INTERFUND PAYABLE	500	-	-
EMPLOYEE COMPENSATED ABSENCES	139	133	-
BONDS AND NOTES PAYABLE	4,535	1,457	3,078
TOTAL NONCURRENT LIABILITIES	<u>5,174</u>	<u>1,590</u>	<u>3,078</u>
TOTAL LIABILITIES	<u>6,174</u>	<u>1,730</u>	<u>3,908</u>
NET ASSETS:			
UNRESERVED	<u>79,446</u>	<u>14,700</u>	<u>61,313</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 85,620</u>	<u>\$ 16,430</u>	<u>\$ 65,221</u>

See accompanying independent auditor's report.

FIRE PROTECTION DISTRICTS - AMBULANCE	ULTRASCREEN THEATER	OTHER ENTERPRISE
\$ 794	\$ 196	\$ 115
465	-	-
-	-	-
-	-	-
9	1	-
-	-	12
-	-	131
<u>1,268</u>	<u>197</u>	<u>258</u>
-	-	-
531	2,817	-
(356)	(746)	-
<u>175</u>	<u>2,071</u>	<u>-</u>
<u>\$ 1,443</u>	<u>\$ 2,268</u>	<u>\$ 258</u>

\$ -	\$ -	\$ -
-	-	5
-	-	25
-	-	-
<u>-</u>	<u>-</u>	<u>30</u>
-	500	-
-	-	6
-	-	-
<u>-</u>	<u>500</u>	<u>6</u>
-	500	36
<u>1,443</u>	<u>1,768</u>	<u>222</u>
<u>\$ 1,443</u>	<u>\$ 2,268</u>	<u>\$ 258</u>

ASSETS

CURRENT ASSETS:	
CASH AND CASH EQUIVALENTS	
ACCOUNTS RECEIVABLE - NET	
TAXES RECEIVABLE	
OTHER RECEIVABLES	
DUE FROM OTHER FUNDS	
DUE FROM OTHER GOVERNMENTS	
INVENTORIES	
TOTAL CURRENT ASSETS	
NONCURRENT ASSETS:	
LAND, STRUCTURES AND IMPROVEMENTS	
EQUIPMENT	
ACCUMULATED DEPRECIATION AND AMORTIZATION	
CONSTRUCTION IN PROGRESS	
TOTAL NONCURRENT ASSETS	
TOTAL ASSETS	

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
ACCOUNTS PAYABLE	
SALARIES AND BENEFITS PAYABLE	
DUE TO OTHER FUNDS	
INTEREST PAYABLE	
TOTAL CURRENT LIABILITIES	
NONCURRENT LIABILITIES:	
INTERFUND PAYABLE	
EMPLOYEE COMPENSATED ABSENCES	
BONDS AND NOTES PAYABLE	
TOTAL NONCURRENT LIABILITIES	
TOTAL LIABILITIES	
NET ASSETS:	
UNRESERVED	
TOTAL LIABILITIES AND NET ASSETS	

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)
 NONMAJOR ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>TOTAL</u>	<u>CRESTLINE SANITATION DISTRICT</u>	<u>COUNTY SERVICE AREAS</u>
OPERATING REVENUES:			
CHARGES FOR CURRENT SERVICES	\$ 15,086	\$ 1,477	\$ 11,737
TOTAL OPERATING REVENUES	<u>15,086</u>	<u>1,477</u>	<u>11,737</u>
OPERATING EXPENSES:			
PROFESSIONAL SERVICES	1,579	160	1,293
SALARIES AND EMPLOYEE BENEFITS	6,140	1,106	4,888
SERVICES AND SUPPLIES	6,047	578	4,792
DEPRECIATION AND AMORTIZATION	2,583	494	2,026
OTHER	944	-	944
TOTAL OPERATING EXPENSES	<u>17,293</u>	<u>2,338</u>	<u>13,943</u>
OPERATING INCOME (LOSS)	<u>(2,207)</u>	<u>(861)</u>	<u>(2,206)</u>
NONOPERATING REVENUES (EXPENSES):			
INTEREST REVENUE	967	245	692
INTEREST EXPENSE	(208)	(32)	(184)
TAX REVENUE	4,110	857	3,253
GRANT REVENUE	216	145	71
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	19	3	16
OTHER NONOPERATING REVENUES	949	37	590
OTHER NONOPERATING EXPENSES	9	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>6,062</u>	<u>1,255</u>	<u>4,438</u>
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS	3,855	394	2,232
TRANSFERS TO OTHER FUNDS	(1,716)	(24)	(802)
TRANSFERS FROM OTHER FUNDS	4	-	4
CHANGE IN NET ASSETS (DEFICIT)	2,143	370	1,434
TOTAL NET ASSETS (DEFICIT), JULY 1, 2001, AS RESTATED, (NOTE 3)	<u>77,303</u>	<u>14,330</u>	<u>59,879</u>
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2002	<u>\$ 79,446</u>	<u>\$ 14,700</u>	<u>\$ 61,313</u>

See accompanying independent auditor's report.

<u>FIRE PROTECTION DISTRICTS - AMBULANCE</u>	<u>ULTRASCREEN THEATER</u>	<u>OTHER ENTERPRISE</u>
<u>\$ 1,872</u>	<u>\$ -</u>	<u>\$ -</u>
<u>1,872</u>	<u>-</u>	<u>-</u>
100	-	26
44	6	96
511	-	166
63	-	-
-	-	-
<u>718</u>	<u>6</u>	<u>288</u>
<u>1,154</u>	<u>(6)</u>	<u>(288)</u>
30	-	-
-	8	-
-	-	-
-	-	-
-	-	-
-	-	322
<u>12</u>	<u>(3)</u>	<u>-</u>
<u>42</u>	<u>5</u>	<u>322</u>
1,196	(1)	34
(890)	-	-
-	-	-
306	(1)	34
1,137	1,769	188
<u>\$ 1,443</u>	<u>\$ 1,768</u>	<u>\$ 222</u>

OPERATING REVENUES:
CHARGES FOR CURRENT SERVICES

TOTAL OPERATING REVENUES

OPERATING EXPENSES:
PROFESSIONAL SERVICES
SALARIES AND EMPLOYEE BENEFITS
SERVICES AND SUPPLIES
DEPRECIATION AND AMORTIZATION
OTHER

TOTAL OPERATING EXPENSES

OPERATING INCOME (LOSS)

NONOPERATING REVENUES (EXPENSES):

INTEREST REVENUE
INTEREST EXPENSE
TAX REVENUE
GRANT REVENUE
GAIN (LOSS) ON SALE OF CAPITAL ASSETS
OTHER NONOPERATING REVENUES
OTHER NONOPERATING EXPENSES

TOTAL NONOPERATING REVENUES (EXPENSES)

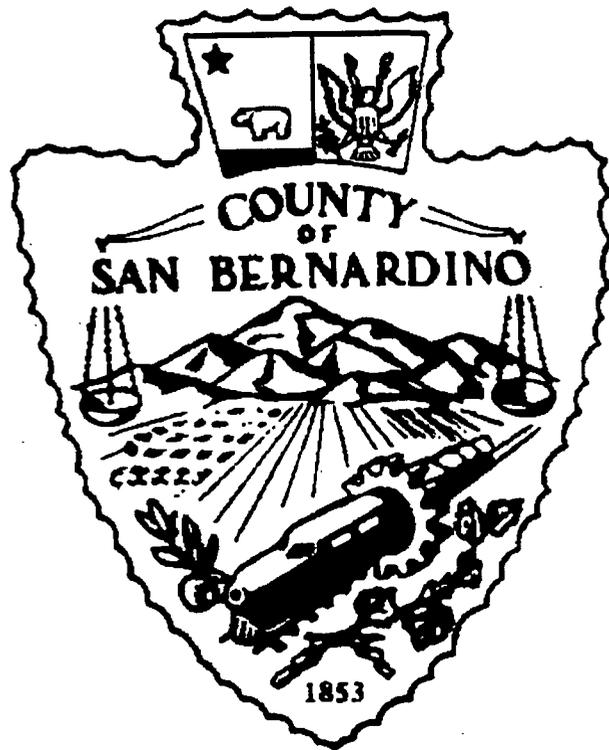
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS

TRANSFERS TO OTHER FUNDS
TRANSFERS FROM OTHER FUNDS

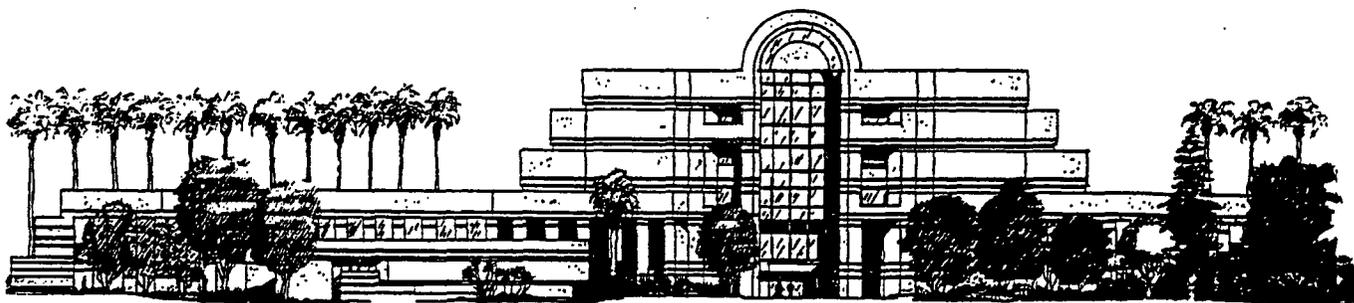
CHANGE IN NET ASSETS (DEFICIT)

TOTAL NET ASSETS (DEFICIT), JULY 1, 2001, AS RESTATED (NOTE 3)

TOTAL NET ASSETS (DEFICIT), JUNE 30, 2002



COMBINING FINANCIAL STATEMENTS INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS DESCRIPTIONS

GENERAL SERVICES GROUP

The General Services Agency Fund accounts for the County's Printing Services, Records Management and Central Mail Services departments. Services which are available to all County departments and special districts are financed by user fees for services provided.

TELEPHONE SERVICES

The Telephone Services Fund accounts for Countywide telephone operations including related hardware, software, communication facilities, and a network of microwave sites.

COMPUTER OPERATIONS

The Computer Operations Fund accounts for 24-hour-per-day, Countywide data processing services including data entry, report distribution and distributed data processing with technical support.

VEHICLE SERVICES

The Vehicle Services Fund includes both the County Garage and Motor Pool. The Fund accounts for vehicle rental services to all County departments, and maintenance and repair services to the County's vehicle and heavy equipment fleet.

RISK MANAGEMENT

The Risk Management Fund accounts for the County's self-insured worker's compensation, public liability, property conservation and safety programs which are provided to all County departments and special districts.

FLOOD CONTROL EQUIPMENT

The Flood Control Equipment Fund accounts for heavy equipment rental and maintenance services provided to each of the six flood control zones within various geographical regions of the County.

COUNTY OF SAN BERNARDINO
 COMBINING BALANCE SHEET
 INTERNAL SERVICE FUNDS
 JUNE 30, 2002 (IN THOUSANDS)

ASSETS	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 79,116	\$ 1,656	\$ 4,831	\$ 9,931
ACCOUNTS RECEIVABLE - NET	54	-	54	-
INTEREST RECEIVABLE	529	-	-	-
DUE FROM OTHER FUNDS	615	3	17	151
DUE FROM OTHER GOVERNMENTS	913	-	615	-
INVENTORIES	1,829	569	430	-
PREPAID ITEMS	568	568	-	-
TOTAL CURRENT ASSETS	83,624	2,796	5,947	10,082
NONCURRENT ASSETS:				
DEFERRED CHARGES	142	-	-	-
INTERFUND RECEIVABLE	19	-	-	-
LAND, STRUCTURES AND IMPROVEMENTS	7,049	-	1,445	-
EQUIPMENT	58,529	1,076	21,961	6,832
ACCUMULATED DEPRECIATION AND AMORTIZATION	(44,655)	(768)	(18,626)	(5,004)
TOTAL NONCURRENT ASSETS	21,084	308	4,780	1,828
TOTAL ASSETS	\$ 104,708	\$ 3,104	\$ 10,727	\$ 11,910
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	\$ 4,027	\$ 458	\$ 592	\$ 1,133
SALARIES AND BENEFITS PAYABLE	1,180	110	298	374
DUE TO OTHER FUNDS	1,740	11	13	16
DUE TO OTHER GOVERNMENTS	440	-	-	440
DEFERRED REVENUE	300	300	-	-
TOTAL CURRENT LIABILITIES	7,687	879	903	1,963
NONCURRENT LIABILITIES:				
INTERFUND PAYABLE	25	-	-	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	95,288	-	-	-
EMPLOYEE COMPENSATED ABSENCES	2,467	166	681	844
CAPITAL LEASE OBLIGATIONS	2,277	173	1,552	421
TOTAL NONCURRENT LIABILITIES	100,057	339	2,233	1,265
TOTAL LIABILITIES	107,744	1,218	3,136	3,228
NET ASSETS:				
RESERVED - VEHICLE/EQUIPMENT REPLACEMENT	9,528	-	1,471	478
UNRESERVED	(12,564)	1,886	6,120	8,204
TOTAL NET ASSETS (DEFICIT)	(3,036)	1,886	7,591	8,682
TOTAL LIABILITIES AND NET ASSETS	\$ 104,708	\$ 3,104	\$ 10,727	\$ 11,910

See accompanying independent auditor's report.

VEHICLE SERVICES	RISK MANAGEMENT	FLOOD CONTROL EQUIPMENT
\$ 8,330	\$ 52,418	\$ 1,950
-	529	-
86	306	52
298	-	-
830	-	-
-	-	-
<u>9,544</u>	<u>53,253</u>	<u>2,002</u>
-	142	-
-	-	19
5,604	-	-
19,528	162	8,970
(16,019)	(110)	(4,128)
<u>9,113</u>	<u>194</u>	<u>4,861</u>
<u>\$ 18,657</u>	<u>\$ 53,447</u>	<u>\$ 6,863</u>

\$ 695	\$ 1,149	\$ -
253	144	1
616	1,084	-
-	-	-
-	-	-
<u>1,564</u>	<u>2,377</u>	<u>1</u>
-	25	-
-	95,288	-
517	259	-
-	5	126
<u>517</u>	<u>95,577</u>	<u>126</u>
<u>2,081</u>	<u>97,954</u>	<u>127</u>
7,579	-	-
<u>8,997</u>	<u>(44,507)</u>	<u>6,736</u>
<u>16,576</u>	<u>(44,507)</u>	<u>6,736</u>
<u>\$ 18,657</u>	<u>\$ 53,447</u>	<u>\$ 6,863</u>

ASSETS
CURRENT ASSETS:
CASH AND CASH EQUIVALENTS
ACCOUNTS RECEIVABLE - NET
INTEREST RECEIVABLE
DUE FROM OTHER FUNDS
DUE FROM OTHER GOVERNMENTS
INVENTORIES
PREPAID ITEMS
TOTAL CURRENT ASSETS
NONCURRENT ASSETS:
DEFERRED CHARGES
INTERFUND RECEIVABLE
LAND, STRUCTURES AND IMPROVEMENTS
EQUIPMENT
ACCUMULATED DEPRECIATION AND AMORTIZATION
TOTAL NONCURRENT ASSETS
TOTAL ASSETS

LIABILITIES AND NET ASSETS
CURRENT LIABILITIES:
ACCOUNTS PAYABLE
SALARIES AND BENEFITS PAYABLE
DUE TO OTHER FUNDS
DUE TO OTHER GOVERNMENTS
DEFERRED REVENUE
TOTAL CURRENT LIABILITIES
NONCURRENT LIABILITIES:
INTERFUND PAYABLE
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS
EMPLOYEE COMPENSATED ABSENCES
CAPITAL LEASE OBLIGATIONS
TOTAL NONCURRENT LIABILITIES
TOTAL LIABILITIES
NET ASSETS
RESERVED - VEHICLE/EQUIPMENT REPLACEMENT
UNRESERVED
TOTAL NET ASSETS (DEFICIT)
TOTAL LIABILITIES AND NET ASSETS

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	TOTAL	GENERAL SERVICES GROUP	TELEPHONE SERVICES	COMPUTER OPERATIONS
OPERATING REVENUES:				
CHARGES FOR CURRENT SERVICES	\$ 119,136	\$ 18,445	\$ 19,794	\$ 19,438
TOTAL OPERATING REVENUES	119,136	18,445	19,794	19,438
OPERATING EXPENSES:				
PROFESSIONAL SERVICES	4,767	548	519	1,951
SALARIES AND EMPLOYEE BENEFITS	23,102	2,182	6,300	6,711
SELF-INSURED CLAIMS	63,876	-	-	-
SERVICES AND SUPPLIES	57,017	15,464	10,497	8,519
DEPRECIATION AND AMORTIZATION	5,984	136	2,143	325
OTHER	94	-	-	-
TOTAL OPERATING EXPENSES	154,840	18,330	19,459	17,506
OPERATING INCOME (LOSS)	(35,704)	115	335	1,932
NONOPERATING REVENUES (EXPENSES):				
INTEREST REVENUE	3,900	-	-	-
INTEREST EXPENSE	(102)	(12)	(65)	(18)
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	46	-	-	(1)
OTHER NONOPERATING REVENUES	257	257	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	4,101	245	(65)	(19)
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS	(31,603)	360	270	1,913
TRANSFERS TO OTHER FUNDS	(523)	(48)	(133)	(160)
CHANGE IN NET ASSETS (DEFICIT)	(32,126)	312	137	1,753
NET ASSETS (DEFICIT), JULY 1, 2001, AS RESTATED (NOTE 3)	29,090	1,574	7,454	6,929
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2002	\$ (3,036)	\$ 1,886	\$ 7,591	\$ 8,682

See accompanying independent auditor's report.

<u>VEHICLE SERVICES</u>	<u>RISK MANAGEMENT</u>	<u>FLOOD CONTROL EQUIPMENT</u>
\$ 23,695	\$ 35,911	\$ 1,853
<u>23,695</u>	<u>35,911</u>	<u>1,853</u>
488	1,250	11
4,950	2,931	28
-	63,876	-
14,360	7,138	1,039
2,450	194	736
-	94	-
<u>22,248</u>	<u>75,483</u>	<u>1,814</u>
<u>1,447</u>	<u>(39,572)</u>	<u>39</u>
303	3,512	85
-	-	(7)
(35)	-	82
-	-	-
<u>268</u>	<u>3,512</u>	<u>160</u>
1,715	(36,060)	199
<u>(114)</u>	<u>(68)</u>	<u>-</u>
1,601	(36,128)	199
14,975	(8,379)	6,537
<u>\$ 16,576</u>	<u>\$ (44,507)</u>	<u>\$ 6,736</u>

OPERATING REVENUES:
CHARGES FOR CURRENT SERVICES

TOTAL OPERATING REVENUES

OPERATING EXPENSES:
PROFESSIONAL SERVICES
SALARIES AND EMPLOYEE BENEFITS
SELF-INSURED CLAIMS
SERVICES AND SUPPLIES
DEPRECIATION AND AMORTIZATION
OTHER

TOTAL OPERATING EXPENSES

OPERATING INCOME (LOSS)

NONOPERATING REVENUES (EXPENSES):
INTEREST REVENUE
INTEREST EXPENSE
GAIN (LOSS) ON SALE OF CAPITAL ASSETS
OTHER NONOPERATING REVENUES

TOTAL NONOPERATING REVENUES (EXPENSES)

CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS

TRANSFERS TO OTHER FUNDS

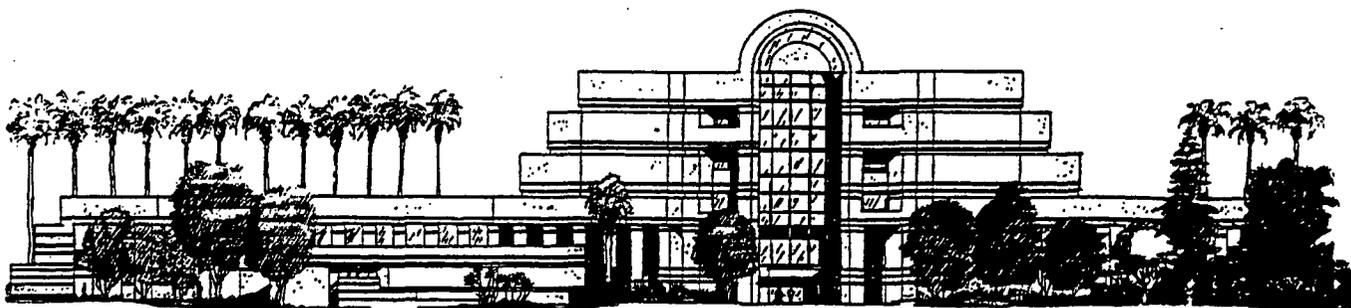
CHANGE IN NET ASSETS (DEFICIT)

TOTAL NET ASSETS (DEFICIT), JULY 1, 2001, AS RESTATED (NOTE 3)

TOTAL NET ASSETS (DEFICIT), JUNE 30, 2002



COMBINING FINANCIAL STATEMENTS TRUST AND AGENCY FUNDS





TRUST AND AGENCY FUNDS DESCRIPTIONS

AGENCY FUNDS

Special Assessment Funds - The special assessment funds are administered by the County Treasurer and account for amounts collected from property owners for the payment of special assessment bond principal and interest. The special assessment bonds include both 1911 and 1915 Act Bonds and Mello-Roos Bonds.

Other Agency Funds - Accounts for other agency funds where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

COUNTY OF SAN BERNARDINO
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

<u>TOTAL AGENCY FUNDS</u>	<u>BALANCE JULY 1, 2001</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2002</u>
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 381,146	\$ 8,727,247	\$ 8,846,901	\$ 261,492
INVESTMENTS	9,849	8,865	9,849	8,865
ACCOUNT RECEIVABLES	-	235	-	235
TAXES RECEIVABLE	136,029	145,104	136,029	145,104
INTEREST RECEIVABLE	267	-	267	-
LOANS RECEIVABLE	2,700	-	2,700	-
DUE FROM OTHER FUNDS	9,369	1,592	9,369	1,592
DUE FROM OTHER GOVERNMENTS	-	180	-	180
ADVANCES TO OTHER FUNDS	250	-	-	250
TOTAL ASSETS	<u>\$ 539,610</u>	<u>\$ 8,883,223</u>	<u>\$ 9,005,115</u>	<u>\$ 417,718</u>
LIABILITIES:				
DUE TO OTHER FUNDS	\$ 52,587	\$ 33,605	\$ 60,764	\$ 25,428
DEFERRED REVENUE	-	\$ 18	-	18
DUE TO OTHER GOVERNMENTS	487,023	392,272	487,023	392,272
TOTAL LIABILITIES	<u>\$ 539,610</u>	<u>\$ 425,895</u>	<u>\$ 547,787</u>	<u>\$ 417,718</u>

See accompanying independent auditor's report.



**COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICIT) BUDGET
TO ACTUAL ON BUDGETARY BASIS**





COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	TOTAL		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 65,132	\$ 66,855	\$ 1,723
LICENSES, PERMITS AND FRANCHISES	202	260	58
FINES, FORFEITURES AND PENALTIES	3,902	8,310	4,408
REVENUES FROM USE OF MONEY AND PROPERTY	9,243	11,600	2,357
AID FROM OTHER GOVERNMENTAL AGENCIES	273,774	157,865	(115,909)
CHARGES FOR CURRENT SERVICES	25,656	22,666	(2,990)
OTHER REVENUES	54,595	50,626	(3,969)
TOTAL REVENUES	<u>432,504</u>	<u>318,182</u>	<u>(114,322)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	14,330	3,522	10,808
PUBLIC PROTECTION	188,823	93,582	95,241
PUBLIC WAYS AND FACILITIES	113,916	61,873	52,043
HEALTH AND SANITATION	11,907	5,375	6,532
PUBLIC ASSISTANCE	134,560	87,887	46,673
EDUCATION	12,117	11,666	451
RECREATION AND CULTURAL SERVICES	14,023	4,701	9,322
DEBT SERVICE:			
PRINCIPAL	3,455	2,130	1,325
INTEREST AND FISCAL CHARGES	1,304	806	498
CAPITAL OUTLAY	58,355	16,207	42,148
TOTAL EXPENDITURES	<u>552,790</u>	<u>287,749</u>	<u>265,041</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(120,286)</u>	<u>30,433</u>	<u>150,719</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(35,421)	(29,131)	6,290
TRANSFERS FROM OTHER FUNDS	22,423	13,902	(8,521)
SALE OF CAPITAL ASSETS	160	1,037	877
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,838)</u>	<u>(14,192)</u>	<u>(1,354)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(133,124)</u>	<u>16,241</u>	<u>149,365</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>177,241</u>	<u>177,241</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 44,117</u>	<u>\$ 193,482</u>	<u>\$ 149,365</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	TRANSPORTATION		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	160	212	52
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	894	963	69
AID FROM OTHER GOVERNMENTAL AGENCIES	41,500	35,071	(6,429)
CHARGES FOR CURRENT SERVICES	1,601	1,248	(353)
OTHER REVENUES	19	188	169
TOTAL REVENUES	<u>44,174</u>	<u>37,682</u>	<u>(6,492)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	53,223	36,820	16,403
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	683	403	280
INTEREST AND FISCAL CHARGES	617	148	469
CAPITAL OUTLAY	3,114	2,707	407
TOTAL EXPENDITURES	<u>57,637</u>	<u>40,078</u>	<u>17,559</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(13,463)</u>	<u>(2,396)</u>	<u>11,067</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(3,000)	(367)	2,633
TRANSFERS FROM OTHER FUNDS	3,000	745	(2,255)
SALE OF CAPITAL ASSETS	160	173	13
TOTAL OTHER FINANCING SOURCES (USES)	<u>160</u>	<u>551</u>	<u>391</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(13,303)</u>	<u>(1,845)</u>	<u>11,458</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>17,045</u>	<u>17,045</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 3,742</u>	<u>\$ 15,200</u>	<u>\$ 11,458</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>COUNTY FREE LIBRARY</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 7,078	\$ 6,858	\$ (220)
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	-	-	-
AID FROM OTHER GOVERNMENTAL AGENCIES	2,641	2,275	(366)
CHARGES FOR CURRENT SERVICES	725	816	91
OTHER REVENUES	<u>1,386</u>	<u>1,198</u>	<u>(188)</u>
TOTAL REVENUES	<u>11,830</u>	<u>11,147</u>	<u>(683)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	12,117	11,666	451
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	<u>201</u>	<u>(6)</u>	<u>207</u>
TOTAL EXPENDITURES	<u>12,318</u>	<u>11,660</u>	<u>658</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(488)</u>	<u>(513)</u>	<u>(25)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(90)	(198)	(108)
TRANSFERS FROM OTHER FUNDS	300	442	142
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>210</u>	<u>244</u>	<u>34</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(278)</u>	<u>(269)</u>	<u>9</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>789</u>	<u>789</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 511</u>	<u>\$ 520</u>	<u>\$ 9</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	ECONOMIC AND COMMUNITY DEVELOPMENT		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 75	\$ 13	\$ (62)
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	3	3
REVENUES FROM USE OF MONEY AND PROPERTY	571	356	(215)
AID FROM OTHER GOVERNMENTAL AGENCIES	40,215	12,840	(27,375)
CHARGES FOR CURRENT SERVICES	25	24	(1)
OTHER REVENUES	8,002	13,854	5,852
TOTAL REVENUES	<u>48,888</u>	<u>27,090</u>	<u>(21,798)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	58,557	21,756	36,801
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>58,557</u>	<u>21,756</u>	<u>36,801</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,669)</u>	<u>5,334</u>	<u>15,003</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(969)	(726)	243
TRANSFERS FROM OTHER FUNDS	100	100	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(869)</u>	<u>(626)</u>	<u>243</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(10,538)</u>	<u>4,708</u>	<u>15,246</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>11,633</u>	<u>11,633</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 1,095</u>	<u>\$ 16,341</u>	<u>\$ 15,246</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	AGING AND ADULT SERVICES		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	25	21	(4)
AID FROM OTHER GOVERNMENTAL AGENCIES	8,616	7,378	(1,238)
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	30	222	192
TOTAL REVENUES	<u>8,671</u>	<u>7,621</u>	<u>(1,050)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	10,037	7,542	2,495
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	92	91	1
TOTAL EXPENDITURES	<u>10,129</u>	<u>7,633</u>	<u>2,496</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,458)</u>	<u>(12)</u>	<u>1,446</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	-	(46)	(46)
TRANSFERS FROM OTHER FUNDS	1,334	1,334	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,334</u>	<u>1,288</u>	<u>(46)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(124)</u>	<u>1,276</u>	<u>1,400</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>129</u>	<u>129</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 5</u>	<u>\$ 1,405</u>	<u>\$ 1,400</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>JOBS AND EMPLOYMENT SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	-	16	16
AID FROM OTHER GOVERNMENTAL AGENCIES	23,598	22,469	(1,129)
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	2	2
TOTAL REVENUES	<u>23,598</u>	<u>22,487</u>	<u>(1,111)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	21,925	20,794	1,131
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	239	239	-
TOTAL EXPENDITURES	<u>22,164</u>	<u>21,033</u>	<u>1,131</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,434</u>	<u>1,454</u>	<u>20</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	-	(109)	(109)
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(109)</u>	<u>(109)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>1,434</u>	<u>1,345</u>	<u>(89)</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	(1,428)	(1,428)	-
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 6</u>	<u>\$ (83)</u>	<u>\$ (89)</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	MICROGRAPHICS FEES		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	-	-	-
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	4,750	2,155	(2,595)
OTHER REVENUES	-	787	787
TOTAL REVENUES	<u>4,750</u>	<u>2,942</u>	<u>(1,808)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	2,726	950	1,776
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	1,736	1,202	534
TOTAL EXPENDITURES	<u>1,736</u>	<u>2,152</u>	<u>534</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,014</u>	<u>790</u>	<u>(1,274)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(325)	(142)	183
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(325)</u>	<u>(142)</u>	<u>183</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,689	648	(1,091)
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>10,378</u>	<u>10,378</u>	-
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 13,067</u>	<u>\$ 11,026</u>	<u>\$ (1,091)</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 16,850	\$ 16,276	\$ (574)
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	26	-	(26)
REVENUES FROM USE OF MONEY AND PROPERTY	1,163	848	(315)
AID FROM OTHER GOVERNMENTAL AGENCIES	525	723	198
CHARGES FOR CURRENT SERVICES	7,171	7,096	(75)
OTHER REVENUES	9,842	3,999	(5,843)
TOTAL REVENUES	<u>35,577</u>	<u>28,942</u>	<u>(6,635)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	2,872	447	2,425
PUBLIC PROTECTION	33,625	27,245	6,380
PUBLIC WAYS AND FACILITIES	2,787	1,248	1,539
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	2,069	743	1,326
DEBT SERVICE:			
PRINCIPAL	511	496	15
INTEREST AND FISCAL CHARGES	78	78	-
CAPITAL OUTLAY	13,615	1,406	12,209
TOTAL EXPENDITURES	<u>55,557</u>	<u>31,663</u>	<u>23,894</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,980)</u>	<u>(2,721)</u>	<u>17,259</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(3,234)	(2,747)	487
TRANSFERS FROM OTHER FUNDS	13,774	5,110	(8,664)
SALE OF CAPITAL ASSETS	-	8	8
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,540</u>	<u>2,371</u>	<u>(8,169)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(9,440)</u>	<u>(350)</u>	<u>9,090</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>17,689</u>	<u>17,689</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 8,249</u>	<u>\$ 17,339</u>	<u>\$ 9,090</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>COURTHOUSE TEMPORARY CONSTRUCTION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	1,925	1,925
REVENUES FROM USE OF MONEY AND PROPERTY	-	38	38
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	-	-
TOTAL REVENUES	<u>-</u>	<u>1,963</u>	<u>1,963</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>1,963</u>	<u>1,963</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(200)	(1,356)	(1,156)
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(200)</u>	<u>(1,356)</u>	<u>(1,156)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(200)</u>	<u>607</u>	<u>807</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>205</u>	<u>205</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 5</u>	<u>\$ 812</u>	<u>\$ 807</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>CRIMINAL JUSTICE TEMPORARY CONSTRUCTION</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	2,869	2,019	(850)
REVENUES FROM USE OF MONEY AND PROPERTY	-	24	24
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	<u>1,157</u>	<u>353</u>	<u>(804)</u>
TOTAL REVENUES	<u>4,026</u>	<u>2,396</u>	<u>(1,630)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,026</u>	<u>2,396</u>	<u>(1,630)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(3,905)	(3,905)	-
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,905)</u>	<u>(3,905)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	121	(1,509)	(1,630)
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>2,193</u>	<u>2,193</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 2,314</u>	<u>\$ 684</u>	<u>\$ (1,630)</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	FLOOD CONTROL DISTRICT		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 18,306	\$ 19,206	\$ 900
LICENSES, PERMITS AND FRANCHISES	42	48	6
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	2,769	3,909	1,140
AID FROM OTHER GOVERNMENTAL AGENCIES	44,422	7,895	(36,527)
CHARGES FOR CURRENT SERVICES	341	41	(300)
OTHER REVENUES	730	1,108	378
TOTAL REVENUES	66,610	32,207	(34,403)
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	108,978	32,165	76,813
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	1,937	1,195	742
INTEREST AND FISCAL CHARGES	571	571	-
CAPITAL OUTLAY	62	7	55
TOTAL EXPENDITURES	111,548	33,938	77,610
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(44,938)	(1,731)	43,207
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(1,835)	(181)	1,654
TRANSFERS FROM OTHER FUNDS	2,418	1	(2,417)
SALE OF CAPITAL ASSETS	-	859	859
TOTAL OTHER FINANCING SOURCES (USES)	583	679	96
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(44,355)	(1,052)	43,303
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	47,878	47,878	-
FUND BALANCE (DEFICIT), JUNE 30, 2002	\$ 3,523	\$ 46,826	\$ 43,303

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	FIRE PROTECTION DISTRICTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 16,597	\$ 16,623	\$ 26
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	53	145	92
AID FROM OTHER GOVERNMENTAL AGENCIES	46	466	420
CHARGES FOR CURRENT SERVICES	3,131	3,108	(23)
OTHER REVENUES	416	284	(132)
TOTAL REVENUES	<u>20,243</u>	<u>20,626</u>	<u>383</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	23,306	20,819	2,487
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	2	-	2
CAPITAL OUTLAY	775	504	271
TOTAL EXPENDITURES	<u>24,083</u>	<u>21,323</u>	<u>2,760</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,840)</u>	<u>(697)</u>	<u>3,143</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(2,025)	(1,823)	202
TRANSFERS FROM OTHER FUNDS	1,461	890	(571)
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(564)</u>	<u>(933)</u>	<u>(369)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(4,404)</u>	<u>(1,630)</u>	<u>2,774</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	5,596	5,596	-
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 1,192</u>	<u>\$ 3,966</u>	<u>\$ 2,774</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ 1,042	\$ 1,031	\$ (11)
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	2	2
REVENUES FROM USE OF MONEY AND PROPERTY	22	43	21
AID FROM OTHER GOVERNMENTAL AGENCIES	175	88	(87)
CHARGES FOR CURRENT SERVICES	623	606	(17)
OTHER REVENUES	9	19	10
TOTAL REVENUES	<u>1,871</u>	<u>1,789</u>	<u>(82)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	2,061	1,692	369
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	49	32	17
TOTAL EXPENDITURES	<u>2,110</u>	<u>1,724</u>	<u>386</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(239)</u>	<u>65</u>	<u>304</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(153)	(68)	85
TRANSFERS FROM OTHER FUNDS	36	22	(14)
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(117)</u>	<u>(46)</u>	<u>71</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(356)</u>	<u>19</u>	<u>375</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	453	453	-
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 97</u>	<u>\$ 472</u>	<u>\$ 375</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>TOBACCO TAX PROGRAM</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	106	87	(19)
AID FROM OTHER GOVERNMENTAL AGENCIES	6,486	3,745	(2,741)
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	7	7
TOTAL REVENUES	<u>6,592</u>	<u>3,839</u>	<u>(2,753)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	7,891	2,195	5,696
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>7,891</u>	<u>2,195</u>	<u>5,696</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,299)</u>	<u>1,644</u>	<u>2,943</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	-	-	-
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(1,299)</u>	<u>1,644</u>	<u>2,943</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>1,306</u>	<u>1,306</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 7</u>	<u>\$ 2,950</u>	<u>\$ 2,943</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	SPECIAL AVIATION		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	584	836	252
AID FROM OTHER GOVERNMENTAL AGENCIES	11,830	4,102	(7,728)
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	453	453
TOTAL REVENUES	<u>12,414</u>	<u>5,391</u>	<u>(7,023)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	2,684	41	2,643
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	21,820	6,763	15,057
TOTAL EXPENDITURES	<u>24,504</u>	<u>6,804</u>	<u>17,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,090)</u>	<u>(1,413)</u>	<u>10,677</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	-	-	-
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(12,090)</u>	<u>(1,413)</u>	<u>10,677</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>12,158</u>	<u>12,158</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 68</u>	<u>\$ 10,745</u>	<u>\$ 10,677</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>PRESCHOOL SERVICES</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	-	57	57
AID FROM OTHER GOVERNMENTAL AGENCIES	35,311	31,583	(3,728)
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	-	-
TOTAL REVENUES	<u>35,311</u>	<u>31,640</u>	<u>(3,671)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	35,903	32,182	3,721
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	288	-	288
INTEREST	-	-	-
CAPITAL OUTLAY	457	92	365
TOTAL EXPENDITURES	<u>36,648</u>	<u>32,274</u>	<u>4,374</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,337)</u>	<u>(634)</u>	<u>703</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	-	(103)	(103)
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(103)</u>	<u>(103)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(1,337)</u>	<u>(737)</u>	<u>600</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	426	426	-
FUND BALANCE, JUNE 30, 2002	<u>\$ (911)</u>	<u>\$ (311)</u>	<u>\$ 600</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>SHERIFF'S SPECIAL PROJECTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	12	1,111	1,099
REVENUES FROM USE OF MONEY AND PROPERTY	155	192	37
AID FROM OTHER GOVERNMENTAL AGENCIES	18,398	4,802	(13,596)
CHARGES FOR CURRENT SERVICES	2,615	3,483	868
OTHER REVENUES	7,622	4,266	(3,356)
TOTAL REVENUES	<u>28,802</u>	<u>13,854</u>	<u>(14,948)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	17,368	10,670	6,698
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	36	36	-
INTEREST AND FISCAL CHARGES	9	2	7
CAPITAL OUTLAY	16,021	3,041	12,980
TOTAL EXPENDITURES	<u>33,434</u>	<u>13,749</u>	<u>19,685</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,632)</u>	<u>105</u>	<u>4,737</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	-	(27)	(27)
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(27)</u>	<u>(27)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(4,632)</u>	<u>78</u>	<u>4,710</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	10,052	10,052	-
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 5,420</u>	<u>\$ 10,130</u>	<u>\$ 4,710</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	SPECIAL TRANSPORTATION		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ 5,184	\$ 5,121	\$ (63)
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	742	877	135
AID FROM OTHER GOVERNMENTAL AGENCIES	19,738	9,396	(10,342)
CHARGES FOR CURRENT SERVICES	3,505	1,007	(2,498)
OTHER REVENUES	4,710	927	(3,783)
TOTAL REVENUES	<u>33,879</u>	<u>17,328</u>	<u>(16,551)</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	-	-	-
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	52,380	23,384	28,996
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	7	7	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>52,387</u>	<u>23,391</u>	<u>28,996</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,508)</u>	<u>(6,063)</u>	<u>12,445</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	-	(745)	(745)
TRANSFERS FROM OTHER FUNDS	-	-	-
SALE OF CAPITAL ASSETS	-	(3)	(3)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(748)</u>	<u>(748)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(18,508)</u>	<u>(6,811)</u>	<u>11,697</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>18,980</u>	<u>18,980</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 472</u>	<u>\$ 12,169</u>	<u>\$ 11,697</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	REDEVELOPMENT AGENCY		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ 655	\$ 655
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	-	-	-
REVENUES FROM USE OF MONEY AND PROPERTY	182	291	109
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	-	-
TOTAL REVENUES	<u>182</u>	<u>946</u>	<u>764</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	5,444	-	5,444
PUBLIC PROTECTION	-	-	-
PUBLIC WAYS AND FACILITIES	-	-	-
HEALTH AND SANITATION	-	-	-
PUBLIC ASSISTANCE	-	-	-
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	-	-	-
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	20	-	20
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	<u>5,464</u>	<u>-</u>	<u>5,464</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,282)</u>	<u>946</u>	<u>6,228</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	-	-	-
TRANSFERS FROM OTHER FUNDS	-	1,952	1,952
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,952</u>	<u>1,952</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(5,282)</u>	<u>2,898</u>	<u>8,180</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	<u>5,881</u>	<u>5,881</u>	<u>-</u>
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 599</u>	<u>\$ 8,779</u>	<u>\$ 8,180</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	OTHER SPECIAL REVENUE		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ 1,072	\$ 1,072
LICENSES, PERMITS AND FRANCHISES	-	-	-
FINES, FORFEITURES AND PENALTIES	995	3,250	2,255
REVENUES FROM USE OF MONEY AND PROPERTY	1,977	2,897	920
AID FROM OTHER GOVERNMENTAL AGENCIES	20,273	15,032	(5,241)
CHARGES FOR CURRENT SERVICES	1,169	3,082	1,913
OTHER REVENUES	20,672	22,959	2,287
TOTAL REVENUES	<u>45,086</u>	<u>48,292</u>	<u>3,206</u>
EXPENDITURES:			
CURRENT:			
GENERAL GOVERNMENT	3,288	2,125	1,163
PUBLIC PROTECTION	5,546	2,683	2,863
PUBLIC WAYS AND FACILITIES	2,842	380	2,462
HEALTH AND SANITATION	4,016	3,180	836
PUBLIC ASSISTANCE	8,138	5,613	2,525
EDUCATION	-	-	-
RECREATION AND CULTURAL SERVICES	9,893	2,266	7,627
DEBT SERVICE:			
PRINCIPAL	-	-	-
INTEREST AND FISCAL CHARGES	-	-	-
CAPITAL OUTLAY	174	129	45
TOTAL EXPENDITURES	<u>33,897</u>	<u>16,376</u>	<u>17,521</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>11,189</u>	<u>31,916</u>	<u>20,727</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS TO OTHER FUNDS	(19,685)	(16,588)	3,097
TRANSFERS FROM OTHER FUNDS	-	3,306	3,306
SALE OF CAPITAL ASSETS	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(19,685)</u>	<u>(13,282)</u>	<u>6,403</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(8,496)</u>	<u>18,634</u>	<u>27,130</u>
FUND BALANCE, JULY 1, 2001, AS RESTATED (NOTE 3)	15,878	15,878	-
FUND BALANCE (DEFICIT), JUNE 30, 2002	<u>\$ 7,382</u>	<u>\$ 34,512</u>	<u>\$ 27,130</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	TOTAL		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	421	421
AID FROM OTHER GOVERNMENTAL AGENCIES	34,260	7,705	(26,555)
CHARGES FOR CURRENT SERVICES	-	30	30
OTHER REVENUES	850	144	(706)
TOTAL REVENUES	35,110	8,300	(26,810)
EXPENDITURES:			
CAPITAL OUTLAY	96,616	31,313	65,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(61,506)	(23,013)	38,493
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	-	(38)	(38)
TRANSFERS FROM OTHER FUNDS	36,981	19,771	(17,210)
TOTAL OTHER FINANCING SOURCES	36,981	19,733	(17,248)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(24,525)	(3,280)	21,245
FUND BALANCE (DEFICIT), JULY 1, 2001, AS RESTATED	9,290	25,771	16,481
FUND BALANCE, JUNE 30, 2002	\$ (15,235)	\$ 22,491	\$ 37,726

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>CAPITAL IMPROVEMENTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	330	330
AID FROM OTHER GOVERNMENTAL AGENCIES	34,248	7,705	(26,543)
CHARGES FOR CURRENT SERVICES	-	30	30
OTHER REVENUES	-	57	57
TOTAL REVENUES	<u>34,248</u>	<u>8,122</u>	<u>(26,126)</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>90,920</u>	<u>29,987</u>	<u>60,933</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(56,672)</u>	<u>(21,865)</u>	<u>34,807</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	-	-	-
TRANSFERS FROM OTHER FUNDS	<u>32,751</u>	<u>18,472</u>	<u>(14,279)</u>
TOTAL OTHER FINANCING SOURCES	<u>32,751</u>	<u>18,472</u>	<u>(14,279)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(23,921)</u>	<u>(3,393)</u>	<u>20,528</u>
FUND BALANCE (DEFICIT), JULY 1, 2001	<u>8,666</u>	<u>23,921</u>	-
FUND BALANCE, JUNE 30, 2002	<u>\$ (15,255)</u>	<u>\$ 20,528</u>	<u>\$ 20,528</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	<u>PARK AND RECREATION DISTRICTS</u>		
	<u>BUDGET</u>	<u>ACTUAL ON BUDGETARY BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	1	1
AID FROM OTHER GOVERNMENTAL AGENCIES	12	-	(12)
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	<u>100</u>	<u>-</u>	<u>(100)</u>
TOTAL REVENUES	<u>112</u>	<u>1</u>	<u>(111)</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>233</u>	<u>57</u>	<u>176</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(121)</u>	<u>(56)</u>	<u>65</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	-	-	-
TRANSFERS FROM OTHER FUNDS	<u>121</u>	<u>62</u>	<u>(59)</u>
TOTAL OTHER FINANCING SOURCES	<u>121</u>	<u>62</u>	<u>(59)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	6	6
FUND BALANCE (DEFICIT), JULY 1, 2001	<u>14</u>	<u>15</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2002	<u>\$ 14</u>	<u>\$ 21</u>	<u>\$ 6</u>

See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

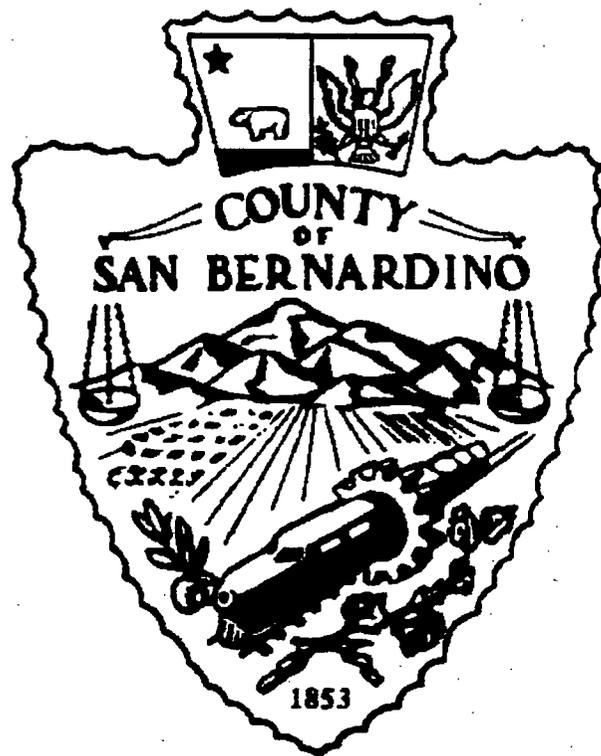
	COUNTY SERVICE AREAS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	88	88
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	750	87	(663)
TOTAL REVENUES	<u>750</u>	<u>175</u>	<u>(575)</u>
EXPENDITURES:			
CAPITAL OUTLAY	5,398	1,220	4,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,648)</u>	<u>(1,045)</u>	<u>3,603</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	-	(38)	(38)
TRANSFERS FROM OTHER FUNDS	4,044	1,188	(2,856)
TOTAL OTHER FINANCING SOURCES	<u>4,044</u>	<u>1,150</u>	<u>(2,894)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(604)</u>	<u>105</u>	<u>709</u>
FUND BALANCE (DEFICIT), JULY 1, 2001	<u>512</u>	<u>1,809</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2002	<u>\$ (92)</u>	<u>\$ 1,914</u>	<u>\$ 709</u>

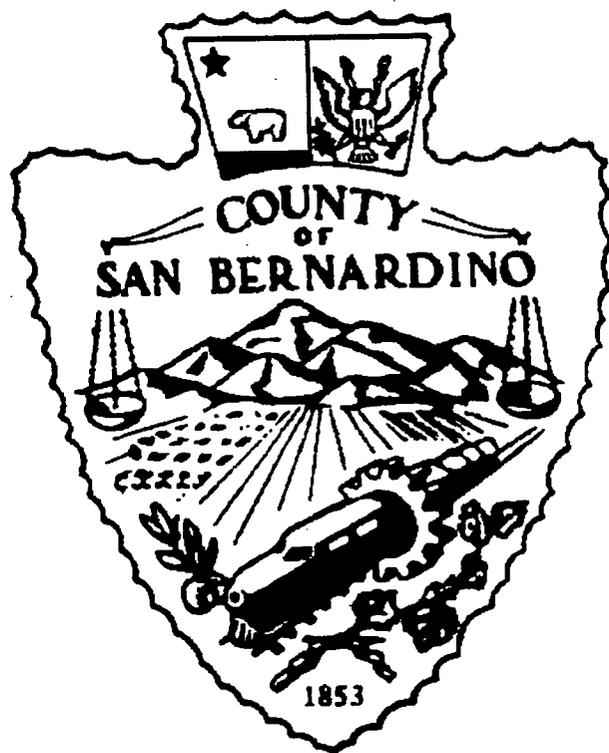
See accompanying independent auditor's report.

COUNTY OF SAN BERNARDINO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
 BUDGET AND ACTUAL ON BUDGETARY BASIS (CONTINUED)
 CERTAIN CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2002 (IN THOUSANDS)

	FIRE PROTECTION DISTRICTS		
	BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
TAXES	\$ -	\$ -	\$ -
REVENUES FROM USE OF MONEY AND PROPERTY	-	2	2
AID FROM OTHER GOVERNMENTAL AGENCIES	-	-	-
CHARGES FOR CURRENT SERVICES	-	-	-
OTHER REVENUES	-	-	-
TOTAL REVENUES	<u>-</u>	<u>2</u>	<u>2</u>
EXPENDITURES:			
CAPITAL OUTLAY	<u>65</u>	<u>49</u>	<u>16</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(65)</u>	<u>(47)</u>	<u>18</u>
OTHER FINANCING SOURCES:			
TRANSFERS TO OTHER FUNDS	-	-	-
TRANSFERS FROM OTHER FUNDS	<u>65</u>	<u>49</u>	<u>(16)</u>
TOTAL OTHER FINANCING SOURCES	<u>65</u>	<u>49</u>	<u>(16)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	2	2
FUND BALANCE (DEFICIT), JULY 1, 2001	<u>98</u>	<u>26</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2002	<u>\$ 98</u>	<u>\$ 28</u>	<u>\$ 2</u>

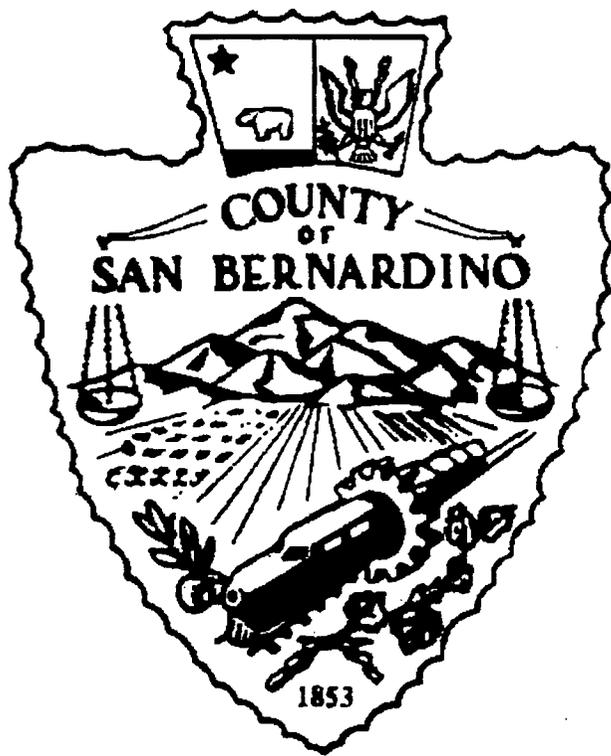
See accompanying independent auditor's report.





STATISTICAL SECTION



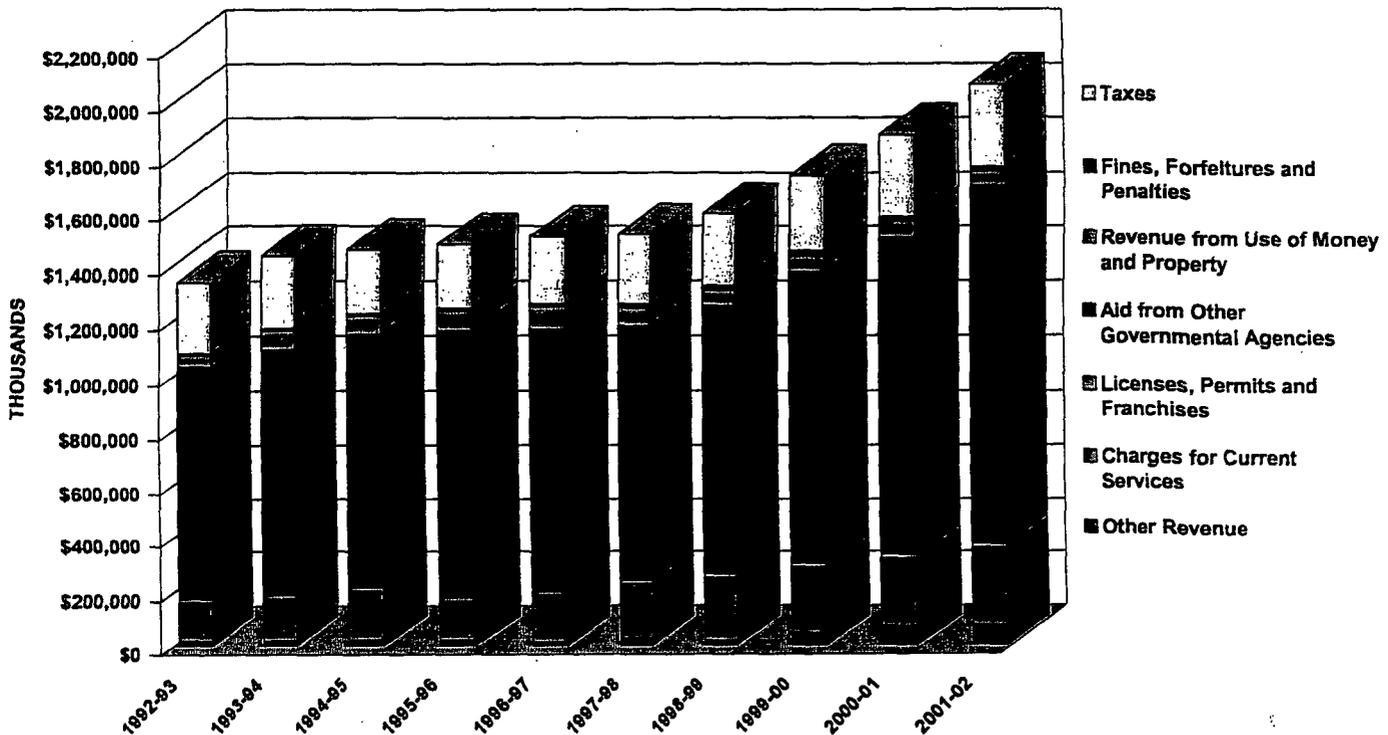


COUNTY OF SAN BERNARDINO
 GENERAL GOVERNMENTAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS (IN THOUSANDS)

SOURCE	1992-93	1993-94	1994-95	1995-96	1996-97
TAXES	\$ 256,244	\$ 263,504	\$ 231,778	\$ 232,321	\$ 243,678
LICENSES, PERMITS AND FRANCHISES	12,062	8,472	7,846	7,246	8,842
FINES, FORFEITURES AND PENALTIES	7,735	8,180	9,119	9,698	11,884
REVENUE FROM USE OF MONEY AND PROPERTY	39,513	66,426	65,040	70,662	81,228
AID FROM OTHER GOVERNMENTAL AGENCIES	863,842	902,935	929,838	980,557	961,601
CHARGES FOR CURRENT SERVICES	144,590	171,092	194,564	158,692	188,103
OTHER REVENUES	16,648	16,279	20,582	19,303	11,853
TOTAL	\$ 1,340,634	\$ 1,436,888	\$ 1,458,767	\$ 1,478,479	\$ 1,507,189

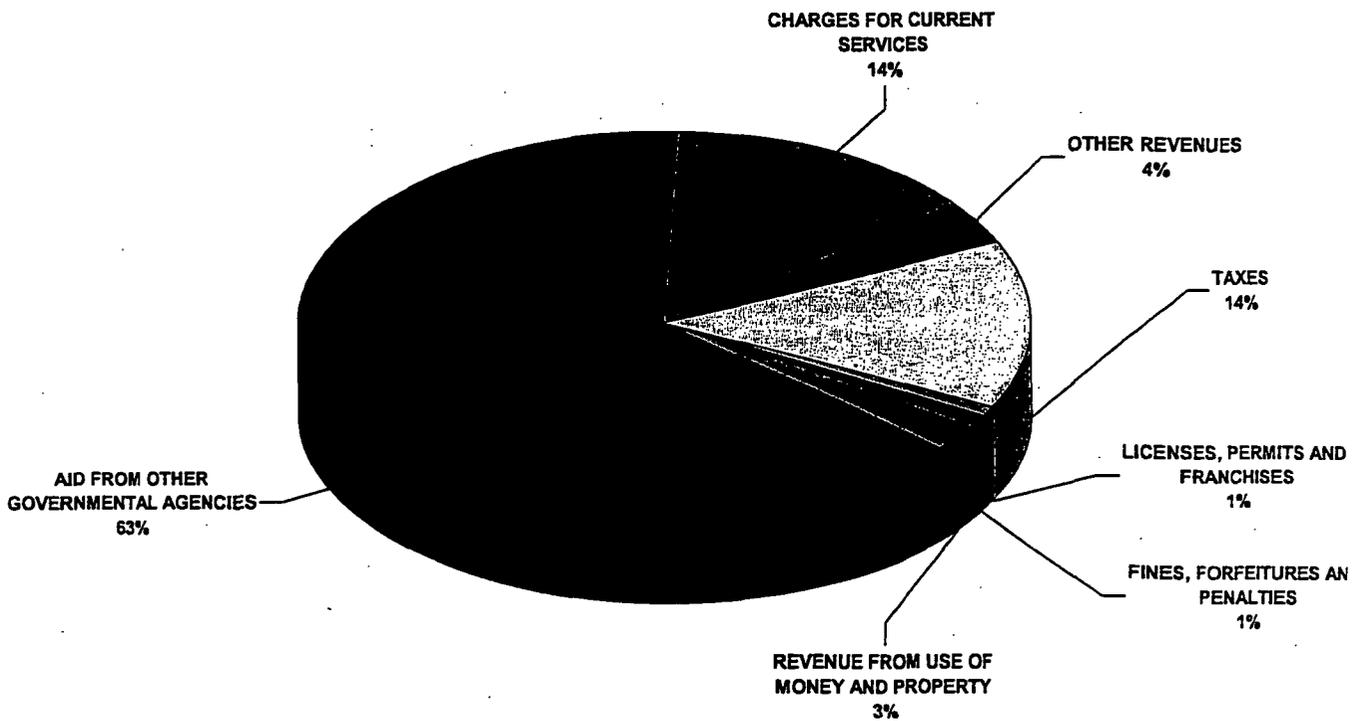
Source: Comprehensive Annual Financial Report. Includes General, Special Revenue, Debt Service and Capital Projects Funds.

REVENUE TRENDS



<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>SOURCE</u>
\$ 253,379	\$ 262,345	\$ 280,499	\$ 303,313	\$ 300,737	TAXES
13,701	14,079	15,202	15,766	16,520	LICENSES, PERMITS AND FRANCHISES
15,599	18,936	20,168	18,440	16,574	FINES, FORFEITURES AND PENALTIES
64,276	54,949	55,948	58,182	51,922	REVENUE FROM USE OF MONEY AND PROPERTY
941,671	992,829	1,077,662	1,169,708	1,323,725	AID FROM OTHER GOVERNMENTAL AGENCIES
201,079	231,473	239,699	248,090	284,822	CHARGES FOR CURRENT SERVICES
25,594	17,612	45,492	70,157	73,967	OTHER REVENUES
<u>\$ 1,515,299</u>	<u>\$ 1,592,223</u>	<u>\$ 1,734,670</u>	<u>\$ 1,883,656</u>	<u>\$ 2,068,267</u>	TOTAL

REVENUE SOURCES

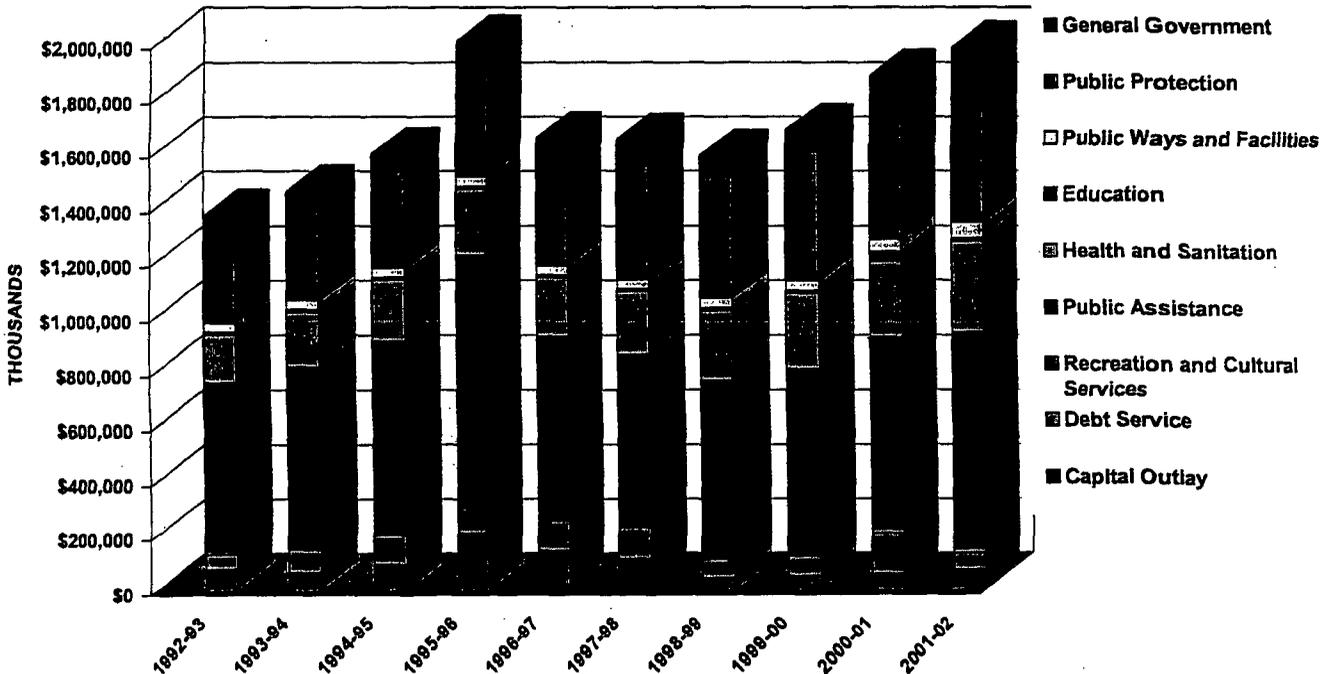


COUNTY OF SAN BERNARDINO
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
 LAST TEN FISCAL YEARS (IN THOUSANDS)

<u>FUNCTION</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>
GENERAL GOVERNMENT	\$ 71,704	\$ 71,477	\$ 65,976	\$ 92,092	\$ 66,889
PUBLIC PROTECTION	322,011	325,946	353,176	460,619	401,533
PUBLIC WAYS AND FACILITIES	32,453	33,855	33,905	37,335	34,616
HEALTH AND SANITATION	174,207	200,302	222,392	241,577	213,170
PUBLIC ASSISTANCE	620,457	662,508	703,955	910,974	666,749
EDUCATION	10,521	9,661	8,901	8,821	8,627
RECREATION AND CULTURAL SERVICES	11,518	9,285	9,591	11,706	11,977
DEBT SERVICE	53,489	83,300	107,493	97,722	108,990
CAPITAL OUTLAY	65,390	53,005	81,361	194,967	131,847
TOTAL	\$ 1,361,750	\$ 1,449,339	\$ 1,586,750	\$ 2,055,813	\$ 1,644,398

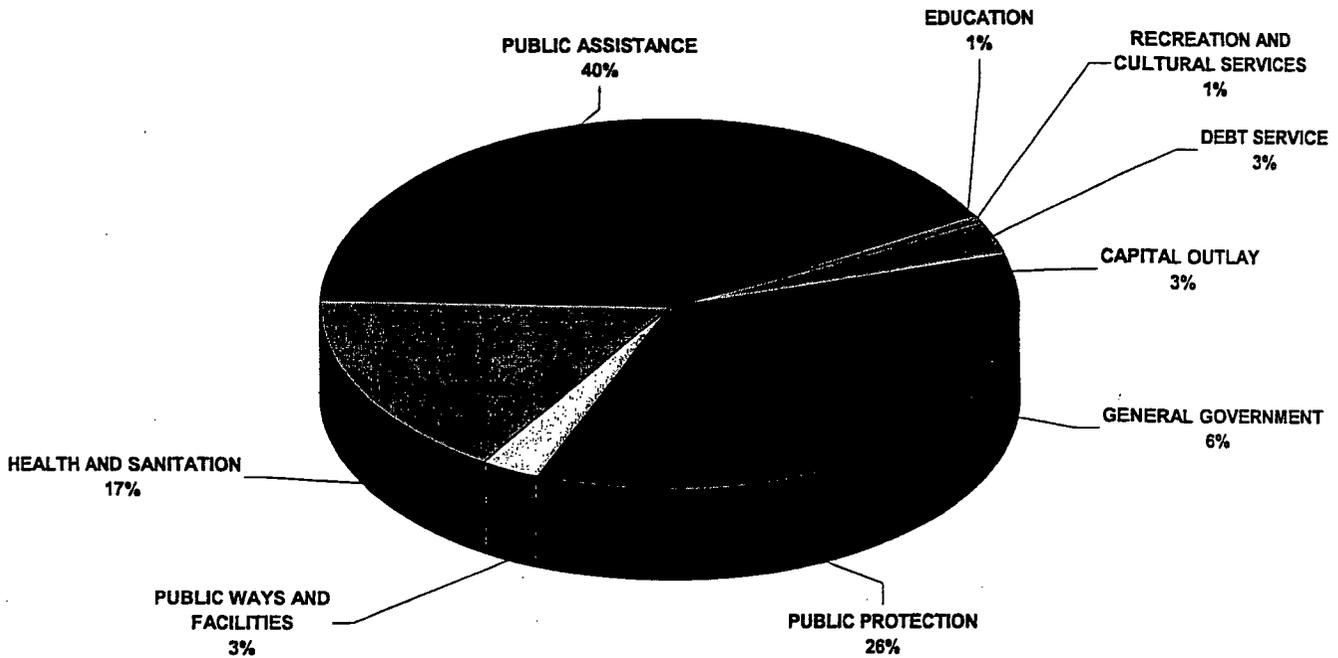
Source: Comprehensive Annual Financial Report. Includes General, Special Revenue, Debt Service and Capital Projects Funds.

EXPENDITURE TRENDS



<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>FUNCTION</u>
\$ 85,399	\$ 80,223	\$ 82,523	\$ 91,459	\$ 118,669	GENERAL GOVERNMENT
428,582	439,974	470,918	510,068	521,433	PUBLIC PROTECTION
33,727	35,100	36,237	43,178	58,269	PUBLIC WAYS AND FACILITIES
230,119	256,222	274,474	272,180	331,155	HEALTH AND SANITATION
626,647	646,888	678,314	709,821	800,038	PUBLIC ASSISTANCE
8,918	10,080	11,235	40,899	12,626	EDUCATION
11,157	11,931	11,340	14,058	14,316	RECREATION AND CULTURAL SERVICES
113,328	67,949	71,820	148,134	60,479	DEBT SERVICE
101,739	31,046	38,262	44,829	59,974	CAPITAL OUTLAY
<u>\$ 1,639,616</u>	<u>\$ 1,579,413</u>	<u>\$ 1,675,123</u>	<u>\$ 1,874,626</u>	<u>\$ 1,976,959</u>	TOTAL

EXPENDITURES BY FUNCTION



COUNTY OF SAN BERNARDINO
PROPERTY TAX LEVIES, COLLECTIONS, AND DELINQUENCIES
LAST TEN FISCAL YEARS (IN THOUSANDS)

FISCAL YEAR	TAX LEVY	COLLECTIONS		DELINQUENCY	
		AMOUNT (1)	PERCENT	AMOUNT	PERCENT
1992-93	887,756	811,443	91.4	76,313	8.6 %
1993-94	921,240	844,237	91.6	77,003	8.4
1994-95	907,776	822,915	90.7	84,861	9.3
1995-96	924,364	858,062	92.8	66,302	7.2
1996-97	931,302	862,854	92.7	68,448	7.3
1997-98	940,414	874,882	93.0	65,532	7.0
1998-99	970,426	906,204	93.4	64,222	6.6
1999-00	995,499	938,047	94.2	57,452	5.8
2000-01	1,044,654	995,354	95.3	49,300	4.7
2001-02	1,095,919	1,051,265	95.9	44,653	4.1

Note:

(1) Included above are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO
 GROSS ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (IN THOUSANDS)

<u>FISCAL YEAR</u>	<u>(1) SECURED</u>	<u>(1) UNSECURED</u>	<u>TOTAL</u>
1992-93	56,896,371	3,057,565	59,953,936
1993-94	58,552,377	2,984,566	61,536,943
1994-95	57,872,470	2,855,516	60,727,986
1995-96	58,221,977	2,979,827	61,201,804
1996-97	58,673,355	3,130,796	61,804,151
1997-98	59,436,693	3,310,372	62,747,065
1998-99	60,369,414	3,503,927	63,873,341
1999-00	62,029,287	3,414,687	65,443,974
2000-01	63,875,019	3,583,212	67,458,231
2001-02	67,359,597	3,718,755	71,078,352

Note:

(1) Valuations include State reimbursed exemptions but exclude redevelopment tax allocations.

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - TAX RATE AREA 7000 (1)
(\$1 PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>SAN BERNARDINO COUNTY GENERAL</u>	<u>SCHOOLS</u>	<u>SAN BERNARDINO MUNICIPAL WATER</u>	<u>TOTAL</u>
1992-93	1.0000	0.0078	0.1000	1.1078
1993-94	1.0000	0.0059	0.0900	1.0959
1994-95	1.0000	0.0006	0.0870	1.0876
1995-96	1.0000	0.0012	0.0870	1.0882
1996-97	1.0000	0.0018	0.0870	1.0888
1997-98	1.0000	0.0015	0.1070	1.1085
1998-99	1.0000	0.0015	0.1070	1.1085
1999-00	1.0000	0.0426	0.1070	1.1496
2000-01	1.0000	0.0336	0.1070	1.1406
2001-02	1.0000	0.0361	0.1420	1.1781

Note:

(1) The tax rate for Tax Rate Area 7000, which applies to most of the property within the City of San Bernardino, is used to illustrate the breakdown of a tax rate within the County.

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO
 COMPUTATION OF LEGAL DEBT MARGIN AND BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS (IN THOUSANDS)

<u>FISCAL YEAR</u>	<u>(1) POPULATION</u>	<u>(2) ASSESSED VALUE</u>	<u>(3) LEGAL DEBT LIMIT</u>	<u>(4) BONDED DEBT</u>	<u>LEGAL DEBT MARGIN</u>	<u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u>	<u>BONDED DEBT PER CAPITA</u>
1992-93	1,556	59,953,936	749,424	8,534	740,890	0.01	5.48
1993-94	1,592	61,536,943	769,212	7,618	761,594	0.01	4.79
1994-95	1,618	60,727,986	759,100	6,832	752,268	0.01	4.22
1995-96	1,589	61,201,804	765,023	6,107	758,916	0.01	3.84
1996-97	1,587	61,804,151	772,552	5,290	767,262	0.01	3.33
1997-98	1,622	62,747,065	784,338	4,683	779,655	0.01	2.89
1998-99	1,654	63,873,341	798,417	4,177	794,240	0.01	2.53
1999-00	1,689	65,443,974	818,050	3,691	814,359	0.01	2.19
2000-01	1,764	67,458,231	843,228	3,365	839,863	0.01	1.91
2001-02	1,784	71,078,352	888,479	2,979	885,500	0.01	1.67

Notes:

- (1) Source: California Department of Finance.
- (2) Valuations include State reimbursed exemptions, but exclude redevelopment tax allocations.
- (3) The legal debt limit is 1.25% of assessed value.
- (4) Bonded debt subject to limitation; amount includes only general obligation bonds.

COUNTY OF SAN BERNARDINO
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
 AS OF JUNE 30, 2002

2001-02 ASSESSED VALUATION (1): \$ 88,482,553,620 (includes unitary utility valuation)
 Redevelopment Incremental Valuation: 17,384,200,910
 Adjusted Assessed Valuation: \$71,078,352,710

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>PERCENT APPLICABLE</u>	<u>DEBT 6/30/02</u>
METROPOLITAN WATER DISTRICT	2.847 %	\$ 14,322,545
FONTANA UNIFIED SCHOOL DISTRICT	100.000	66,783,353
REDLANDS UNIFIED SCHOOL DISTRICT	100.000	28,875,000
RIALTO UNIFIED SCHOOL DISTRICT	100.000	18,450,038
SAN BERNARDINO UNIFIED SCHOOL DISTRICT	100.000	34,290,542
UPLAND UNIFIED SCHOOL DISTRICT	100.000	27,499,914
OTHER UNIFIED SCHOOL DISTRICTS	Various	84,487,594
UNION HIGH SCHOOL DISTRICTS	100.000	148,368,731
SCHOOL DISTRICTS	100.000	110,452,899
CITIES OF LOMA LINDA AND REDLANDS	100.000	5,545,000
COUNTY SERVICE AREAS	100.000	1,895,000
MOJAVE WATER AGENCY	100.000	23,905,000
MOJAVE WATER AGENCY, I.D.M.	100.000	46,240,000
COUNTY WATER DISTRICTS	100.000 (1)	3,517,351
ETIWANDA SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS	100.000	46,495,000
FONTANA COMMUNITY FACILITIES DISTRICTS	100.000	163,510,000
RANCHO CUCAMONGA COMMUNITY FACILITIES DISTRICTS	100.000	36,590,000
CHINO HILLS COMMUNITY FACILITIES DISTRICTS	100.000	44,265,000
YUCAIPA COMMUNITY FACILITIES DISTRICT NO. 98-1	100.000	23,035,000
OTHER COMMUNITY FACILITIES DISTRICT	100.000	152,483,923
CITY, COUNTY AND SPECIAL DISTRICT 1915 ACT BONDS (Estimate)	100.000	178,886,521
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 1,260,898,411

COUNTY OF SAN BERNARDINO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS (IN THOUSANDS)

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>ADVANCE REFUNDING ESCROW</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u>
1992-93	\$ 18,585	34,904	-	53,489	1,361,750	3.93 %
1993-94	20,331	47,714	15,255	83,300	1,449,339	5.75
1994-95	41,166	66,327	-	107,493	1,586,750	6.77
1995-96	20,642	71,193	5,887	97,722	2,055,813	4.75
1996-97	36,470	72,520	39,135	148,125	1,644,398	9.01
1997-98	36,630	76,698	76,240	189,568	1,639,616	11.56
1998-99	28,787	39,162	-	67,949	1,579,413	4.30
1999-00	22,136	49,684	-	71,820	1,675,123	4.29
2000-01	99,557	48,577	-	148,134	1,874,626	7.90
2001-02	24,662	35,817	112,171	172,650	1,976,959	8.73

Source: Auditor/Controller-Recorder, County of San Bernardino.

COUNTY OF SAN BERNARDINO
 SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 2002

COVERAGE	AMOUNT	INSURED
General and Automobile Liability	County pays all claims with negligence.	County is completely self-insured up to \$250,000 per claim or occurrence. CSAC EIA Liability Program II pool covers losses from \$250,000. Excess coverage provides coverage to \$30 million.
Fire, Lightning and Earthquake Extended Coverage	Replacement value.	CSAC EIA with \$25,000 deductible - 5% deductible for earthquake
Medical Malpractice	\$30,000,000 Professional or Hospital Liability.	Self-insured program is supplemented CSAC EIA that provides annual coverage on an occurrence basis. Self-insured retention at \$1 million for each claim. Maximum coverage under this policy is \$10 million per occurrence with additional \$20 million under the GLII Program.
Airport Liability	\$50,000,000.	Premises liability, contractual liability, products liability, completed operations; personal protective injury, hangarkeepers, owners and contractors protective with Associated Aviation.
Comprehensive Disappearance, Destructions and Dishonesty	\$10,000,000.	CSAC EIA Crime Program - \$100,000 deductible per claim or occurrence
Faithful Performance Bond	\$10,000,000 employee dishonesty.	CSAC EIA Crime Program - \$100,000 deductible per claim or occurrence
Worker's Compensation	Statutory for Worker's Compensation. \$2,000,000 for Employer's Liability.	Self-Insured first \$1,000,000. Excess with CSAC EIA for statutory limits.
Employee Health - Contact Human Resources Department	Limited according to selected plan.	Contact Human Resources Department.
Dental - Contact Human Resources Department	Limited according to selected plan.	Contact Human Resources Department.
Life - Contact Human Resources Department	Varies.	Contact Human Resources Department.

Source: Risk Management, County of San Bernardino.

COUNTY OF SAN BERNARDINO
 PUBLIC OFFICIAL BLANKET BOND (1) (2)
 JUNE 30, 2002

	<u>FAITHFUL PERFORMANCE BOND/ EMPLOYEE DISHONESTY</u>	<u>FORGERY/ALTERATION, DISAPPEARANCE & DESTRUCTION, ROBBERY COMPUTER FRAUD</u>
ASSESSOR	\$ 10,000,000	\$ 5,000,000
AUDITOR/CONTROLLER	10,000,000	5,000,000
BOARD OF SUPERVISORS (PER SUPERVISOR)	10,000,000	5,000,000
DISTRICT ATTORNEY	10,000,000	5,000,000
PUBLIC ADMINISTRATOR-CORONER	10,000,000	5,000,000
SHERIFF	10,000,000	5,000,000
SUPERINTENDENT OF SCHOOLS	10,000,000	5,000,000
SUPERIOR COURT JUDGES	10,000,000	5,000,000
TREASURER-TAX COLLECTOR:		
TREASURER	10,000,000	5,000,000
TAX COLLECTOR	10,000,000	5,000,000

Notes:

- (1) Coverage with CSAC EIA Crime Program
- (2) Per occurrence.
- (3) \$100,000 Deductible

COUNTY OF SAN BERNARDINO
 REVENUE BOND COVERAGE
 LAST TEN FISCAL YEARS (IN THOUSANDS)

FISCAL YEAR	GROSS REVENUE	OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1992-93	\$ 6,225	-	6,225	-	6,225	6,225	1.0
1993-94	6,225	-	6,225	-	6,225	6,225	1.0
1994-95	6,225	-	6,225	-	6,225	6,225	1.0
1995-96	32,459	8,535	23,924	6,285	1,635	7,920	3.0
1996-97	71,929	7,947	63,982	28,295	33,909	62,204	1.0
1997-98	55,012	541	54,471	21,925	32,546	54,471	1.0
1998-99	50,569	493	50,076	18,670	31,406	50,076	1.0
1999-00	41,290	1,259	40,031	9,185	30,559	39,744	1.0
2000-01	113,996	486	113,510	86,090	27,420	113,510	1.0
2001-02	34,508	315	34,193	13,195	20,998	34,193	1.0

COUNTY OF SAN BERNARDINO
 BUILDING PERMIT VALUATIONS, DWELLING UNITS AND BANK DEPOSITS (1)
 LAST TEN CALENDAR YEARS

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
VALUATIONS: (2)					
RESIDENTIAL	\$ 836,875	\$ 710,922	\$ 658,110	\$ 573,852	\$ 732,403
NONRESIDENTIAL	<u>290,451</u>	<u>302,209</u>	<u>368,011</u>	<u>411,129</u>	<u>397,631</u>
TOTAL	<u>\$ 1,127,326</u>	<u>\$ 1,013,131</u>	<u>\$ 1,026,121</u>	<u>\$ 984,981</u>	<u>\$ 1,130,034</u>
NEW DWELLING UNITS: (2)					
SINGLE FAMILY	5,882	5,354	4,585	3,852	4,703
MULTIPLE FAMILY	<u>1,356</u>	<u>498</u>	<u>145</u>	<u>101</u>	<u>311</u>
TOTAL	<u>7,238</u>	<u>5,852</u>	<u>4,730</u>	<u>3,953</u>	<u>5,014</u>
BANK DEPOSITS (3)	<u>\$ 4,778,162</u>	<u>\$ 5,541,160</u>	<u>\$ 5,625,169</u>	<u>\$ 5,581,891</u>	<u>\$ 5,706,988</u>

Notes:

(1) Building Permit Valuations and Bank Deposits are in thousands.

(2) Source: Construction Industry Research Board.

(3) Source: Federal Reserve Research Library.

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
\$ 842,497	\$ 993,156	\$ 1,250,197	\$ 1,127,597	\$ 1,416,540
<u>527,367</u>	<u>642,910</u>	<u>758,616</u>	<u>766,421</u>	<u>764,931</u>
<u>\$ 1,369,864</u>	<u>\$ 1,636,066</u>	<u>\$ 2,008,813</u>	<u>\$ 1,894,018</u>	<u>\$ 2,181,471</u>
5,124	5,602	6,593	5,865	6,825
<u>469</u>	<u>511</u>	<u>479</u>	<u>715</u>	<u>1,702</u>
<u>5,593</u>	<u>6,113</u>	<u>7,072</u>	<u>6,580</u>	<u>8,527</u>
<u>\$ 9,017,358</u>	<u>\$ 9,423,092</u>	<u>\$ 9,632,110</u>	<u>\$ 9,956,470</u>	<u>\$ 10,681,508</u>

VALUATIONS: (2)

RESIDENTIAL
NONRESIDENTIAL
TOTAL

NEW DWELLING UNITS: (2)

SINGLE FAMILY
MULTIPLE FAMILY
TOTAL

BANK DEPOSITS (3)

COUNTY OF SAN BERNARDINO
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS (IN THOUSANDS)

<u>FISCAL YEAR</u>	<u>(1) POPULATION COUNTY OF SAN BERNARDINO</u>	<u>(1) POPULATION STATE OF CALIFORNIA</u>	<u>(2) POPULATION UNITED STATES</u>	<u>(3) SCHOOL ENROLLMENT</u>	<u>(4) UNEMPLOYMENT RATE COUNTY OF SAN BERNARDINO</u>
1992-93	1,556	31,143	256,899	315	11.2 %
1993-94	1,592	31,556	258,897	322	9.5
1994-95	1,618	32,344	262,176	327	8.2
1995-96	1,589	32,321	264,023	336	7.9
1996-97	1,587	32,609	266,490	347	7.2
1997-98	1,621	33,252	270,732	357	6.3
1998-99	1,654	33,773	273,630	365	5.6
1999-00	1,689	34,336	275,377	374	4.8
2000-01	1,764	34,818	276,059	383	4.6
2001-02	1,784	35,037	287,170	394	5.6

(1) Source: California Department of Finance.

(2) Source: U. S. Census Bureau.

(3) Source: Superintendent of Schools.

(4) Source: California Employment Development Department.

COUNTY OF SAN BERNARDINO
 PRINCIPAL TAXPAYERS
 JUNE 30, 2002

<u>TAXPAYERS</u>	<u>TYPE OF BUSINESS</u>	<u>TOTAL TAX LEVY FISCAL YEAR 2001-02</u>	<u>PERCENTAGE OF TOTAL TAX LEVY FISCAL YEAR 2001-02</u>
SOUTHERN CALIFORNIA EDISON COMPANY	ELECTRIC UTILITY	\$ 8,724,258	0.93 %
VERIZON CALIFORNIA INC	TELEPHONE COMPANY	6,325,337	0.68
LOMA LINDA UNIVERSITY & MEDICAL CENTER	HOSPITAL	4,184,045	0.45
CALIFORNIA STEEL INDUSTRIES INC	STEEL MANUFACTURING	4,122,794	0.44
UNITED PARCEL SERVICE	PACKAGE DELIVERY COMPANY	2,752,301	0.29
SOUTHERN CALIFORNIA GAS COMPANY	GAS UTILITY	2,318,314	0.25
SOUTH DOWN INC	BUILDING MATERIALS	2,236,519	0.24
INTERMOUNTAIN POWER COMPANY	ELECTRIC UTILITY	2,156,508	0.23
MITSUBISHI CEMENT CORPORATION	BUILDING MATERIALS	2,127,092	0.23
MAJESTIC REALTY	REAL ESTATE	2,103,362	0.22
TOTAL		<u>\$ 37,050,530</u>	<u>3.96 %</u>

Source: County of San Bernardino.

**COUNTY OF SAN BERNARDINO
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2002**

GEOGRAPHICAL LOCATION: The County of San Bernardino is located in the southern portion of California and is bordered on the east by the State of Arizona and the State of Nevada, on the north by Inyo County, on the west by Kern and Los Angeles Counties, and on the south by Orange and Riverside Counties.

ALTITUDE: Elevation ranges from a high of 11,502 feet above sea level to a low of 181 feet above sea level.

AREA OF COUNTY: Approximately 20,180 square miles (Largest area in the continental United States).

COUNTY SEAT: San Bernardino, California

FORM OF GOVERNMENT: Chartered County, governed by five-member Board of Supervisors

DATE CHARTER ADOPTED: April 7, 1913

FISCAL YEAR: July 1 - June 30

REGISTERED VOTERS: 592,870 as of June 30, 2002

ESTIMATED POPULATION OF THE COUNTY OF SAN BERNARDINO AS OF JANUARY 1, 2002:

INCORPORATED CITIES (1):

Adelanto	18,650	Montclair	33,850
Apple Valley	56,800	Needles	5,125
Barstow	22,150	Ontario	162,300
Big Bear Lake	5,700	Rancho Cucamonga	137,100
Chino	68,800	Redlands	66,000
Chino Hills	71,000	Rialto	94,800
Colton	49,100	San Bernardino	189,800
Fontana	139,100	Twentynine Palms	27,600
Grand Terrace	11,900	Upland	70,500
Hesperia	65,100	Victorville	69,300
Highland	45,800	Yucaipa	43,500
Loma Linda	19,650	Yucca Valley	17,450
		Total	1,491,075
		Unincorporated Areas:	292,600
		Total Population	1,783,675

COUNTY EMPLOYEES (2)(3):

1992-93	13,682
1993-94	13,784
1994-95	14,013
1995-96	14,341
1996-97	14,650
1997-98	15,444
1998-99	16,637
1999-00	17,538
2000-01	17,535
2001-02	18,544

Notes:

- (1) Source: California Department of Finance.
- (2) Source: County of San Bernardino.
- (3) Average figures including temporary and seasonal employees.