

Imperial County



GENERAL PURPOSE FINANCIAL STATEMENTS

**For The Year Ended
June 30, 2003**

DOUGLAS R. NEWLAND, CPA

County Auditor-Controller



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INTRODUCTORY SECTION

- Letter of Transmittal
- Certificate of Achievement for Excellence
In Financial Reporting
- Organizational Chart
- Directory of Public Officials



Douglas R. Newland, CPA

Auditor-Controller
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County Administration Center

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El Centro, California 92243
Telephone: 760-482-4535
FAX: 760-482-4557

AUDITOR-CONTROLLER

The Honorable Board of Supervisors
County of Imperial
County Administration Center
940 Main Street
El Centro, CA 92243

Honorable Board Members:

The Annual Financial report of the County of Imperial for the fiscal year ended June 30, 2003, is submitted herewith in accordance with Section 25253 of the Government Code of the State of California.

The accompanying financial statements were prepared in accordance with auditing standards generally accepted in the United States of America 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 as measured by the financial activity of its various funds and account groups, and that all disclosures necessary to enable the reader to gain a full understanding of the County's financial activities have been included.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".

The Annual Financial report is presented in four sections: introduction, management's discussion and analysis, financial statements and federal schedules. The introductory section includes this transmittal letter, the County's organizational chart and a list of principal County officials. The financial section includes the General Purpose Financial Statements, as well as, the Independent Auditors' Report on the financial statements and schedules. The federal section contains information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, and the Independent Auditors' Report on Compliance and Internal Control.

THE REPORTING ENTITY AND ITS SERVICES

The County of Imperial, located in Southern California, on the Mexican border, was established by an act of the State Legislature on August 7, 1907, forming the County from the eastern part of San Diego County. The County is a general law county divided in to five supervisorial districts on the basis of registered population. The County encompasses an area of over 4,597 square miles and includes 7 incorporated cities. The County ranks as one of the top ten agricultural counties in California. It is ranked 31 of 58 counties in terms of population.

The County provides a wide range of services to its residents including law enforcement, medical and health services, education, senior citizen assistance, roads, library services, judicial institutions including support services, 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 communities. These services include fire protection, parks, flood control, water, sewer, street lighting and roads.

The accompanying General Purpose Financial Statements include all organizations, 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 Imperial, is limited to reporting, as Agency Funds, the total amount of cash and investments and other assets collected for, disbursed by, and held for, these entities.

FINANCIAL INFORMATION

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 audit staff actively participates in evaluating and upgrading the internal accounting control system.

As a recipient of Federal and State financial assistance, 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, Debt Service and Fiduciary 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 interest on long-term obligations, which is recognized when payment is due. The accrual basis of accounting is used for all Proprietary Fund types. 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 Funds, the County Service Areas Debt Service Funds and certain 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 lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

General Government Functions - The General Fund is used to account for all activities of a general nature including administration, legislation, public protection, health and welfare, parks and recreation.

Proprietary Operations-Proprietary Funds are used to account for internal service and enterprise activities.

Internal Service Funds include the County's motor vehicle fleet, central duplicating and various insurance loss reserves. The intent is for these functions to operate on a cost recovery basis and provide funds for the replacement of assets. Operating deficits will be recovered through increased charges in subsequent years.

Enterprise Funds consist chiefly of Imperial Airport, The State Transit Program and Landfill Closure/Postclosure fund. These are funded by user charges; deficiencies as a result of operations should be recovered through increased charges in subsequent years.

Fiduciary Operations-The County maintains a significant number of funds to carry out its fiduciary responsibilities. These include funds for school districts, autonomous special districts and taxes.

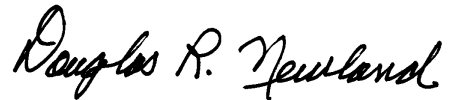
INDEPENDENT AUDIT

State statutes require an annual audit by a Certified Public Accountant. The firm of Hutchinson and Bloodgood LLP has audited the County's financial statements. In addition to meeting the requirements of State law, the audit was also designed to comply with the Federal Single Audit Act of 1996 and OMB Circular A-133. The auditors' reports on these matters are included in these financial statements.

ACKNOWLEDGEMENTS

I wish to express my appreciation to the entire Auditor/Controller staff, the County departments which participated and our independent auditors, Hutchinson and Bloodgood LLP, for their assistance in the report preparation.

Respectfully submitted,

A handwritten signature in black ink that reads "Douglas R. Newland". The signature is written in a cursive style with a large initial 'D'.

Douglas R. Newland CPA
Auditor-Controller

Office of the Controller
State of California

**AWARD FOR ACHIEVING EXCELLENCE
IN FINANCIAL REPORTING**

Presented to

COUNTY OF IMPERIAL

*For its Year-End Financial Reports
For the Fiscal Year Ended June 30, 2002*

This Award for Achieving Excellence in Financial Reporting is
presented by the California State Controller to your County
for achieving the highest quality in California
government accounting and financial reporting.

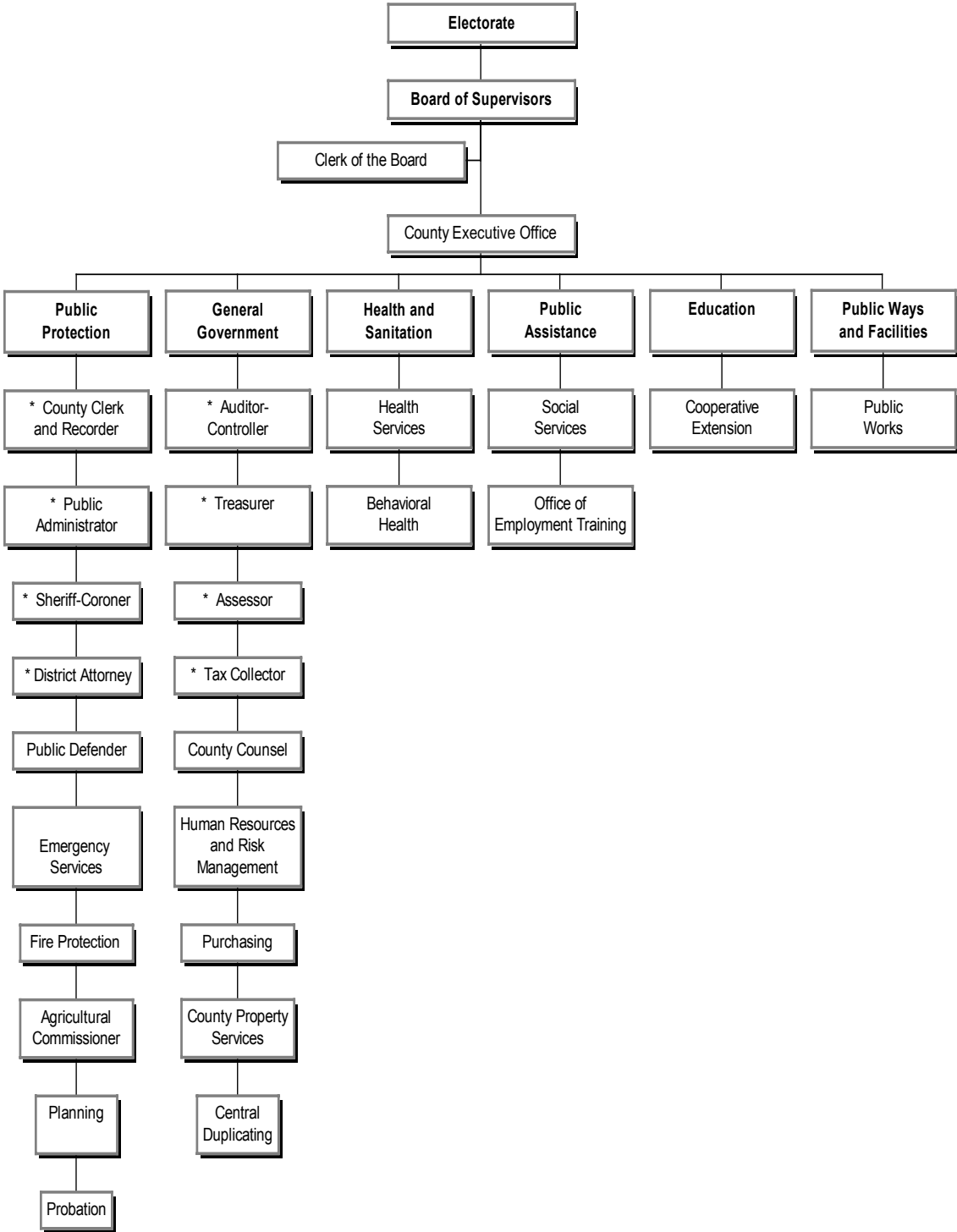


Steve Westly

STEVE WESTLY, California State Controller
Dated at Sacramento, California, this 21st day of October 2003

Imperial County Organization Chart

* Elected Officials



Directory of Public Officials

(as of 6/30/03)

Elected Officials

Supervisor 1 st District	Victor Carrillo	
Supervisor 2 nd District	Hank Kuiper	
Supervisor 3 rd District	Joe Maruca	
Supervisor 4 th District	Gary Wyatt	
Supervisor 5 th District	Wally Leimgruber	
Judge, Superior Court Dept. 1	Joseph W. Zimmerman	
Judge, Superior Court Dept. 2	Christopher Yeager	
Judge, Superior Court Dept. 3	Donal Donnelly	
Judge, Superior Court Dept. 5	Raymond Cota	
Judge, Superior Court Dept. 7	Matias R. Contreras	
Judge, Superior Court Dept. 8	Annie M. Gutierrez	
Judge, Superior Court Dept. 9	Jeffrey B. Jones	
Judge, Superior Court Brawley	Barrett Foerster	
Judge, Superior Court Calexico	Juan Ulloa	
Assessor	Joe Rodriguez	General Government
Auditor/Controller	Douglas Newland	General Government
Clerk/Recorder	Dolores Provencio	General Government
District Attorney	Gilbert Otero	Public Protection
Public Administrator	Norma Saikhon	Public Protection
Sheriff/Coroner	Harold Carter	Public Protection
Treasurer/Tax Collector	Donna Yarnell	General Government

Appointed Officials

Agricultural Commissioner	Stephen Birdsall	Public Protection
Central Duplicating	Rey Montano	General Government
County Executive Officer	Robertta Burns	General Government
Clerk of the Board	Albert Espinoza	General Government
Cooperative Extension	Eric Natwick	Education
County Counsel	Ralph Cordova Jr.	General Government
County Property Services	Randy Rister	General Government
Fire Protection	Joe Buzo	Public Protection
Interim Health Services	Robin Raecker	Health and Sanitation
Behavioral Health	Michael Horn	Health and Sanitation
Office of Employment Training	Sam Couchman	Public Assistance
Human Resources and Risk Management	Nellie Lerma	General Government
Planning	Jurg Heuberger	Public Protection
Probation	Michael Kelley	Public Protection
Public Defender	Gregg McDonough	Public Protection
Public Works	Tim Jones	Public Ways/Facilities
Purchasing	Terry Huskey	General Government
Social Services	James Semmes	Public Assistance





FINANCIAL SECTION

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to Financial Statements
- Required Supplementary Information





INDEPENDENT AUDITORS' REPORT

Board of Supervisors
County of Imperial
El Centro, California 92243

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Imperial, California, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. The financial statements are the responsibility of the County of Imperial, California's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Imperial, California, as of June 30, 2003, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2004 on our consideration of the County of Imperial, California's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Management's Discussion and Analysis and budgetary comparison information on page 10 through 18, and page 25, respectively, 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 consist primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County of Imperial, California, basic financial statements taken as a whole. The introductory section, combining and individual nonmajor fund financial statements, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Imperial. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Hutchinson and Bloodgood LLP

March 19, 2004

**County of Imperial
Management's Discussion and Analysis
For the Year Ended June 30, 2003**

The discussion and analysis of the financial performance of the County of Imperial (County) provides an overview of the County's financial activities for the year ended June 30, 2003. The intent of this discussion and analysis is to look at the County's financial performance as a whole: users of these financial statements should read this discussion and analysis in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section to enhance their understanding of the County's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the 2002-2003 fiscal year by \$67,873 (*Net Assets*). (\$14,362) is *Unrestricted Net Assets*. Of this amount \$52,038 may be used to meet the County's ongoing obligations to citizens and the creditors, (\$66,400) is the obligation for Pension Bonds and \$9,092 (*Restricted Net Assets*) may be used for the County's ongoing obligations with external restrictions. (See detail at Table 1).
- The County's net assets decreased by (\$10,194) during the current fiscal year. Governmental activities decreased the County's net assets by (\$10,311); also, business-type activities net assets increased by \$117.
- As of June 30, 2003, the County's governmental funds reported total ending fund balances of \$56,810, a increase of 43.1% in comparison with the prior year. Approximately 26.6% or \$15,104 is available for spending (*Unreserved fund balance*). See further discussion in Financial Analysis of the County's Funds on pages 12-16.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,572 or 2.5 % of total General Fund expenditures.
- The County's total long-term debt increased in the amount of \$31,486 in comparison with the prior year. The net increase is the result of the County issuance of Pension Obligation Bonds in the amount of \$33,265. Also, compensated absences, the State of California Child Support claim, and existing long-term debt decrease in 2002-2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements are organized so that readers can understand the County of Imperial as a financial whole or as an entire operating entity. The County's basic financial statements are comprised of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and 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 the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event takes place regardless of when cash is received or paid. Thus, some revenues and expenses are reported in this statement for some items that will only result in cash inflows and outflows in future fiscal years.

Management's Discussion and Analysis (Continued)

Both the Statement of Net Assets and the Statement of Activities distinguishes between activities that are primarily financed with taxes and intergovernmental revenues (governmental activities) and those that are intended to recover all or a significant portion of their costs through user fees and charges for services (business-type activities). The County's governmental activities include general government, public protection, public ways and facilities, health and sanitation, public assistance, and education. The business-type activities of the County include the operation of the Imperial Airport, Closure/Postclosure (Landfill) and other County Service Areas (CSAs).

Component units are included 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 provide services entirely to the County. An example of the County's blended component unit is the Imperial County Employees' Retirement Association (ICCERA). The Children and Families First Commission (the Commission) is reported as a discretely presented component unit because there is some financial accountability by the Commission to the County Board.

The government-wide financial statements are presented on pages 19-20 of this report.

2. Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the County as a whole. A fund is a fiscal and accounting entity designated to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. All of the County's funds can be divided into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for activities that are similar in nature to the governmental activities in the government-wide financial statements. However, unlike the government wide financial statements, the 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 used in evaluating Imperial County's near-term financing requirements and available resources.

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

The County reports three major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the major funds. 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 located in the *Combining and Individual Fund Statements and Schedules*.

The basic governmental fund financial statements are presented on pages 21-25 of this report.

Management's Discussion and Analysis (Continued)

Proprietary funds are reported in two ways: enterprise funds and internal service funds. Enterprise funds are reported as functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Imperial Airport, Landfills and other County Service Areas (CSAs) operations. Internal service funds are used to account for costs internally among the County's various functions. The County uses the following internal service funds: Garage, Central Duplicating, Centralized Mail, Flood Control, Communications Services, Liability Insurance, Workers' Compensation Insurance, Unemployment Insurance, Health and Dental/Vision Benefits, Medical Malpractice, and Auto Liability. Because such functions predominantly benefit governmental rather than business-type activities, 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 proprietary fund financial statements provide separate information for Imperial Airport and Closure/Postclosure (Landfills), both of which are considered to be major funds of the County. All other enterprise funds have been combined into a single aggregated column for presentation. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements are presented on pages 26-28 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary 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 basic fiduciary fund financial statements are presented on pages 29-30 of this report.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements.

The notes to the financial statements are presented on pages 31-47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 exceeded liabilities by \$67,873 (see Table 1) at the close of the current fiscal year.

The largest portion of the County's net assets, \$73,143 reflects its investment in capital assets (e.g. land, structures and improvements, infrastructure, vehicles, furniture and equipment, and construction in progress), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available 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.

Management's Discussion and Analysis (Continued)

An additional portion of the County's net assets, \$9,092, represents resources that are subject to external restrictions on how they may be used. The major portion of the restricted net assets is constrained for debt repayment. The remaining balance of total net assets is (\$14,362). Of which \$52,058 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors, and (\$66,400) is obligation for Pension Bonds.

At the end of the current fiscal year, the County as a whole and for its governmental activities reported positive balances in two categories of net assets. In the business-type activities the County reported negative restricted net assets of (\$2,758). This is the result of an increase in operating expenses for the Closure/Postclosure (Landfills).

Table 1 – County of Imperial's Net Assets
For the Year Ended June 30, 2003 (In Thousands)

	Governmental Activities	Business-Type Activities	Totals
Current Assets and Other Assets	\$ 91,256	\$ 6,847	\$ 98,103
Capital Assets	<u>77,857</u>	<u>6,059</u>	<u>83,916</u>
Total Assets	<u>169,113</u>	<u>12,906</u>	<u>182,019</u>
Current and Other Liabilities	17,565	42	17,607
Long-Term Liabilities	<u>87,716</u>	<u>8,823</u>	<u>96,539</u>
Total Liabilities	<u>105,281</u>	<u>8,865</u>	<u>114,146</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	67,084	6,059	73,143
Restricted	11,850	(2,758)	9,092
Unrestricted	<u>(15,102)</u>	<u>740</u>	<u>(14,362)</u>
Total Net Assets	<u>\$ 63,832</u>	<u>\$ 4,041</u>	<u>\$ 67,873</u>

Management's Discussion and Analysis (Continued)

As shown in Table 2, the County's net assets decreased by (\$10,192) during the current fiscal year.

Table 2 - County of Imperial's Changes in Net Assets
For the Year Ended June 30, 2003

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 40,440	\$ 1,899	\$ 42,339
Operating grants and contributions	121,161	1,591	122,752
General Revenues:			
Property taxes	12,018	-	12,018
Sales taxes	8,859	-	8,859
Franchise taxes	277	-	277
Motor Vehicle in-lieu taxes	10,851	-	10,851
Federal in-lieu taxes	1,334	-	1,334
Unrestricted investment earnings	2,018	135	2,153
Gain on sales of fixed assets	223	189	412
Other	9,438	468	9,906
Total revenues	<u>206,619</u>	<u>4,282</u>	<u>210,901</u>
Expenses:			
General government	44,507	-	44,507
Public protection	52,846	-	52,846
Health and Sanitation	30,129	-	30,129
Public assistance	75,795	-	75,795
Public ways and facilities	9,277	-	9,277
Education	849	-	849
Interest on long-term liabilities	3,527	-	3,527
Airport	-	1,467	1,467
Closure/Postclosure Waste	-	1,064	1,064
County Service Areas, other	-	1,634	1,634
Total expenses	<u>216,930</u>	<u>4,165</u>	<u>221,095</u>
Increases in net assets before transfers	(10,311)	117	(10,192)
Transfers In & Out	-	-	-
Increase (decrease) in net assets	<u>\$ (10,311)</u>	<u>\$ 117</u>	<u>\$ (10,192)</u>

Management's Discussion and Analysis (Continued)

Governmental Activities

Governmental activities decreased the County's net assets by (\$10,311) for the year ended June 30, 2003, thereby accounting for 13.9% the total decrease in the net assets of the County. Key elements of this decrease were fueled by the issuance of Pension Obligation Bonds.

- Total revenue for the County's governmental activities increased 2.2%.
- The County issued Pension Obligation Bonds in the amount of \$33,265. This increased long-term debt 59.2%.
- As an arm of the state government, operating grants and contributions serve multiple programs, representing 58.6% of the County's program revenue for governmental activities, and are tied to mandated services such as public assistance, health, and mental health. These revenue sources increased 4.1% over the prior year primarily to increased funding related to mandated programs.
- Taxes and investment earnings that are generated locally provide the Board of Supervisors (Board) with most of its discretionary spending power. The decrease in tax revenue is primarily due to property taxes decreased 5.6% due lower collection rates.
- Total expenses for governmental activities increased by 8.2% with increases in all major functions. The County's major cost component is salaries and benefits.
- The County recorded \$9,438 in revenue for the current fiscal year, which is classified as an other item, which includes aircraft tax \$26, transit occupancy tax \$88, deed transfer \$288, fines and forfeitures of \$ 4,132 other taxes \$1,194 and other contributions \$3,710.

Business-type Activities

Business-type activities' net assets increased the County's net assets by \$117. The main reason for this increase is due to State Cal Trans funding for Transportation in the amount of \$200.

Financial Analysis of the Government's Funds

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

Governmental Funds

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, 2003, The County's governmental funds reported total fund balances of \$56,810, a 43.1% increase in comparison with the prior year. Approximately 26.6% or \$15,104 of the total fund balances constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed to 1) to pay debt service \$6,692, 2) to reflect CDBG loans receivable in which the County acts as a conduit for intergovernmental loans to entities within the County \$1,003, 3) to reflect COP monies \$2,247, 4) reserved for monies received from tobacco settlement endowment fund \$20,875, and 5) a variety of other restricted purposes \$10,889.

Management's Discussion and Analysis (Continued)

The County's management may also designate unreserved fund balance to a particular function, project, or activity; however designated fund balance is available for appropriations at any time.

The General Fund is the chief operating fund of the County. At June 30, 2003, unreserved fund balance of the General Fund was \$3,572. As a measure of the General Funds' liquidity, it may be helpful to compare both unreserved fund balance and fund balance to total fund expenditures. Unreserved fund balance represents 2.5% of total General Fund expenditures, while total fund balance represents 23.5% of total General Fund expenditures.

Revenues for governmental functions totaled \$188,041 at June 30, 2003, which represents an increase of 2.9% from fiscal year 2001-2002. The largest increases in revenues were in Other Revenues, which increased 5.4% and was primarily due to increases in project costs reimbursements. Intergovernmental revenues experienced increases of 2.3%.

Expenditures for government functions totaled \$189,990 at June 30, 2003, which represents a decrease of .9% from fiscal year 2001-02. The largest decreases occurred in public ways & facilities, which decreased 38.1% and In addition, public protection and health, sanitation, and public assistance increased by approximately 2.3%.

Proprietary Funds

The proprietary fund provides similar information to the government-wide financial statements, but in more detail.

The net assets of the enterprise funds increased by \$117. Closure/Postclosure had an increase of 40.7% or \$308 in landfill expense.

The internal service funds continued to carry negative unrestricted net assets as a result of recognition of self-insurance liabilities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a \$6,305 increase in appropriations that is briefly summarized as follows:

- \$2,274 increase in the County's Health and Sanitation appropriations was the result of unanticipated grants for border health initiatives.
- \$3,279 increase in the County's Public Assistance appropriations represents increase program costs for various social services programs.
- \$752 of the increase in the County's appropriations was the result of unanticipated grants and contributions from other governments. The remaining portion consisted of small increases in appropriations for normal operations in the remaining forty-eight budget units that comprise the General Fund.

Management's Discussion and Analysis (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2003, the County's investment in capital assets for its governmental and business-type activities amounted to \$83,916 (net of accumulated depreciation). The investments in capital assets are comprised of land, infrastructure, structures and improvements, furniture and equipment, vehicles, and construction in progress. The County, according to GASB 34 guidelines, has elected retroactively to include all infrastructure assets dating back to 1980.

Table 3 -The County's Capital Assets (Net of accumulated depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 2,070	\$ 685	\$ 2,755
Construction in progress	8,173	-	8,173
Infrastructure	35,153	-	35,153
Structures & Improvements	20,440	5,339	25,779
Vehicles	3,933	-	3,933
Furniture and Equipment	<u>8,088</u>	<u>35</u>	<u>8,123</u>
Total	<u>\$ 77,857</u>	<u>\$ 6,059</u>	<u>\$ 83,916</u>

The major capital events during the current fiscal year include the following:

- A variety of small construction and rehabilitation projects were started during the current fiscal year: road paving projects, and several others remodeling projects.
- The new Brawley Administration Facility is in its remodeling phase and will be operational within the fiscal year 2003-04.

Long-Term Debt

At the end of the current fiscal year, the County had total long-term debt outstanding of \$87,729. This amount is comprised of \$8,945 of certificates of participation. \$66,400 represents debt outstanding for the pension obligation bond. \$7,624 in earned compensated absences, \$2,932 State of California Child Support claim, and \$1,828 capital lease obligations.

Table 4 - The County's Outstanding Debt

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Employee Compensated Absences	\$ 7,611	\$ 13	\$ 7,624
Capital Lease Obligation	1,828	-	1,828
St. of California Child Support Claim	2,932	-	2,932
Pension Funding Bonds 1997	33,135	-	33,135
Pension Funding Bonds 2002	33,265	-	33,265
1999 Certificates of Participation	<u>8,945</u>	<u>-</u>	<u>8,945</u>
Total	<u>\$ 87,716</u>	<u>\$ 13</u>	<u>\$ 87,729</u>

Management's Discussion and Analysis (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County currently faces a less than favorable economic environment. Due to the County being heavily dependent on agriculture, it experiences chronically high unemployment, which puts pressure on the County to provide social and medical services.

The County's general revenues, sometimes referred to as discretionary revenues, continue to experience little to no growth. At the same time, the portion of the County's budget that rely on these revenues continue to experience increased costs due to cost of living and medical insurance increases.

The State's economic downturn, coupled with a huge reduction in income taxes, has created a state budget deficit of over \$30 billion dollars. The State has historically reduced city and county revenues in order to help balance their own budget. This budget crisis is expected to last at least two to three years, if not longer.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mr. Douglas R. Newland, CPA, Imperial County Auditor-Controller, 940 Main Street, El Centro, California, 92243, (760) 482-4556 or visit the website at www.imperialcounty.net



COUNTY OF IMPERIAL

Statement of Net Assets

June 30, 2003

(amounts expressed in thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Assets:				
Cash and cash equivalents	\$ 46,785	\$ 6,304	\$ 53,089	\$ 4,635
Cash with Fiscal Agent	23,137	-	23,137	-
Deposits with Others	47	-	47	-
Receivables (net):				
Accounts	7,945	239	8,184	39
Interest	428	31	459	23
Taxes	722	-	722	-
Loans	2,819	-	2,819	-
Internal balances	12	(12)	-	-
Due from other governmental funds	8,797	285	9,082	-
Inventories and Prepaid Expenses	564	-	564	-
Capital assets (net of accumulated depreciation):				
Land	2,070	685	2,755	-
Construction in progress	8,173	-	8,173	-
Infrastructure	35,153	-	35,153	-
Structures & Improvements-net	20,440	5,339	25,779	-
Vehicles-net	3,933	35	3,968	-
Furniture & Equipment-net	8,088	-	8,088	-
Total assets	<u>169,113</u>	<u>12,906</u>	<u>182,019</u>	<u>4,697</u>
Liabilities:				
Claims payable	8,515	-	8,515	-
Accounts payable	283	10	293	52
Accrued Payroll	4,443	9	4,452	-
Interest Payable	18	1	19	-
Due to other governmental funds	4,306	22	4,328	-
Noncurrent liabilities:				
Due within one year	5,600	-	5,600	-
Due in more than one year	82,116	8,823	90,939	-
Total liabilities	<u>105,281</u>	<u>8,865</u>	<u>114,146</u>	<u>52</u>
Net Assets:				
Invested in capital assets, net of related debt	67,084	6,059	73,143	-
Restricted for:				
Special Revenue	4,145	-	4,145	-
Capital projects	1,013	-	1,013	-
Debt service	6,692	-	6,692	-
Public Ways & Facilities	-	(2,758)	(2,758)	-
Unrestricted	(15,102)	740	(14,362)	4,645
Total net assets	<u>\$ 63,832</u>	<u>\$ 4,041</u>	<u>\$ 67,873</u>	<u>\$ 4,645</u>

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

COUNTY OF IMPERIAL
Statement of Activities
Year Ended June 30, 2003
(amounts expressed in thousands)

Functions	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Asset			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities								
General Government	\$ 44,507	\$ 24,861	\$ 369	\$ -	\$ (19,277)	\$ -	\$ (19,277)	\$ -
Public Protection	52,846	7,783	15,535	-	(29,528)	-	(29,528)	-
Health & Sanitation	30,129	6,643	23,124	-	(362)	-	(362)	-
Public Assistance	75,795	1,063	72,018	-	(2,714)	-	(2,714)	-
Public Ways & Facilities	9,277	37	10,057	-	817	-	817	-
Education	849	53	58	-	(738)	-	(738)	-
Interest on long-term liabilities	3,527	-	-	-	(3,527)	-	(3,527)	-
Total Governmental Activities	216,930	40,440	121,161	-	(55,329)	-	(55,329)	-
Business Activities								
Airport	1,467	807	-	-	-	(660)	(660)	-
Closure/Postclosure	1,064	1,007	-	-	-	(57)	(57)	-
Other	1,634	85	1,591	-	-	42	42	-
Total Business Type Activities	4,165	1,899	1,591	-	-	(675)	(675)	-
Total Primary Government	\$ 221,095	\$ 42,339	\$ 122,752	\$ -	\$ (55,329)	\$ (675)	\$ (56,004)	\$ -
Component Units:								
Children and Families First Commission	\$ 3,548	\$ -	\$ 2,193	\$ -	\$ -	\$ -	\$ -	\$ (1,355)
Total Component Units	\$ 3,548	\$ -	\$ 2,193	\$ -	\$ -	\$ -	\$ -	\$ (1,355)
General Revenues:								
Property Tax					\$ 12,018	\$ -	\$ 12,018	\$ -
Sales Tax					8,859	-	8,859	-
Franchises Tax					277	-	277	-
Motor Vehicle In-Lieu Taxes					10,851	-	10,851	-
Federal In-Lieu Taxes					1,334	-	1,334	-
Other					9,438	468	9,906	134
Unrestricted Investment Earnings					2,018	135	2,153	-
Loss on Sales of Fixed Assets					223	189	412	-
Transfers In (Out)					-	-	-	-
Total general revenues					45,018	792	45,810	134
Change in net assets					(10,311)	117	(10,194)	(1,221)
Net assets - beginning					74,143	3,924	78,067	5,866
Net assets - ending					\$ 63,832	\$ 4,041	\$ 67,873	\$ 4,645

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

COUNTY OF IMPERIAL
Balance Sheet
Governmental Funds
June 30, 2003
(amounts expressed in thousands)

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 5,253	\$ 11,360	\$ 5,323	\$ 21,936
Cash with Fiscal Agent	23,122	15	-	23,137
Deposits with Others	-	47	-	47
Receivables (net):				
Accounts	4,857	3,087	11	7,955
Interest	203	75	32	310
Taxes	592	130	-	722
Loan	-	2,819	-	2,819
Due from other funds	6,473	1,438	169	8,080
Inventories and Prepaid Expenses	239	236	-	475
	<u>\$ 40,739</u>	<u>\$ 19,207</u>	<u>\$ 5,535</u>	<u>\$ 65,481</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,953	\$ 1,324	\$ (3,167)	\$ 110
Accrued payroll	3,426	924	-	4,350
Interest payable	-	13	4	17
Due to other funds	1,932	2,108	154	4,194
	<u>7,311</u>	<u>4,369</u>	<u>(3,009)</u>	<u>8,671</u>
Fund Balances:				
Reserved for:				
General	1,648	-	-	1,648
Encumbrances	3,278	1,928	1,012	6,218
Inventories	239	240	-	479
Debt service	-	-	6,692	6,692
Capital Outlay	1,540	-	-	1,540
Loan	-	1,003	-	1,003
COPS	2,247	-	-	2,247
Endowment Op Funds	20,875	-	-	20,875
Other	29	974	1	1,004
Unreserved, reported in				
General Fund	3,572	-	-	3,572
Special Revenue Funds	-	10,693	-	10,693
Capital Projects Funds	-	-	839	839
	<u>33,428</u>	<u>14,838</u>	<u>8,544</u>	<u>56,810</u>
Total Fund Balances	<u>\$ 40,739</u>	<u>\$ 19,207</u>	<u>\$ 5,535</u>	<u>\$ 65,481</u>
Total Liabilities and Fund Balances	<u>\$ 40,739</u>	<u>\$ 19,207</u>	<u>\$ 5,535</u>	<u>\$ 65,481</u>

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

COUNTY OF IMPERIAL
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2003

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

Total fund balance - governmental funds	\$	56,810
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$147,406 and the accumulated depreciation is \$72,075.		75,331
Internal service funds are used by management to charge the costs of motor pool, printing, mail system, communications, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		19,247
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(87,556)
Total net assets - governmental activities	\$	<u>63,832</u>

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

COUNTY OF IMPERIAL
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 18,567	\$ 2,712	\$ -	\$ 21,279
Licenses and Permits	1,069	-	-	1,069
Fines, Forfeitures & Penalties	3,212	733	188	4,133
Use of Money & Property	1,042	261	125	1,428
State Aid	71,757	18,467	-	90,224
Federal Aid	28,676	14,674	171	43,521
Charges for Services	13,913	3,976	65	17,954
Sale of Fixed Assets	2	103	-	105
Other Revenues	643	4,005	3,680	8,328
Total revenues	<u>138,881</u>	<u>44,931</u>	<u>4,229</u>	<u>188,041</u>
Expenditures:				
Current:				
General Government	14,284	374	6,438	21,096
Public Protection	43,034	9,811	-	52,845
Health & Sanitation	23,011	7,118	-	30,129
Public Assistance	60,658	15,137	-	75,795
Public Ways & Facilities	-	9,276	-	9,276
Education	288	561	-	849
Total expenditures	<u>141,275</u>	<u>42,277</u>	<u>6,438</u>	<u>189,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,394)</u>	<u>2,654</u>	<u>(2,209)</u>	<u>(1,949)</u>
Other financing sources (uses):				
Transfers	147	(255)	108	-
Endowment Funds	20,875	-	-	20,875
COP Bonds Uses	(3,785)	-	-	(3,785)
Proceeds of COP bonds	1,980	-	-	1,980
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>19,217</u>	<u>(255)</u>	<u>108</u>	<u>19,070</u>
Net change in fund balances	<u>16,823</u>	<u>2,399</u>	<u>(2,101)</u>	<u>17,121</u>
Fund balances - beginning	<u>16,605</u>	<u>12,439</u>	<u>10,645</u>	<u>39,689</u>
Fund balances - ending	<u>\$ 33,428</u>	<u>\$ 14,838</u>	<u>\$ 8,544</u>	<u>\$ 56,810</u>

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

COUNTY OF IMPERIAL
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2003
(amounts expressed in thousands)

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

Net change in fund balances-total governmental funds	\$	17,121
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$3 are capitalized and the cost 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.</p>		
Capital outlays	\$	14,443
Loss on disposal of capital assets		(2,798)
Proceeds from sales of capital assets		123
Depreciation expense		<u>(10,879)</u>
889		
Additional accrued interest calculated on bonds payable		4,132
Long-term liabilities, including bonds payable, increased during the year in the amount of \$30,991		(31,757)
<p>In the statement of activities, certain operating expenses -- compensated absences (vacations, sick leave, and comptime earned) -- are measured by the amounts earned during the year.</p>		
<p>In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, compensated absences decreased by \$272</p>		
		(272)
<p>Internal service funds are used by the County to charge the costs of industrial insurance, printing, and warehouse services to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>		
		<u>(424)</u>
Change in net assets of governmental activities	\$	<u>(10,311)</u>

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

COUNTY OF IMPERIAL
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 18,430	\$ 18,430	\$ 18,567	\$ 137
Licenses and Permits	1,783	1,783	1,069	(714)
Fines, Forfeitures & Penalties	3,489	3,489	3,212	(277)
Use of Money & Property	1,454	1,454	1,042	(412)
State Aid	60,681	62,589	71,757	9,168
Federal Aid	38,005	39,972	28,676	(11,296)
Charges for Services	14,904	15,313	13,913	(1,400)
Sale of Fixed Assets	8	8	2	(6)
Other Revenues	400	400	643	243
Total revenues	<u>139,154</u>	<u>143,438</u>	<u>138,881</u>	<u>(4,557)</u>
Expenditures:				
Current:				
General Government	16,043	16,335	14,284	2,051
Public Protection	46,053	46,513	43,034	3,479
Health & Sanitation	26,127	28,401	23,011	5,390
Public Assistance	56,027	59,306	60,658	(1,352)
Education	369	369	288	81
Total expenditures	<u>144,619</u>	<u>150,924</u>	<u>141,275</u>	<u>9,649</u>
Excess of revenues over expenditures	<u>(5,465)</u>	<u>(7,486)</u>	<u>(2,394)</u>	<u>5,092</u>
Other financing sources (uses):				
Transfers	-	-	147	147
Endowment Funds	-	-	20,875	20,875
COP Bonds Uses	-	-	(3,785)	(3,785)
Proceeds of COP Bonds	-	-	1,980	1,980
Net change in fund balances	<u>(5,465)</u>	<u>(7,486)</u>	<u>16,823</u>	<u>24,309</u>
Fund balances - beginning	<u>16,605</u>	<u>16,605</u>	<u>16,605</u>	<u>-</u>
Fund balances - ending	<u>\$ 11,140</u>	<u>\$ 9,119</u>	<u>\$ 33,428</u>	<u>\$ 24,309</u>

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

COUNTY OF IMPERIAL
Statement of Net Assets
Proprietary Funds
June 30, 2003
(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds				Governmental
	Imperial Airport	Closure/ Postclosure	Other	Total	Internal
			Enterprise Funds		Service Funds
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ (227)	\$ 6,033	\$ 498	\$ 6,304	\$ 24,849
Receivables (net):					
Accounts	39	-	200	239	(10)
Interest	-	28	3	31	118
Due from Other Funds	8	-	265	273	729
Inventories and Prepaid Expenses	-	-	-	-	89
Total Current Assets	<u>(180)</u>	<u>6,061</u>	<u>966</u>	<u>6,847</u>	<u>25,775</u>
Noncurrent Assets:					
Land	662	-	23	685	23
Construction in process	-	-	-	-	-
Structures & Improvements	10,739	-	50	10,789	163
Vehicles	-	-	-	-	5,775
Equipment	75	-	-	75	1,863
Accumulated Depreciation	(5,440)	-	(50)	(5,490)	(5,299)
Total Noncurrent Assets	<u>6,036</u>	<u>-</u>	<u>23</u>	<u>6,059</u>	<u>2,525</u>
Total Assets	<u>\$ 5,856</u>	<u>\$ 6,061</u>	<u>\$ 989</u>	<u>\$ 12,906</u>	<u>\$ 28,300</u>
LIABILITIES:					
Current Liabilities:					
Claims Payable	-	-	-	-	8,515
Accounts Payable	9	-	1	10	173
Interest Payable	1	-	-	1	1
Accrued Payroll	6	-	3	9	93
Due to Other Funds	17	-	5	22	113
Current portion of compensated absences	(6)	-	-	(6)	24
Capital Lease Obligations- Current Portion	-	-	-	-	-
Total Current Liabilities	<u>27</u>	<u>-</u>	<u>9</u>	<u>36</u>	<u>8,919</u>
Noncurrent Liabilities:					
Compensated Absences	17	-	3	20	135
Accrued Closure/Postclosure	-	8,809	-	8,809	-
Capital Lease Obligations- Net of Current Portion	-	-	-	-	-
Total Noncurrent Liabilities	<u>17</u>	<u>8,809</u>	<u>3</u>	<u>8,829</u>	<u>135</u>
Total Liabilities	<u>44</u>	<u>8,809</u>	<u>12</u>	<u>8,865</u>	<u>9,054</u>
NET ASSETS:					
Invested in Capital Assets, net of related debt	6,036	-	23	6,059	2,525
Restricted	(10)	(2,748)	-	(2,758)	2,642
Unrestricted	(214)	-	954	740	14,080
Total Net Assets	<u>\$ 5,812</u>	<u>\$ (2,748)</u>	<u>\$ 977</u>	<u>\$ 4,041</u>	<u>\$ 19,247</u>

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

COUNTY OF IMPERIAL
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds				Governmental
	Imperial Airport	Closure/ Postclosure	Other Enterprise Funds	Total	Internal Service Funds
Operating Revenues:					
Charges for Services	\$ 807	\$ 1,007	\$ 85	\$ 1,899	\$ 22,335
Other Revenues	-	-	468	468	13
Total Operating Revenues	<u>807</u>	<u>1,007</u>	<u>553</u>	<u>2,367</u>	<u>22,348</u>
Operating Expenses:					
Salaries and Benefits	123	-	68	191	1,724
Services and Supplies	875	1,064	1,566	3,505	20,145
Depreciation	469	-	-	469	856
Total Operating Expenses	<u>1,467</u>	<u>1,064</u>	<u>1,634</u>	<u>4,165</u>	<u>22,725</u>
Operating Income (Loss)	<u>(660)</u>	<u>(57)</u>	<u>(1,081)</u>	<u>(1,798)</u>	<u>(377)</u>
Non-operating Revenues (Expenses):					
Gain (Loss) on Sale of Fixed Assets	189	-	-	189	120
State Aid	-	-	1,391	1,391	-
Federal Aid	-	-	200	200	-
Changes in Designated Reserve	-	-	-	-	(756)
Other	-	-	-	-	-
Interest - Income	(1)	126	10	135	588
Total Non-Operating Revenues	<u>188</u>	<u>126</u>	<u>1,601</u>	<u>1,915</u>	<u>(48)</u>
Net Income (Loss) before Transfers	<u>(472)</u>	<u>69</u>	<u>520</u>	<u>117</u>	<u>(425)</u>
Transfers in (out):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(472)</u>	<u>69</u>	<u>520</u>	<u>117</u>	<u>(425)</u>
Net Assets - Beginning	<u>6,284</u>	<u>(2,817)</u>	<u>457</u>	<u>3,924</u>	<u>19,672</u>
Net Assets - Ending	<u>\$ 5,812</u>	<u>\$ (2,748)</u>	<u>\$ 977</u>	<u>\$ 4,041</u>	<u>\$ 19,247</u>

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

COUNTY OF IMPERIAL

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2003

(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds				Governmental
	Imperial Airport	Closure/ Postclosure	Other Enterprise Funds	Total	Internal
					Service Funds
Cash flows from operating activities:					
Cash received from users	\$ 841	\$ 1,007	\$ 85	\$ 1,933	\$ 22,286
Cash received from operating activities	189	1,069	83	1,341	1,144
Cash paid to suppliers	(879)	(1,064)	(1,564)	(3,507)	(20,528)
Cash paid to employees	(117)	-	(70)	(187)	(1,925)
Cash paid for operating activities	(201)	-	-	(201)	(749)
Net cash provided by (used) operating activities	(167)	1,012	(1,466)	(621)	228
Cash flows from noncapital financing activities:					
Other	-	-	-	-	-
Receipt of federal aid	-	-	200	200	-
Receipt of state aid	-	-	1,391	1,391	-
Net cash provided by (used) in non-capital financing activities	-	-	1,591	1,591	-
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	-	-	-	(746)
Proceeds from sale of equipment	-	-	-	-	120
Transfer in to purchase equipment	-	-	-	-	-
Net cash used by capital and related financing activities	-	-	-	-	(626)
Cash flows from investing activities:					
Interest received (paid)	(1)	126	10	135	590
Net increase (decrease) in cash and cash equivalents	(168)	1,138	135	1,105	192
Cash and cash equivalents - beginning	(59)	4,895	363	5,199	24,657
Cash and cash equivalents - ending	\$ (227)	\$ 6,033	\$ 498	\$ 6,304	\$ 24,849
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating Income (Loss)	(660)	(57)	(1,081)	(1,798)	(377)
Adj. to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	468	-	-	468	855
Decrease (Increase) in accounts receivable	(39)	-	(30)	(69)	7
Decrease (Increase) in interest receivable	-	5	(1)	4	36
Decrease (Increase) in prepaid expenses	-	-	-	-	(14)
Decrease (Increase) in due from other funds	73	-	(224)	(151)	451
Increase (Decrease) in accounts payable	(15)	-	(136)	(151)	(72)
Increase (Decrease) in interest payable	1	-	-	1	-
Increase (Decrease) in accrued liabilities	(2)	-	-	(2)	(849)
Increase (Decrease) in due to other funds	13	-	3	16	(891)
Increase (Decrease) in insurance loss expense	-	-	-	-	990
Increase (Decrease) in postclosure costs liability	-	1,064	-	1,064	-
Increase (Decrease) in compensated absences	(6)	-	3	(3)	92
Total adjustments	493	1,069	(385)	1,177	605
Net cash provided (used) by operating activities	\$ (167)	\$ 1,012	\$ (1,466)	\$ (621)	\$ 228

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

COUNTY OF IMPERIAL
Combining Balance Sheet
Fiduciary Funds
June 30, 2003
(amounts expressed in thousands)

	Trust Funds				Total
	Pension Trust and other Employee Benefits	Special District and School District	Investment Trust	Agency Funds	
Assets:					
Cash and cash equivalents	\$ 4,500	\$ 90,485	\$ 18,443	\$ 60,247	\$ 173,675
Cash with Fiscal Agent	-	-	11	-	11
Accounts Receivable-Net	-	38	16	4,048	4,102
Taxes Receivable-Net	-	-	-	31,829	31,829
Interest Receivable	26	16	53	2,702	2,797
Prepaid Expenses	-	-	5	-	5
Due From Other Funds	-	76	93	1,529	1,698
Deposits with Others	-	-	3,019	19,246	22,265
Total Assets	\$ 4,526	\$ 90,615	\$ 21,640	\$ 119,601	\$ 236,382
Liabilities :					
Accounts Payable	\$ -	\$ 4	\$ 1,421	\$ 36,507	\$ 37,932
Interest Payable	-	-	1,199	-	1,199
Due to Other Funds	1	5	671	5,775	6,452
Fiduciary Liability	-	19	-	77,319	77,338
Total Liabilities	1	28	3,291	119,601	122,921
Held in Trust for Pension Benefits	4,525	-	-	-	4,525
Held in Trust for Pool Investments	-	90,587	18,349	-	108,936
Total Liabilities and Fund Balance	\$ 4,526	\$ 90,615	\$ 21,640	\$ 119,601	\$ 236,382

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

COUNTY OF IMPERIAL
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Trust Funds			Total
	Pension Trust and other Employee Benefits	Special District and School District	Investment Trust	
Additions:				
Employee/Employer Contributions	\$ 45,016	\$ -	\$ -	\$ 45,016
Contributions to Pooled Investments	-	-	116,182	116,182
Contributions to Special/School District Trust	-	410,060	-	410,060
Interest and Investment Income	244	60	253	557
Total Additions	<u>45,260</u>	<u>410,120</u>	<u>116,435</u>	<u>571,815</u>
Deductions:				
Distributions from Pooled Investments	-	-	117,967	117,967
Distributions from Pension Trust/Other	44,631	-	-	44,631
Distributions from Special/School District Trust	-	404,550	-	404,550
Total Deductions	<u>44,631</u>	<u>404,550</u>	<u>117,967</u>	<u>567,148</u>
Change in Net Assets	<u>629</u>	<u>5,570</u>	<u>(1,532)</u>	<u>4,667</u>
Net Assets - Beginning	<u>3,896</u>	<u>85,017</u>	<u>19,881</u>	<u>108,794</u>
Net Assets - Ending	<u>\$ 4,525</u>	<u>\$ 90,587</u>	<u>\$ 18,349</u>	<u>\$ 113,461</u>

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

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Note 1 – The Financial Reporting Entity

(a) Reporting Entity

The County of Imperial, California (County), is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a Board of Supervisors (Board), which is the governing body of the County. The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include both blended and discretely presented component units. The blended component units are, although legally separate entities, in substance part of the County's operations and, therefore, data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. The financial statements of the individual component units may be obtained by writing to the County of Imperial, Controller's Office, 940 Main Street, El Centro, California 92243.

(b) Blended Component Units:

Blended component units are, in substance, part of the County's operations and their financial data are combined with data of the primary government. The following organizations are included in the County's financial statements as blended component units:

Imperial County Employees' Retirement Association (ICERA) is reported as a Pension Trust Fund in financial statements because it is an integral part of the County. A separate financial report can be reviewed at the Imperial County Treasurers/Retirement Office.

Special Districts and Schools are reported as trust funds because they are an integral part of the County. A separate financial report can be reviewed at the Auditor-Controller's Office.

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

(c) Discretely Presented Component Unit:

The Children and Families First Commission (Commission) was established in March 1999 under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The County Board appointed all members of the Commission. The Board can remove appointed members at will. The Commission accounts for receipts and disbursements of California Children and First Families Trust Fund allocations and appropriations to the Commission. The Commission is a discretely presented component unit as the Commission's governing body is not substantially the same as that of the County and the Commission does not provide services entirely or almost entirely to the County.

Note 2 – Summary of Significant Accounting Policies

(a) Implementation of Governmental Accounting Standards Board Statements

GASB Statement Nos. 34 and 37

In June 1999 and in 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 – State and Local Governments – Omnibus, respectively. These statements provide for the most significant change in financial reporting in over twenty years and are scheduled for a phased implementation (based on size of government) starting with fiscal year ending 2002.

GASB Statement No. 38

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

(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 and between the County and its discretely presented component unit. 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.

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

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 recipients of goods or services offered by the programs 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 instead as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

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.

Proprietary funds distinguish *operating* revenues, such as charges for services, results from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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 activities as public protection, public ways and facilities, health and sanitation, public assistance, and education.

The County reports the following major enterprise funds:

- The *Imperial Airport* accounts for operations, which include the airport's physical structure, property and leases and to provide the public with adequate, convenient and safe services associated with aviation. This includes providing for all forms of commercial and private transportation (air and repair, flying instruction, aircraft rental, sales, charter, fuel sales, and aircraft storage). The department also provides safety and emergency services, aviation agri-business, Federal Aviation Administration facilities (Flight Service Station), and public interest conveniences such as restaurants, motel and ground transportation.
- The *Solid Waste Closure/Postclosure* accounts for funds pursuant to State Law requiring funds to cover the estimated cost of solid waste closure and post closure activities. Each County operated site must have a plan to specifically address the physical requirements, as closure becomes necessary and the post-closure ongoing monitoring requirements.

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

The County reports the following additional fund types:

Internal Service Funds account for the activities of the fleet maintenance, flood control, centralized printing, centralized mailing, and centralized telecommunications. In addition, the County's Risk Management accounts for self-insurance programs – workers' compensation, liability, unemployment, employee health/dental/vision benefits, medical malpractice and auto on a cost-reimbursement basis.

The *Pension Trust Fund* accumulates contributions from the County, its employees and other participating employers. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses.

The *Investment Trust Funds* account for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

The *Agency Funds* account for assets held by the County as an agent for various local governments and for individuals.

c) Basis of Accounting

The government-wide proprietary and fiduciary 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 the 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 and sales taxes, grants, entitlements 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, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

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 so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when 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.

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes (GAAP) for governments units.

(d) Cash and Cash Equivalents

Cash is considered to be cash on hand, cash in bank and imprest cash. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have an original maturity of three months or less.

(e) Investments

Statutes authorize the County to invest its surplus cash (excluding ICERA) in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, rated P-1 by Standard & Poor's Corporation or A-1 by Moody's Investor Services, bankers acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Gains and losses are recognized based upon the specific identification method. All pooled investments are reported at book value. ICERA investments are made subject to guidelines of the investment plan approved by the Retirement Board.

(f) Inventories

Inventories are valued at cost, which is determined on a first-in, first-out basis. Inventory in the General and Special Revenues Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased.

(g) Property Taxes

The County levies property taxes as of September 1, on property values certified on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and delinquent with penalties after December 10, and the second is generally due on February 1 and delinquent with penalties after April 10. Secured property taxes become a lien on the property on January 1. Property taxes on the unsecured roll are due upon receipt of the tax bill and become delinquent if unpaid on August 31.

All jurisdictions within California derive their taxing authority from the State of California and various legislative provisions contained in the State of Government Codes and Revenue Taxation Codes. Pursuant to Article XIII A (known as Proposition 13) of the State of California Constitution, the County is permitted to levy a maximum tax of 1% of full cash value. For fiscal year 2002-03, the County received \$12,018 in property taxes that were used to finance general government services.

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

(h) Capital Assets

Capital assets, including infrastructure, are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets, which consist of certain improvements including roads, bridges, pavements in progress, and right of way. The County defines capital assets as assets with initial, individual costs of more than \$3 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

The estimated useful lives are as follows:

Buildings	40 years
Equipment	5 – 15 years
Office Furniture	5 years
Vehicles	70,000 – 100,000 miles
Infrastructure	20 – 50 years

(i) Compensated Absences (Accrued Vacation, Sick Leave and Compensatory Time)

Unused vacation leave may be accumulated up to a specified maximum and is paid at the time of termination from County employment. The County is not obligated to pay for unused sick leave if an employee terminates prior to retirement. However, if the employee, with less than 10 years of service, elects to leave their funds on deposit with the retirement system (deferred retirement), the accumulated sick leave hours will be applied toward their retirement service credit. Upon retirement, employees have the option of 1) being compensated for 15% of the employee's sick leave hours, or 2) applying all employee's accumulated sick leave hours as retirement service credit.

The County accrues for compensated absences in the government-wide and proprietary fund financial statement for which they are liable to make a payment directly.

(j) Use of Estimates

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

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Note 3 – Restatement of Fund Equity/Net Assets

(a) Other Restatements

ICCED Funds - The County restated the beginning net assets of this nonmajor special revenue fund in the amount of \$164 in order to correct adjustments made in prior years.

Other Special Revenue Funds - The County restated the beginning net assets of this nonmajor special revenue fund in the amount of (\$515) in order to correct adjustments made in prior years.

Note 4 – Cash and Investments

The County maintains a Cash and Investment Pool (Pool) that is available for use by all funds. The Pension Trust participates in the Pool, but the majority of their cash and investments are held separately from other County funds. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily balance of each fund.

Total County cash and investments are as follows:

<i>Cash:</i>	
Cash on hand	\$ 3
Imprest Cash	48
Checks for deposit	649
Outstanding warrants adj	<u>618</u>
Total cash	<u>1,318</u>
 <i>Investments:</i>	
In Treasurer's pool	230,081
With Fiscal Agent	23,148
With others external to the Treasurer's Pool	<u>22,312</u>
Total investments	<u>275,541</u>
Total cash and investments	<u>\$ 276,859</u>

Total County cash and investments are reported as follows:

Primary government	\$ 76,273
Component unit	4,635
Pension trust	4,500
Special district and Schools trust	90,485
Investment trust funds	21,473
Agency funds	<u>79,493</u>
Total cash and investments	<u>\$ 276,859</u>

Deposits

At June 30, 2003, the carrying amount of the County's cash deposits was \$36,790 and the bank balance for deposits maintained in various financial institutions amounted to \$25,277. Of the bank balance, \$7,680 was covered by federal depository insurance and the balance was collateralized as required by state law.

Under the California Government Code, a financial institution is required to secure deposits in excess of \$100 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Investments

The County's investments are categorized below to give an indication of the level of custodial credit risk assumed by the County as of June 30, 2003. Category 1 includes investments that are insured or registered, or 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 counterparty'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 counterparty, or its trust department or agent but not in the County's name. The County does not have any category 3 investments at June 30, 2003.

At June 30, 2003, the County's investment balances were as follows:

	Category			Carrying Amount	Fair Value
	1	2	3		
Categorized investments:					
U.S. Government Securities	\$ 98,074	\$ -	\$ -	\$ 98,074	\$ 98,904
Mortgages	22,540	-	-	22,540	22,666
Total categorized investments	<u>\$120,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$120,614</u>	<u>\$ 121,570</u>
Uncategorized investments:					
Local Agency Investment Fund				39,500	39,500
Mutual Funds				40,000	40,000
Total investments				<u>\$200,114</u>	<u>\$201,070</u>

Note 5 – Receivables

Accounts, interest, taxes and loan receivable balances of the General, Special Revenue, Proprietary and Trust and Agency Funds are stated net of allowances for uncollectibles. The following is a schedule of receivables applicable to each individual fund at June 30, 2003:

<u>Receivables- Governmental Activities</u>	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>
Accounts	\$ 4,857	\$ 3,098	\$ (10)	\$ 7,945
Interest	203	107	118	428
Taxes	592	130	-	722
Loan	-	2,819	-	2,819
Total receivables	<u>\$ 5,652</u>	<u>\$ 6,154</u>	<u>\$ 108</u>	<u>\$ 11,914</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

<u>Receivables- Business-Type Activities</u>	<u>Imperial Airport</u>	<u>Closure/ Postclosure</u>	<u>Other Enterprise Fund</u>	<u>Total Business-type Activities</u>
Accounts	\$ 39	\$ -	\$ 200	\$ 239
Interest	<u>-</u>	<u>28</u>	<u>3</u>	<u>31</u>
Total receivables	<u>\$ 39</u>	<u>\$ 28</u>	<u>\$ 203</u>	<u>\$ 270</u>

Note 6 – Inter-fund Transactions

The composition of inter-fund balances as of June 30, 2003 are as follows:

Short-term inter-fund transactions between funds which are not reimbursed by the receiving fund are reported as “due to and due from other funds.”

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 6,473	\$ 1,932
Nonmajor Governmental Funds	1,607	2,262
Imperial Airport	8	17
Other Enterprise Funds	265	5
Internal Service Funds	729	112
Pension Trust Fund	-	1
Special District/School Trust Funds	76	5
Investment Trust Funds	93	671
Agency Funds	<u>1,529</u>	<u>5,775</u>
Total	<u>\$ 10,780</u>	<u>\$ 10,780</u>

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations, re-allocations of special revenues, and debt service transfers to pay principal and interest payments on pension obligation bonds. All inter-fund transfers between individual government funds have been eliminated on the government-wide statements.

The following schedule briefly summarizes the County’s transfer activity for the fiscal year ended June 30, 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 147	\$ -
Special Revenue	-	255
Capital Projects	<u>108</u>	<u>-</u>
Total	<u>\$ 255</u>	<u>\$ 255</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Note 7 – Capital Assets

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

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,052	\$ 18	\$ -	\$ 2,070
Construction in progress	5,569	5,272	(2,668)	8,173
Total capital assets, not being depreciated	<u>7,621</u>	<u>5,290</u>	<u>(2,668)</u>	<u>10,243</u>
Capital assets, being depreciated:				
Infrastructure	61,970	3,588	-	65,558
Structures & Improvements	45,284	349	-	45,633
Vehicles	8,450	1,907	(1,625)	8,732
Furniture and equipment	22,736	4,919	(2,591)	25,064
Total capital assets, being depreciated	<u>138,440</u>	<u>10,763</u>	<u>(4,216)</u>	<u>144,987</u>
Less accumulated depreciation for:				
Infrastructure	27,775	2,630	-	30,405
Structures & Improvements	24,311	882	-	25,193
Vehicles	4,650	1,726	(1,577)	4,799
Furniture and equipment	15,810	3,583	(2,417)	16,976
Total accumulated depreciation	<u>72,546</u>	<u>8,821</u>	<u>(3,994)</u>	<u>77,373</u>
Total capital assets, being depreciated, net	<u>65,894</u>	<u>1,942</u>	<u>(222)</u>	<u>67,614</u>
Governmental activities capital assets, net	<u>\$ 73,515</u>	<u>\$ 7,232</u>	<u>\$ (2,890)</u>	<u>\$ 77,857</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 685	\$ -	\$ -	\$ 685
Total capital assets, not being depreciated	<u>685</u>	<u>-</u>	<u>-</u>	<u>685</u>
Capital assets, being depreciated:				
Structures & Improvements	10,591	198	-	10,789
Furniture and equipment	83	-	(9)	74
Total capital assets, being depreciated	<u>10,674</u>	<u>198</u>	<u>(9)</u>	<u>10,863</u>
Less accumulated depreciation for:				
Structures & Improvements	4,980	470	-	5,450
Furniture and equipment	41	7	(9)	39
Total accumulated depreciation	<u>5,021</u>	<u>477</u>	<u>(9)</u>	<u>5,489</u>
Total capital assets, being depreciated, net	<u>5,653</u>	<u>(279)</u>	<u>-</u>	<u>5,374</u>
Business-type activities capital assets, net	<u>\$ 6,338</u>	<u>\$ (279)</u>	<u>\$ -</u>	<u>\$ 6,059</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 4,501
Public Protection	1,262
Health & Sanitation	569
Public Assistance	229
Public Ways & Facilities	606
Education	19
Depreciation on capital assets held by the County's internal service funds are charged to the Various functions based on their usage of the assets	<u>1,635</u>
Total depreciation expense – governmental functions	<u>\$ 8,821</u>

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

Airports	\$ 477
Total depreciation expense – business-type functions	<u>\$477</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Construction in Progress

Construction in progress for governmental activities represents work being performed on the County Services Center - Brawley, roads and bridge infrastructure, and a number of ongoing small projects.

Note 8 – Leases

Operating Leases

The County is committed under various noncancelable operating leases, primarily for office buildings and equipment.

Future minimum operating lease commitments are as follows:

<u>Year ending June 30,</u>		
2004	\$	367
2005		364
2006		343
2007		342
2008		340
2009-2010		<u>739</u>
Total		<u>\$ 2,495</u>

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 under capital leases includes the following.

	<u>Governmental Activities</u>
Fire and Security System	\$ 81
Energy Retrofit Project	890
IBM Computer Equipment	20
New Holland Wheel Loader	153
Asphalt Paver & Windrow Elev.	349
Qty 3 Emer One Trad Pumper	<u>336</u>
	\$ 1,829
Less: Accumulated Depreciation	<u>(963)</u>
Net	<u>\$ 866</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Note 9 – Long Term Debt

The following is a schedule of long-term liabilities for Governmental Activities for the year ended June 30, 2003:

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003	Amounts Due within One year
Employee Compensated Absences	\$ 7,882	\$ 93	\$ 364	\$ 7,611	\$ 457
Capital Lease Obligation	1,260	838	270	1,828	431
Pension Funding Bonds 1997	34,070	-	935	33,135	995
Pension Funding Bonds 2002	-	33,265	-	33,265	-
State of California Child Support	3,318	-	386	2,932	2,932
1999 Cert. Of Participation	9,700	-	755	8,945	785
General Long Term Debt Payable	<u>\$ 56,230</u>	<u>\$ 34,196</u>	<u>\$ 2,710</u>	<u>\$ 87,716</u>	<u>\$ 5,600</u>

1999 Certificates of Participation

On March 1, 1999, the County issued its \$11,860 Certificates of Participation (1999 Capital Projects) dated March 3, 1999.

A portion of the proceeds of the certificates together with other available funds, have been applied to refund all of the outstanding \$14,200 original principal amount of the 1997 Certificates of Participation having any adjustable rate which was approximately 3.70% at the time of refunding. The 1999 Certificates have a stated interest rate of 3.50% to 5.00%, are payable over 20 years and are subject to a prepayment option which was not applicable for the refunding. The balance of the proceeds were placed in certain accounts with the fiscal agent to be drawn on as the various related capital projects progress. The debt service requirements on the certificates to maturity, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2004	\$ 785	\$ 396	\$ 1,181
2005	815	367	1,182
2006	845	335	1,180
2007	880	301	1,181
2008	920	266	1,186
2009-2013	2,740	782	3,522
2014-2019	<u>1,960</u>	<u>357</u>	<u>2,317</u>
Total	<u>\$ 8,945</u>	<u>\$ 2,804</u>	<u>\$ 11,749</u>

Taxable Pension Funding Bonds 1997

On November 19, 1997, the County issued \$35,175 of taxable pension funding bonds to fund the County's unfunded accrued actuarial liability due the Imperial County Employees' Retirement System ("the System"). The payment of this liability will provide the System additional funds for investment.

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

The bonds have a stated interest rate from 6.100% to 6.375% and are payable over a period of 22 years maturing in 2021. The bonds are not subject to optional redemption prior to their stated maturity date. The bond's debt service to maturity is as follows:

<u>Year Ending June 30,</u>	<u>Principle</u>	<u>Interest</u>	<u>Total Payment</u>
2004	\$ 995	\$ 2,179	\$ 3,174
2005	1,060	2,114	3,174
2006	1,130	2,045	3,175
2007	1,205	1,970	3,175
2008	1,285	1,890	3,175
2009-2013	7,860	8,018	15,878
2014-2018	10,980	4,894	15,874
2019-2021	8,620	804	9,424
Total	<u>\$ 33,135</u>	<u>\$ 23,914</u>	<u>\$ 57,049</u>

Taxable Pension Funding Bonds 2002

On September 17, 2002, the County issued \$33,265 of taxable pension funding bonds to fund the County's unfunded accrued actuarial liability due the Imperial County Employees' Retirement System ("the System"). The payment of this liability will provide the System additional funds for investment.

The bonds have a stated interest rate from 4.71% to 5.715% and are payable over a period of 29 years maturing in 2031. The bonds are not subject to optional redemption prior to their stated maturity date. The bond's debt service to maturity is as follows:

<u>Year Ending June 30,</u>	<u>Principle</u>	<u>Interest</u>	<u>Total Payment</u>
2004	\$ -	\$ 1,863	\$ 1,863
2005	-	1,863	1,863
2006	-	1,863	1,863
2007	-	1,863	1,863
2008	-	1,863	1,863
2009-2013	1,705	9,241	10,946
2014-2018	5,855	8,131	13,986
2019-2023	7,735	6,253	13,988
2024-2028	10,255	3,733	13,988
2029-2031	7,715	678	8,393
Total	<u>\$ 33,265</u>	<u>\$ 37,351</u>	<u>\$ 70,616</u>

The following is a schedule of long-term liabilities for Business-Type Activities for the year ended June 30, 2003:

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2003</u>	<u>Amounts</u> <u>Due within</u> <u>One year</u>
Employee Compensated Absences	\$ 18	\$ 1	\$ 5	\$ 14	\$ 1
Total	<u>\$ 18</u>	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 14</u>	<u>\$ 1</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Note 10 – Landfill Closure and Postclosure Costs

State and federal laws and regulations require that the County of Imperial place a final cover on its landfills when they are closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfills no longer accept waste. The recognition of these landfills closure and postclosure care costs are based on the amount of the landfills used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$8,809 as of June 30, 2003 which is based on an average of 11.90% usage (filled) of the ten landfills operated by the County. It is estimated that an additional \$2,830 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date that last landfill is expected to be filled to capacity (2109). The estimated total current cost of the landfill closure and postclosure care (\$10,523) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2003. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County of Imperial is required by state and federal laws to make annual contributions to finance closure and postclosure care. The County is in compliance with these requirements and at June 30, 2003, \$6,033 was held in an Enterprise Fund for these purposes. Any future inflation costs and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

Note 11 – Employees' Retirement Association

The County has a contributory defined benefit pension plan (the "Plan"), operating under the California County Employees Retirement Act of 1937, administered by the Imperial County Employees' Retirement System (the "Retirement System"). Membership in the Retirement System is mandatory for substantially all employees.

Plan Description - The Retirement System provides for retirement, death, disability, and cost-of-living benefits.

Retirement Allowance – An Employee with 10 or more years of service is entitled to an annual retirement allowance beginning at age 50. The retirement allowance is based upon the member's age at retirement, final compensation, and the total years of service under the Plan. An employee may elect to receive an allowance in the form of a joint survivor annuity.

Employees terminating before rendering five years of service forfeit the right to receive benefits but may withdraw their contributions and accumulated interest. Employees terminating after five years of service may elect to leave accumulated deposits in the Plan and receive benefits at the time of normal retirement.

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Death and Disability Benefits – Upon the death of an active employee, a death benefit, equal to the deceased member’s accumulated contributions and interest, plus 1/12th of the deceased’s final year’s salary, multiplied by the number of completed years of service, but limited to 1/2 annual salary, is paid to beneficiaries. Upon the death of a qualified member, the surviving spouse, as an option, may receive an annual allowance of 60 percent of the member’s retirement allowance as of the date of death. The death of a member due to service-connected injury or disease entitles the decedent’s surviving spouse or child under 18 years of age to receive an annual allowance equal to one-half the member’s final compensation. In addition, the beneficiary of a retiree who dies after retirement while receiving an allowance from the Retirement System, is paid a death benefit of \$5.

An active employee becoming totally disabled as a result of a service-connected injury or disease is paid an annual allowance of the larger of 50 percent of the employee’s compensation, or the normal retirement benefits accumulated by the member as of the date of disability. An active employee who is totally disabled because of a non-service connected disease or injury, receives all vested retirement benefits accumulated as of the date of the disability.

The Retirement System issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement at 940 Main Street, Suite 105, El Centro, CA 92243.

Funding Policy - As a condition of participation, employees are required to contribute a percentage of their annual compensation to the Retirement System.

The total covered payroll of employees participating in the Retirement System for the year ended June 30, 2003 was \$60,162. The total County payroll for the year was \$66,168. The total contribution to the Retirement System for 2003 of \$11,200 was made in accordance with actuarial determined requirements computed through a actuarial valuation performed as of June 30, 2001. The County’s contribution was \$7,139. Employee contributions were \$4,061. The amortization period of the unfunded actuarial liability is based on an initial amortization period of 30 years.

The County’s contributions to the Plan, based on actuarial determined percentage of payroll costs, together with employees’ contribution, are intended to provide defined benefits when employees retire. This contribution includes amortization of past service costs over 24 years.

The County’s annual pension cost and net pension obligation to the Imperial County Employees’ Retirement System for the current and two proceeding years is as follows:

<u>Fiscal Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
6/30/03	7,139	100%
6/30/02	8,376	100%
6/30/01	6,541	100%

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Note 12 - Commitments and Contingencies

A. Grants

The County recognizes as revenues, grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

B. Litigation

The County is a defendant in various lawsuits which arise under the normal course of the operations. In the opinion of County Counsel and management, such claims against the County not covered by insurance would not materially affect the combined financial statements of the County.

C. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established self-insurance programs for liability, workers' compensation, unemployment, medical malpractice and auto liability.

The liability insurance has a self-insured retention per claim of \$200 with excess liability insurance of up to \$25 million per occurrence being provided by independent carriers. Workers' compensation has a self-insured retention per claim of \$300. Unemployment claims are reimbursed to the State of California for claims paid on behalf of the County. The County has a self-insurance group health program for its employees. The health plan has self-insured retention per claim of \$150. The medical malpractice insurance has a self-insured retention per claim of \$200 with excess liability insurance of up to \$9.8 million per occurrence being provided by independent carriers. Auto liability insurance has a self-insured retention per claim of \$200.

The activities related to such programs are accounted for in the Loss Reserve Funds (Internal Service Funds). Revenues are primarily provided by other County funds and are intended to cover self-insured claims liabilities, insurance premiums and operating expenses. County officials believe that the assets of the Loss Reserve Funds, together with funds to be provided in the future, will provide adequate resources to meet the County's self-insured claim liabilities as they come true.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past year are as follows:

Liability at June 30, 2002	\$10,074
Current year claims and changes in estimates	2,588
Claim payments	<u>(4,147)</u>
Liability at June 30, 2003	<u>\$ 8,515</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

D. Child Support Incentive Funds Audit

On August 15, 2002, the State of California Department of Finance issued an audit report on the Imperial County Child Support Incentive Funds. The report addressed four areas: 1) understatement of excess incentive funds in the amount of \$28, 2) excess incentive encumbrances were overstated by \$2,754, 3) interest earned and unexpended in the amount of \$342 and a credit for (\$24) for disallowed EDP expenditures, and 4) overstatement of excess incentive expenditures in the amount of \$218. The determination was that the County has to repay the State of California Child Support Department excess incentive monies in the amount of \$3,318. On May 9, 2003 the County made a payment to the State of California in the amount of \$386. The net obligation of \$2,932 has been recorded in the General Fund as of June 30, 2003.

Note 13 – Notes Payable – TRANS

Each fiscal year the County issues Tax and Revenue Anticipation Notes (TRANS) to provide financing of seasonal cash flow requirements for the General Fund's current year expenditures and to discharge its obligations and indebtedness during this period. The principal of the notes and the interest thereon are paid from pledged property taxes and revenues the County expects to receive during the fiscal year.

Short-term debt activity for the year ended June 30, 2003 was as follows:

	<u>Beginning Balance July 1, 2002</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Balance June 30, 2003</u>
TRANS	\$ -	\$ 5,000	\$ (5,000)	\$ -

Subsequent to June 30, 2003 on July 1, 2003, the County issued \$5,000 in tax anticipation notes. The notes bear an interest rate of 2.00% and were underwritten by the Wells Fargo Bank, National Association of California.





**Required Supplementary Information
(Other than MD & A)**



COUNTY OF IMPERIAL
Required Supplementary Information
For the Year Ended June 30, 2003

Schedule of Funding Progress
(amounts expressed in millions)

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Plan Assets (b)	Total Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (e)	UAAL As A Percentage of Annual Covered Payroll (c/e)
6-30-03	\$ 307.3	\$ 301.0	\$ 6.3	97.9%	71.4	8.8%
6-30-02	281.3	276.7	4.6	98.4%	71.7	6.4%
6-30-01	259.1	286.5	(27.4)	110.6%	62.8	(43.6%)
6-30-00	230.0	306.6	(76.6)	133.3%	52.7	(145.4%)
6-30-99	207.2	262.1	(54.9)	126.5%	44.7	(122.8%)
6-30-98	189.7	239.9	(50.2)	126.5%	41.0	(122.4%)
6-30-97	166.7	171.7	(5.0)	103.0%	41.7	(12.0%)
6-30-96 (a);(b)	146.2	132.5	13.7	90.6%	39.6	34.6%
6-30-95 (a)	143.2	118.7	24.5	82.9%	40.3	60.8%
6-30-94 (a);(b)	124.1	96.7	27.4	77.9%	34.5	79.4%
6-30-93 (a)	121.6	98.6	23.0	81.1%	35.1	65.5%

(a) Actuarial valuations are performed biennially with updates annually. For the fiscal years indicated, the actuary provided updates.

(b) Assets valuation was converted to Market Value.





**COMBINING INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



Non-major Governmental Funds

Special Revenue Funds

Special Revenue Funds account for revenues derived from specific taxes or other designated revenue sources. Primary revenue sources are: taxes, fines, forfeitures and penalties; use of money and property; aid from other governmental agencies; charges for current services; and other revenues. Expenditures are made only for specific activities legally authorized to be financed from the individual funds.

Library - The County Library District, serving a population of approximately 45,300, encompasses all of the unincorporated areas in Imperial County and all cities except Brawley, Calexico, El Centro and Imperial. The Library is located in rural El Centro with branches in Calipatria, Heber, Holtville, Niland, Ocotillo, Desert Shores, Salton City, and Westmorland. The Library collection is supplemented in various ways, including participation with the Serra Cooperative Library System in San Diego and Imperial Counties. Inter-library loan service is available with local libraries and other libraries in California and the California State Library.

Fire Protection - The Fire Department is responsible for fire protection only in certain unincorporated areas of the County. To augment its central core of fire-fighting personnel, the County has entered into contractual agreements with incorporated areas near these jurisdictions.

Roads Fund - This fund was established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of State highway user's tax and are supplemented by Federal funds, vehicle code fines, and fees and reimbursements for engineering services provided.

State/Federal Jail Improvement Funds - The State/Federal Jail Improvement funds were created to account for expenditures to improve jail conditions. These expenditures are reimbursed by the Federal Government and by the State Government.

Criminal Justice Facilities Fund - The monies in this fund together with any interest earned thereon may be used for construction, reconstruction, expansion, improvement, operation, or maintenance of County criminal justice and court facilities, and for improvement of criminal justice automated information systems; provided, that in Imperial County, money deposited each year in this fund may also be used for the maintenance, operation, construction, reconstruction, or expansion of County juvenile justice rehabilitation facilities.

Non-major Governmental Funds

Service Authority Freeway Emergency - This budget unit was established to identify revenues and expenditures for the installation of emergency call boxes on the Imperial County freeway system.

Mosquito Abatement - The Mosquito Abatement Program provides mosquito and Africanized honeybee abatement services to all areas of the County. The services include preventative abatement programs designed to eliminate mosquito-breeding areas, direct elimination of mosquitoes, and detection and eradication of Africanized honeybees in open spaces. Revenue for this program is from assessment of property owners in the County.

AB443 Local Assistance Law Enforcement Grant – This budget unit was established to account for funds received from the State to enhance law enforcement activities in rural and small counties.

Sheriff's Information Technology System – This budget was established to account for activities related to the expenses regarding the modernization of the Sheriff's Department Information Systems.

Imperial County Economic Development Funds (ICCED) - The ICCED funds account for revenues and expenditures for various activities and programs including USDA Small Business RLF, ICCED Special Expense Fund, Home Biz Micro-Training, ICCED Micro-Lending Program, USDA POE Waste Water, Gossner Foods, USDA RLF ICCED, ICCED Housing Rehab., Census 2000 County Cost, Heber Housing Rehab. 2000, Ocotillo Housing Rehab., Colonia Technical Asst. Prg., CDBG Micro-Enterprise, CDBG Revolving Loan Fund, CDBG General 1984, CDBG 1984 Jobs Bill, CDBG State, CDBG 1985, Heber Housing Rehab., Mesquite Lake CDBG, Geo. Info. Sys. ICCED, Colonia II Planning Grant, CDBG, Scattered Sites Housing, Colonia III & IV Grant, Enterprise Community, POE Colonia Water Svc., Home Funds 2001, Rural Business Enterprise, Econ. Dev. PTA Grant, CITCA E-Commerce, CDBG Business Loans/Infrastructure, Comm. Adj. Inv. Prg. Grant, Complete Planning & Tech., and CDBG Housing Rehab.

Non-major Governmental Funds

Other Special Revenue Funds - Account for revenues received for various activities and programs including Public Health Environmental Serv., Violence Against Women Pros. Unit, Gateway CSA, IV Food Bank, High Risk Youth TR Student, Major Narco Vert. Pros., HIDTA District Attorney, Juvenile Crime Enforce. & ACG II, School to Work, New River Task Force, Partner Public Health, WIA Funds, Youth Opp. Grant-SOS, SOS Grant Probation, Local Law Enforcement Block Grant, Drug Court, Glamis Dune Grant, Sugar Cane Prj. Ag. Ext., Assessor PTA Program, Fish & Game, Statutory Rape Vertical Prosecution Unit, Office of Emergency Service, Geothermal Admin., Substance Abuse/Perinatal, Probation Training, Sheriff Standard Training, City of Imperial Fire Service, HIDTA Grant Sheriff, Child Abuse (AB1733), E.C. Training Center CYA, Victim Witness Asst., IVAG, Park Bond Act Pioneer Park, Substance Abuse, AB 75 Health, Internet Access Info. Syst., Whitefly Mgmt. Comm., Integrated Waste Mgmt., P.W. Solid Waste Disposal, 1980 Park Bond Act, Desert Agri., Inst., Air Pollution Hazardous Material, Air Pollution Control Special, Park Bond Act Red Hill, Park Bond Act Heber Dunes, Special Prosecutions Unit, Area Agency on Aging, Tobacco Education, Park Bond Act 1988, ARID, OET, Volunteer Program, Source Reduction Recy. Elm., Fiber Optic Network, CNG Facility, Federal Asset Forfeiture, State Asset Forfeiture, Prior Fed. Asset Forfeiture, California Witness Prog., Substance Abuse & Crime Prev., AB 1913 Probation, EDA Grant Probation, SARB Probation, EPSDT Probation, Substance Abuse 2000 Prop. 36, EPSDT FRC Brawley Probation, Star Grant OET, 2000 LLEBG Grant, CX Gang Violence Supp., ICCFFC Juv. Hall Rec. Home, Reclamation Grant, 2001-03 LLEBG Prg., Boating Grant Salton Sea, Street Interdiction Team, Inmate Parenting, Bio-Terrorism Preparedness, IVROP Probation, FAA Grant # 14 Sec. Reg., TSA Grant Security, COPPS School Com. Pol, LLEBG 2002 LB-BX, Off-Highway Enforcement, District Attorney IVSIT, Imperial Safe Schools, Probation Training Room, Sheriff Weapons Replacement, Peer Court Grant, and Literacy Vol. of America.

Non-major Governmental Funds

Capital Projects Funds

The purpose of these funds are to separately account for major acquisition, construction and additions to County buildings and land other than those financed by Enterprise Funds and Internal Service Funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on the county's pension obligation bonds. There are no combining statements because the County has one Debt Service fund which is reported on the non-major combined financial statements.

COUNTY OF IMPERIAL
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003
(amounts expressed in thousands)

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Assets:				
Cash and cash equivalents	\$ 11,360	\$ 1,893	\$ 3,430	\$ 16,683
Cash with Fiscal Agent	15	-	-	15
Deposits with Others	47	-	-	47
Receivables (net):				
Accounts	3,087	11	-	3,098
Interest	75	17	15	107
Taxes	130	-	-	130
Loan	2,819	-	-	2,819
Due from other funds	1,438	101	68	1,607
Inventories and Prepaid Expenses	236	-	-	236
Total assets	<u>\$ 19,207</u>	<u>\$ 2,022</u>	<u>\$ 3,513</u>	<u>\$ 24,742</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,324	\$ 12	\$ (3,179)	\$ (1,843)
Accrued Payroll	924	-	-	924
Interest Payable	13	4	-	17
Due to other funds	2,108	154	-	2,262
Total Liabilities	<u>4,369</u>	<u>170</u>	<u>(3,179)</u>	<u>1,360</u>
Fund balances:				
Reserved for:				
Encumbrances	1,928	1,012	-	2,940
Inventories	240	-	-	240
Debt Service	-	-	6,692	6,692
Loan	1,003	-	-	1,003
Other	974	1	-	975
Unreserved, undesignated	10,693	839	-	11,532
Total fund balances	<u>14,838</u>	<u>1,852</u>	<u>6,692</u>	<u>23,382</u>
Total liabilities and fund balances	<u>\$ 19,207</u>	<u>\$ 2,022</u>	<u>\$ 3,513</u>	<u>\$ 24,742</u>

COUNTY OF IMPERIAL
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2003

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Revenues:				
Taxes	\$ 2,712	\$ -	\$ -	\$ 2,712
Fines, Forfeitures & Penalties	733	188	-	921
Use of Money & Property	261	76	49	386
State Aid	18,467	-	-	18,467
Federal Aid	14,674	171	-	14,845
Charges for Services	3,976	65	-	4,041
Sale of Fixed Assets	103	-	-	103
Other Revenues	4,005	10	3,670	7,685
Total Revenues	<u>44,931</u>	<u>510</u>	<u>3,719</u>	<u>49,160</u>
Expenditures:				
Current:				
General Government	374	2,495	3,943	6,812
Public Protection	9,811	-	-	9,811
Health & Sanitation	7,118	-	-	7,118
Public Assistance	15,137	-	-	15,137
Public Ways & Facilities	9,276	-	-	9,276
Education	561	-	-	561
Total expenditures	<u>42,277</u>	<u>2,495</u>	<u>3,943</u>	<u>48,715</u>
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(255)</u>	<u>108</u>	<u>-</u>	<u>(147)</u>
Total Other Financing Sources (Uses)	<u>(255)</u>	<u>108</u>	<u>-</u>	<u>(147)</u>
Net change in fund balances	2,399	(1,877)	(224)	298
Fund balances - beginning	12,439	3,729	6,916	23,084
Fund balances - ending	<u>\$ 14,838</u>	<u>\$ 1,852</u>	<u>\$ 6,692</u>	<u>\$ 23,382</u>

COUNTY OF IMPERIAL
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Library</u>	<u>Fire Protection</u>	<u>Public Works Roads</u>	<u>State/ Federal Jail Improvements</u>	<u>Criminal Justice Facilities</u>
Assets:					
Cash and cash equivalents	\$ 751	\$ 114	\$ 3,326	\$ 782	\$ 1,134
Cash with Fiscal Agent	-	-	-	-	-
Deposits with Others	-	-	-	-	-
Receivables (net):					
Accounts	-	10	153	59	49
Interest	4	-	17	5	5
Taxes	22	108	-	-	-
Loan	-	-	889	-	-
Due from other funds	-	4	461	-	-
Inventories and Prepaid Expenses	-	-	240	-	-
Total assets	<u>\$ 777</u>	<u>\$ 236</u>	<u>\$ 5,086</u>	<u>\$ 846</u>	<u>\$ 1,188</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 6	\$ 25	\$ 170	\$ 292	\$ -
Accrued Payroll	12	95	236	-	-
Interest Payable	-	-	-	-	-
Due to other funds	1	1	17	3	-
Total Liabilities	<u>19</u>	<u>121</u>	<u>423</u>	<u>295</u>	<u>-</u>
Fund balances:					
Reserved for:					
Encumbrances	29	153	275	115	-
Inventories	-	-	240	-	-
Loan	-	-	-	-	-
Other	-	-	-	-	-
Unreserved, undesignated	729	(38)	4,148	436	1,188
Total fund balances	<u>758</u>	<u>115</u>	<u>4,663</u>	<u>551</u>	<u>1,188</u>
Total liabilities and fund balances	<u>\$ 777</u>	<u>\$ 236</u>	<u>\$ 5,086</u>	<u>\$ 846</u>	<u>\$ 1,188</u>

COUNTY OF IMPERIAL
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Serv. Authority Freeway Emerg.	Mosquito Abatement	AB443 Local Law Enforcement	Sheriff Info. Tech System	ICCED Funds
Assets:					
Cash and cash equivalents	\$ 796	\$ 513	\$ 954	\$ 2,041	\$ 198
Cash with Fiscal Agent	-	-	-	-	-
Deposits with Others	-	-	-	-	38
Receivables (net):					
Accounts	-	-	-	4	-
Interest	4	3	5	10	3
Taxes	-	-	-	-	-
Loan	-	-	-	-	1,930
Due from other funds	-	8	-	-	21
Inventories and Prepaid Expenses	-	-	-	-	-
Total assets	<u>\$ 800</u>	<u>\$ 524</u>	<u>\$ 959</u>	<u>\$ 2,055</u>	<u>\$ 2,190</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 1	\$ -	\$ -	\$ -	\$ 4
Accrued Payroll	-	15	3	-	-
Interest Payable	-	-	-	-	2
Due to other funds	-	117	100	-	51
Total Liabilities	<u>1</u>	<u>132</u>	<u>103</u>	<u>-</u>	<u>57</u>
Fund balances:					
Reserved for:					
Encumbrances	-	2	24	2	-
Inventories	-	-	-	-	-
Loan	-	-	-	-	1,003
Other	-	-	-	-	965
Unreserved, undesignated	799	390	832	2,053	165
Total fund balances	<u>799</u>	<u>392</u>	<u>856</u>	<u>2,055</u>	<u>2,133</u>
Total liabilities and fund balances	<u>\$ 800</u>	<u>\$ 524</u>	<u>\$ 959</u>	<u>\$ 2,055</u>	<u>\$ 2,190</u>

COUNTY OF IMPERIAL
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Other Special Revenue Funds	Total
Assets:		
Cash and cash equivalents	\$ 751	\$ 11,360
Cash with Fiscal Agent	15	15
Deposits with Others	9	47
Receivables (net):		
Accounts	2,812	3,087
Interest	19	75
Taxes	-	130
Loan	-	2,819
Due from other funds	944	1,438
Inventories and Prepaid Expenses	(4)	236
	<u>\$ 4,546</u>	<u>\$ 19,207</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 826	\$ 1,324
Accrued Payroll	563	924
Interest Payable	11	13
Due to other funds	1,818	2,108
	<u>3,218</u>	<u>4,369</u>
Fund balances:		
Reserved for:		
Encumbrances	1,328	1,928
Inventories	-	240
Loan	-	1,003
Other	9	974
Unreserved, undesignated	(9)	10,693
	<u>1,328</u>	<u>14,838</u>
Total fund balances	<u>1,328</u>	<u>14,838</u>
Total liabilities and fund balances	<u>\$ 4,546</u>	<u>\$ 19,207</u>

COUNTY OF IMPERIAL
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Library</u>	<u>Fire Protection</u>	<u>Public Works Roads</u>
Revenues:			
Taxes	\$ 430	\$ 2,282	\$ -
Fines, Forfeitures & Penalties	-	-	-
Use of Money & Property	18	-	74
State Aid	81	51	9,632
Federal Aid	-	-	-
Charges for Services	1	-	31
Sale of Fixed Assets	-	1	58
Other Revenues	42	331	891
Total Revenues	<u>572</u>	<u>2,665</u>	<u>10,686</u>
Expenditures:			
Current:			
General Government	-	-	-
Public Protection	-	2,742	-
Health & Sanitation	-	-	-
Public Assistance	-	-	-
Public Ways & Facilities	-	-	9,047
Education	439	-	-
Total expenditures	<u>439</u>	<u>2,742</u>	<u>9,047</u>
Other Financing Sources (Uses):			
Transfers In (Out)	<u>(155)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(155)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(22)	(77)	1,639
Fund balances - beginning	<u>780</u>	<u>192</u>	<u>3,024</u>
Fund balances - ending	<u>\$ 758</u>	<u>\$ 115</u>	<u>\$ 4,663</u>

COUNTY OF IMPERIAL
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>State/ Federal Jail Improvements</u>	<u>Criminal Justice Facilities</u>	<u>Serv. Authority Freeway Emerg.</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Fines, Forfeitures & Penalties	-	594	-
Use of Money & Property	38	29	19
State Aid	48	-	126
Federal Aid	121	-	-
Charges for Services	-	-	-
Sale of Fixed Assets	-	-	-
Other Revenues	-	-	-
Total Revenues	<u>207</u>	<u>623</u>	<u>145</u>
Expenditures:			
Current:			
General Government	-	-	-
Public Protection	619	452	-
Health & Sanitation	-	-	-
Public Assistance	-	-	-
Public Ways & Facilities	-	-	84
Education	-	-	-
Total expenditures	<u>619</u>	<u>452</u>	<u>84</u>
Other Financing Sources (Uses):			
Transfers In (Out)	<u>(1,168)</u>	<u>(260)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,168)</u>	<u>(260)</u>	<u>-</u>
Net change in fund balances	(1,580)	(89)	61
Fund balances - beginning	<u>2,131</u>	<u>1,277</u>	<u>738</u>
Fund balances - ending	<u>\$ 551</u>	<u>\$ 1,188</u>	<u>\$ 799</u>

COUNTY OF IMPERIAL
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Mosquito Abatement</u>	<u>AB443 Local Law Enforcement</u>	<u>Sheriff's Info. Tech System</u>	<u>ICCED Funds</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines, Forfeitures & Penalties	-	-	4	-
Use of Money & Property	10	19	26	9
State Aid	-	500	-	940
Federal Aid	-	-	-	114
Charges for Services	525	-	-	253
Sale of Fixed Assets	-	-	-	-
Other Revenues	10	-	620	134
Total Revenues	<u>545</u>	<u>519</u>	<u>650</u>	<u>1,450</u>
Expenditures:				
Current:				
General Government	-	-	-	-
Public Protection	-	75	23	-
Health & Sanitation	539	-	-	-
Public Assistance	-	-	-	1,540
Public Ways & Facilities	-	-	-	-
Education	-	-	-	-
Total expenditures	<u>539</u>	<u>75</u>	<u>23</u>	<u>1,540</u>
Other Financing Sources (Uses):				
Transfers In (Out)	<u>-</u>	<u>(100)</u>	<u>1,428</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(100)</u>	<u>1,428</u>	<u>-</u>
Net change in fund balances	6	344	2,055	(90)
Fund balances - beginning	<u>386</u>	<u>512</u>	<u>-</u>	<u>2,223</u>
Fund balances - ending	<u>\$ 392</u>	<u>\$ 856</u>	<u>\$ 2,055</u>	<u>\$ 2,133</u>

COUNTY OF IMPERIAL
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Other Special Revenue Funds	Total
Revenues:		
Taxes	\$ -	\$ 2,712
Fines, Forfeitures & Penalties	135	733
Use of Money & Property	19	261
State Aid	7,089	18,467
Federal Aid	14,439	14,674
Charges for Services	3,166	3,976
Sale of Fixed Assets	44	103
Other Revenues	1,977	4,005
Total Revenues	26,869	44,931
Expenditures:		
Current:		
General Government	374	374
Public Protection	5,900	9,811
Health & Sanitation	6,579	7,118
Public Assistance	13,597	15,137
Public Ways & Facilities	145	9,276
Education	122	561
Total expenditures	26,717	42,277
Other Financing Sources (Uses):		
Transfers In (Out)	-	(255)
Total Other Financing Sources (Uses)	-	(255)
Net change in fund balances	152	2,399
Fund balances - beginning	1,176	12,439
Fund balances - ending	\$ 1,328	\$ 14,838

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Library
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 454	\$ 454	\$ 430	\$ (24)
Use of Money & Property	22	22	18	(4)
State Aid	79	89	81	(8)
Charges for Services	-	-	1	1
Other Revenues	33	43	42	(1)
Total revenues	<u>588</u>	<u>608</u>	<u>572</u>	<u>(36)</u>
Expenditures:				
Education:				
Salaries and Benefits	288	288	227	61
Services and Supplies	266	291	207	84
Other Charges	38	51	5	46
Intra Fund Transfers	-	-	-	-
Contribution Non-County	-	-	-	-
Total expenditures	<u>592</u>	<u>630</u>	<u>439</u>	<u>191</u>
Other Financing Sources:				
Transfers In (Out)	-	-	(155)	155
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(155)</u>	<u>155</u>
Excess of revenues over expenditures	<u>(4)</u>	<u>(22)</u>	<u>(22)</u>	<u>(72)</u>
Fund balances - beginning	<u>780</u>	<u>780</u>	<u>780</u>	<u>-</u>
Fund balances - ending	<u>\$ 776</u>	<u>\$ 758</u>	<u>\$ 758</u>	<u>\$ (72)</u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Fire Protecton
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,518	\$ 2,518	\$ 2,282	\$ (236)
Use of Money & Property	-	-	-	-
State Aid	46	46	51	5
Other Revenues	150	375	331	(44)
Sale of Fixed Assets	10	10	1	(9)
Total revenues	<u>2,724</u>	<u>2,949</u>	<u>2,665</u>	<u>(284)</u>
Expenditures:				
Public Protection:				
Salaries and Benefits	2,021	2,021	2,063	(42)
Services and Supplies	1,124	1,299	1,138	161
Other Charges	77	120	203	(83)
Capital Outlay	192	299	96	203
Intra Fund Transfers	(530)	(543)	(630)	87
Inter Fund Transfers	(105)	(105)	(128)	23
Contingencies	35	35	-	35
Total expenditures	<u>2,814</u>	<u>3,126</u>	<u>2,742</u>	<u>384</u>
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>(90)</u>	<u>(177)</u>	<u>(77)</u>	<u>(100)</u>
Fund balances - beginning	<u>192</u>	<u>192</u>	<u>192</u>	<u>-</u>
Fund balances - ending	<u>\$ 102</u>	<u>\$ 15</u>	<u>\$ 115</u>	<u>\$ (100)</u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Public Works Roads
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of Money & Property	\$ 125	\$ 125	\$ 74	\$ (51)
State Aid	8,490	8,490	9,632	1,142
Charges for Current Services	30	30	31	1
Other Revenues	466	466	891	425
Sale of Fixed Assets	10	10	58	48
Total revenues	<u>9,121</u>	<u>9,121</u>	<u>10,686</u>	<u>1,565</u>
Expenditures:				
Public Ways & Facilities:				
Salaries and Benefits	4,802	4,802	4,520	282
Services and Supplies	4,218	4,441	4,021	420
Other Charges	330	330	270	60
Capital Outlay	1,041	1,185	276	909
Inter Fund Transfers	40	40	(40)	80
Contingencies	20	20	-	20
Total expenditures	<u>10,451</u>	<u>10,818</u>	<u>9,047</u>	<u>1,771</u>
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>(1,330)</u>	<u>(1,697)</u>	<u>1,639</u>	<u>(3,336)</u>
Fund balances - beginning	<u>3,024</u>	<u>3,024</u>	<u>3,024</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,694</u>	<u>\$ 1,327</u>	<u>\$ 4,663</u>	<u>\$ (3,336)</u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
State/Federal Jail Improvements
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of Money & Property	\$ 55	\$ 55	\$ 38	\$ (17)
State Aid	30	30	48	18
Federal Aid	120	120	121	1
Total revenues	<u>205</u>	<u>205</u>	<u>207</u>	<u>2</u>
Expenditures:				
Public Protection:				
Services and Supplies	240	731	363	368
Capital Outlay	330	366	290	76
Inter Fund Transfers	-	(34)	(34)	-
Total expenditures	<u>570</u>	<u>1,063</u>	<u>619</u>	<u>444</u>
Other Financing Sources:				
Transfers In (Out)	-	-	(1,168)	1,168
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,168)</u>	<u>1,168</u>
Excess of revenues over expenditures	<u>(365)</u>	<u>(858)</u>	<u>(1,580)</u>	<u>722</u>
Fund balances - beginning	<u>2,131</u>	<u>2,131</u>	<u>2,131</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,766</u>	<u>\$ 1,273</u>	<u>\$ 551</u>	<u>\$ 722</u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Criminal Justice Facilities
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines, Forfeitures & Penalties	\$ 615	\$ 615	\$ 594	\$ (21)
Use of Money & Property	15	15	29	14
Total revenues	<u>630</u>	<u>630</u>	<u>623</u>	<u>(7)</u>
Expenditures:				
Public Protection:				
Services and Supplies	460	460	452	8
Capital Outlay	10	10	-	10
Total expenditures	<u>470</u>	<u>470</u>	<u>452</u>	<u>18</u>
Other Financing Sources:				
Transfers In (Out)	-	-	(260)	260
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(260)</u>	<u>260</u>
Excess of revenues over expenditures	<u>160</u>	<u>160</u>	<u>(89)</u>	<u>249</u>
Fund balances - beginning	<u>1,277</u>	<u>1,277</u>	<u>1,277</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 1,437</u></u>	<u><u>\$ 1,437</u></u>	<u><u>\$ 1,188</u></u>	<u><u>\$ 249</u></u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Service Authority Freeway Emergency
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of Money & Property	\$ 16	\$ 16	\$ 19	\$ 3
State Aid	113	113	126	13
Total revenues	<u>129</u>	<u>129</u>	<u>145</u>	<u>16</u>
Expenditures:				
Public Ways & Facilities:				
Services and Supplies	115	115	84	31
Total expenditures	<u>115</u>	<u>115</u>	<u>84</u>	<u>31</u>
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>14</u>	<u>14</u>	<u>61</u>	<u>(47)</u>
Fund balances - beginning	<u>738</u>	<u>738</u>	<u>738</u>	<u>-</u>
Fund balances - ending	<u>\$ 752</u>	<u>\$ 752</u>	<u>\$ 799</u>	<u>\$ (47)</u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Mosquito Abatement
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of Money & Property	\$ 21	\$ 21	\$ 10	\$ (11)
Charges for Services	595	595	525	(70)
Other Revenues	-	-	10	10
Total revenues	<u>616</u>	<u>616</u>	<u>545</u>	<u>(71)</u>
Expenditures:				
Public Assistance:				
Salaries and Benefits	300	300	300	-
Services and Supplies	227	228	213	15
Capital Outlay	25	25	26	(1)
Contingencies	50	50	-	50
Total expenditures	<u>602</u>	<u>603</u>	<u>539</u>	<u>64</u>
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>14</u>	<u>13</u>	<u>6</u>	<u>7</u>
Fund balances - beginning	<u>386</u>	<u>386</u>	<u>386</u>	<u>-</u>
Fund balances - ending	<u>\$ 400</u>	<u>\$ 399</u>	<u>\$ 392</u>	<u>\$ 7</u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
AB 443 Local Law Enforcement Grant
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of Money & Property	\$ -	\$ -	\$ 19	\$ 19
State Aid	149	149	500	351
Total revenues	<u>149</u>	<u>149</u>	<u>519</u>	<u>370</u>
Expenditures:				
Public Protection:				
Salaries and Benefits	140	140	72	68
Services and Supplies	6	30	3	27
Intra Fund Transfers	-	(24)	-	(24)
Total expenditures	<u>146</u>	<u>146</u>	<u>75</u>	<u>71</u>
Other Financing Sources:				
Transfers In (Out)	-	-	(100)	100
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(100)</u>	<u>100</u>
Excess of revenues over expenditures	<u>3</u>	<u>3</u>	<u>344</u>	<u>(341)</u>
Fund balances - beginning	<u>512</u>	<u>512</u>	<u>512</u>	<u>-</u>
Fund balances - ending	<u>\$ 515</u>	<u>\$ 515</u>	<u>\$ 856</u>	<u>\$ (341)</u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Sheriff's Information Technology System
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Forfeitures & Penalties	\$ -	\$ -	\$ 4	\$ 4
Use of Money & Property	-	-	26	26
Other Revenue	1,798	2,048	620	(1,428)
Total revenues	<u>1,798</u>	<u>2,048</u>	<u>650</u>	<u>(1,398)</u>
Expenditures:				
Public Assistance:				
Services and Supplies	-	259	23	236
Capital Outlay	1,798	1,742	-	1,742
Contingencies	-	48	-	-
Total expenditures	<u>1,798</u>	<u>2,049</u>	<u>23</u>	<u>1,978</u>
Other Financing Sources:				
Transfers In (Out)	-	-	1,428	(1,428)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,428</u>	<u>(1,428)</u>
Excess of revenues over expenditures	<u>-</u>	<u>(1)</u>	<u>2,055</u>	<u>(2,056)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 2,055</u>	<u>\$ (2,056)</u>

COUNTY OF IMPERIAL
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
ICCED Funds
Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of Money & Property	\$ 3	\$ 3	\$ 9	\$ 6
State Aid	1,745	2,294	940	(1,354)
Federal Aid	950	950	114	(836)
Charges for Services	334	285	253	(32)
Other Revenue	1	1	134	133
Total revenues	<u>3,033</u>	<u>3,533</u>	<u>1,450</u>	<u>(2,083)</u>
Expenditures:				
Public Assistance:				
Salaries and Benefits	54	54	-	54
Services and Supplies	2,477	2,991	1,522	1,469
Other Charges	153	153	236	(83)
Capital Outlay	50	21	17	4
Inter Fund Transfers	(113)	(113)	(235)	122
Total expenditures	<u>2,621</u>	<u>3,106</u>	<u>1,540</u>	<u>1,566</u>
Excess of revenues over expenditures	<u>412</u>	<u>427</u>	<u>(90)</u>	<u>(517)</u>
Other financing sources (uses):				
Transfers In (Out)	-	-	-	-
Net change in fund balances	412	427	(90)	(517)
Fund balances - beginning	<u>2,223</u>	<u>2,223</u>	<u>2,223</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,635</u>	<u>\$ 2,650</u>	<u>\$ 2,133</u>	<u>\$ (517)</u>

COUNTY OF IMPERIAL
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Other Special Revenue Funds
Year Ended June 30, 2003
(amounts expressed in thousands)

	Other Special Revenue Funds			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Fines, Forfeitures & Penalties	\$ 98	\$ 98	\$ 135	\$ (37)
Use of Money & Property	4,263	4,257	19	4,238
State Aid	16,781	18,620	7,089	11,531
Federal Aid	3,244	11,409	14,439	(3,030)
Charges for Services	3,555	3,796	3,166	630
Sale of Fixed Assets	-	-	44	(44)
Other Revenues	2,662	2,484	1,977	507
Total revenues	<u>30,603</u>	<u>40,664</u>	<u>26,869</u>	<u>13,795</u>
Expenditures:				
Current:				
Salaries and Benefits	13,570	14,852	11,383	3,469
Services and Supplies	10,255	18,649	15,371	3,278
Other Charges	31	36	-	36
Capital Outlay	1,200	2,991	1,396	1,595
Intra Fund Transfers	(18)	(530)	(104)	(426)
Inter Fund Transfers	(1,028)	(1,134)	(1,329)	195
Contingencies	33	33	-	33
Total expenditures	<u>24,043</u>	<u>34,897</u>	<u>26,717</u>	<u>8,180</u>
Excess of revenues over expenditures	<u>6,560</u>	<u>5,767</u>	<u>152</u>	<u>5,615</u>
Other financing sources (uses):				
Transfers In (Out)	-	-	-	-
Net change in fund balances	<u>6,560</u>	<u>5,767</u>	<u>152</u>	<u>5,615</u>
Fund balances - beginning	<u>1,177</u>	<u>1,177</u>	<u>1,176</u>	<u>-</u>
Fund balances - ending	<u><u>7,737</u></u>	<u><u>6,944</u></u>	<u><u>1,328</u></u>	<u><u>5,615</u></u>

Internal Service Funds

Internal Service Funds are established to account for services that are performed by one department of a governmental unit for the benefit of several other departments of the same governmental unit.

Garage Operating – The County Garage is under the direction of the Public Works director and is responsible for the administration and management of the County's fleet of light vehicles. The authority of the County Board of Supervisors leases these vehicles to various County departments to meet their transportation needs. The cost to maintain the garage operation is totally offset by a mileage rate charge to these departments. This budget unit is also used to replace Motor Pool vehicles, which are considered obsolete when they reach mileage or age, which would cause them to become inefficient for continued service.

Central Duplicating – This budget unit was established as an internal service fund to provide printing and duplicating services, with the exception of the Sheriff's Department. Central Duplicating also provides other services such as binding, collating, drilling, folding, laminating, numbering, perforating, padding, cutting, trimming, and designing of printed forms.

Centralized Mail System – This budget unit was created during 1983-84 to identify costs associated with the County's centralized mail system. This system provides for one mail clerk position, as well as the utilization of a digital postage machine. Costs are recovered from departments resulting in a net cost of zero to the general fund. This budget is under the direction of the Purchasing Agent.

Flood Control – This budget unit is created to reflect flood control projects undertaken by the County. The Board of Supervisors approves specific projects.

Communication Services – The Communications Services Office, under the supervision of the County Executive Officer, is responsible for coordinating the delivery of telecommunications products and services for all County departments, and for ensuring that departments receive the mix of products and services that provides the greatest benefit at the most advantageous cost.

Liability Insurance – This fund was established for the processing of claims for the County's liability and property losses. The County is a member of the County Supervisors Association of California – Excess Insurance Authority (CSAC-EIA) which provides for coverage of liability claims in excess of the County's \$200,000 self-insured retention (S-I-R).

Workers' Compensation – This fund was established for the accumulation of reserves to pay for self-funded workers' compensation losses. The level of self-insurance, adopted in 1985-86, is \$300,000 per occurrence. Any losses under this amount are paid from this fund and losses above the amount are covered by excess insurance.

Internal Service Funds

Unemployment Compensation Insurance – This fund was established to pay for required claims as a result of a State mandate effective January 1, 1978, which required all local governments to provide for unemployment compensation. Claims management is provided by Gibbens Company.

Health Plan – The Imperial County Health Plan became operational January 1, 1980. It is a self-funded, self-sustaining program of employee medical benefits, funded by the County and employee contributions, which are determined by negotiations and based on expenditure history. Retirees of Imperial County also qualify for coverage and are provided protection by contract with the Retirement Board.

Dental/Vision Plan – This fund was established in 1985-86 for the accumulation of reserves to pay for self-funded Dental/Vision claims.

Medical Malpractice – This fund was established in 1992-93 to provide for the accumulation of reserves for the County self-insured Medical Malpractice Program. Stop loss insurance provides protection for excessive claims expense.

Auto Plan – This fund was established in 1992-93 for the accumulation of reserves to pay for self-funded auto claims.

Information Systems – This fund provides computer hardware and software related expertise including operational planning and support to all County departments. One of the department's objectives is to ensure that state-of-the-art technology will guide the County into the future. The budget unit was established to account for the development of new systems, the maintenance of existing systems and operation of the computer center as an Internal Service Fund. This budget includes a \$50,000 contingency reserve for equipment replacement reserve.

COUNTY OF IMPERIAL
Combining Statement of Net Assets
Internal Service Funds
June 30, 2003
(amounts expressed in thousands)

	Garage Operating	Central Dupl.	Central. Mail System	Flood Control	Comm. Services
ASSETS:					
Current Assets:					
Cash and cash equivalents	2,199	124	(9)	189	214
Receivables (net):					
Accounts	-	-	-	-	(10)
Interest	10	-	-	1	1
Due from Other Funds	200	33	-	-	14
Inventories and Prepaid Expenses	23	17	49	-	-
Total Current Assets	<u>2,432</u>	<u>174</u>	<u>40</u>	<u>190</u>	<u>219</u>
Noncurrent Assets:					
Land	23	-	-	-	-
Construction in progress	-	-	-	-	-
Structures & Improvements	163	-	-	-	-
Vehicles	5,775	-	-	-	-
Equipment	132	108	51	-	769
Accumulated Depreciation	(3,753)	(102)	(51)	-	(630)
Total Noncurrent Assets	<u>2,340</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>139</u>
Total Assets	<u>\$ 4,772</u>	<u>\$ 180</u>	<u>\$ 40</u>	<u>\$ 190</u>	<u>\$ 358</u>
LIABILITIES:					
Current Liabilities:					
Claims Payable	-	-	-	-	-
Accounts Payable	65	1	1	-	-
Interest Payable	-	-	-	-	-
Accrued Payroll	24	8	2	-	4
Due to Other Funds	21	-	65	-	-
Current portion of compensated absences	2	2	1	-	1
Capital Lease Obligations-					
Current Portion	-	-	-	-	-
Total Current Liabilities	<u>112</u>	<u>11</u>	<u>69</u>	<u>-</u>	<u>5</u>
Long Term Liabilities:					
Compensated Absences	48	9	1	-	6
Capital Lease Obligations-					
Net of Current Portion	-	-	-	-	-
Total Noncurrent Liabilities	<u>48</u>	<u>9</u>	<u>1</u>	<u>-</u>	<u>6</u>
Total Liabilities	<u>160</u>	<u>20</u>	<u>70</u>	<u>-</u>	<u>11</u>
NET ASSETS:					
Invested in Capital Assets, net of related debt	2,340	6	-	-	139
Restricted	2,336	6	(1)	-	121
Unrestricted	(64)	148	(29)	190	87
Total Net Assets	<u>\$ 4,612</u>	<u>\$ 160</u>	<u>\$ (30)</u>	<u>\$ 190</u>	<u>\$ 347</u>

COUNTY OF IMPERIAL
Combining Statement of Net Assets
Internal Service Funds
June 30, 2003
(amounts expressed in thousands)

	Liability Insurance	Workers' Comp. Benefits	Unemp. Insurance	Health Plan	Dental/ Vision Plan
ASSETS:					
Current Assets:					
Cash and cash equivalents	4,047	7,860	337	5,878	1,912
Receivables (net):					
Accounts	-	-	-	-	-
Interest	18	35	1	31	11
Due from Other Funds	-	-	-	32	1
Inventories and Prepaid Expenses	-	-	-	-	-
Total Current Assets	<u>4,065</u>	<u>7,895</u>	<u>338</u>	<u>5,941</u>	<u>1,924</u>
Noncurrent Assets:					
Land	-	-	-	-	-
Construction in progress	-	-	-	-	-
Structures & Improvements	-	-	-	-	-
Vehicles	-	-	-	-	-
Equipment	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 4,065</u>	<u>\$ 7,895</u>	<u>\$ 338</u>	<u>\$ 5,941</u>	<u>\$ 1,924</u>
LIABILITIES:					
Current Liabilities:					
Claims Payable	2,475	4,513	-	1,466	61
Accounts Payable	5	-	73	-	-
Interest Payable	-	-	-	-	-
Accrued Payroll	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Current portion of compensated absences	-	-	-	-	-
Capital Lease Obligations-					
Current Portion	-	-	-	-	-
Total Current Liabilities	<u>2,480</u>	<u>4,513</u>	<u>73</u>	<u>1,466</u>	<u>61</u>
Long Term Liabilities:					
Compensated Absences	-	-	-	-	-
Capital Lease Obligations-					
Net of Current Portion	-	-	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,480</u>	<u>4,513</u>	<u>73</u>	<u>1,466</u>	<u>61</u>
NET ASSETS:					
Invested in Capital Assets, net of related debt	-	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	1,585	3,382	265	4,475	1,863
Total Net Assets	<u>\$ 1,585</u>	<u>\$ 3,382</u>	<u>\$ 265</u>	<u>\$ 4,475</u>	<u>\$ 1,863</u>

COUNTY OF IMPERIAL
Combining Statement of Net Assets
Internal Service Funds
June 30, 2003
(amounts expressed in thousands)

	Medical Malpractice	Auto	Information Systems	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	616	1,597	(115)	24,849
Receivables (net):				
Accounts	-	-	-	(10)
Interest	3	7	-	118
Due from Other Funds	-	-	449	729
Inventories and Prepaid Expenses	-	-	-	89
Total Current Assets	<u>619</u>	<u>1,604</u>	<u>334</u>	<u>25,775</u>
Noncurrent Assets:				
Land	-	-	-	23
Construction in progress	-	-	-	-
Structures & Improvements	-	-	-	163
Vehicles	-	-	-	5,775
Equipment	-	-	803	1,863
Accumulated Depreciation	-	-	(763)	(5,299)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>40</u>	<u>2,525</u>
Total Assets	<u>\$ 619</u>	<u>\$ 1,604</u>	<u>\$ 374</u>	<u>\$ 28,300</u>
LIABILITIES:				
Current Liabilities:				
Claims Payable	-	-	-	8,515
Accounts Payable	-	-	28	173
Interest Payable	-	-	1	1
Accrued Payroll	-	-	55	93
Due to Other Funds	-	-	26	112
Current portion of compensated absences	-	-	18	24
Capital Lease Obligations-				
Current Portion	-	-	-	-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>128</u>	<u>8,918</u>
Long Term Liabilities:				
Compensated Absences	-	-	71	135
Capital Lease Obligations-				
Net of Current Portion	-	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>71</u>	<u>135</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>199</u>	<u>9,053</u>
NET ASSETS:				
Invested in Capital Assets, net of related debt	-	-	40	2,525
Restricted	-	-	180	2,642
Unrestricted	619	1,604	(45)	14,080
Total Net Assets	<u>\$ 619</u>	<u>\$ 1,604</u>	<u>\$ 175</u>	<u>\$ 19,247</u>

COUNTY OF IMPERIAL
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Garage Operating	Central Duplicating	Centralized Mail System	Flood Control	Comm. Services
Operating Revenues:					
Charges for Services	\$ 2,390	\$ 352	\$ 496	\$ -	\$ 127
Other Revenues	2	-	-	-	-
Total Operating Revenues	<u>2,392</u>	<u>352</u>	<u>496</u>	<u>-</u>	<u>127</u>
Operating Expenses:					
Salaries and Benefits	407	201	51	-	65
Services and Supplies	1,246	157	430	-	3
Depreciation	807	4	-	-	21
Total Operating Expenses	<u>2,460</u>	<u>362</u>	<u>481</u>	<u>-</u>	<u>89</u>
Operating Income (Loss)	<u>(68)</u>	<u>(10)</u>	<u>15</u>	<u>-</u>	<u>38</u>
Non-operating Revenues (Expenses):					
Gain (Loss) on Sale of Fixed Assets	120	-	-	-	-
Changes in Designated Reserve	-	-	-	-	-
Interest - Income	57	2	-	4	3
Total Non-Operating Revenues	<u>177</u>	<u>2</u>	<u>-</u>	<u>4</u>	<u>3</u>
Net Income (Loss) before Transfers	<u>109</u>	<u>(8)</u>	<u>15</u>	<u>4</u>	<u>41</u>
Transfers in (out):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>109</u>	<u>(8)</u>	<u>15</u>	<u>4</u>	<u>41</u>
Net Assets - Beginning	<u>4,502</u>	<u>169</u>	<u>(45)</u>	<u>186</u>	<u>306</u>
Net Assets - Ending	<u>\$ 4,611</u>	<u>\$ 161</u>	<u>\$ (30)</u>	<u>\$ 190</u>	<u>\$ 347</u>

COUNTY OF IMPERIAL
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Liability Insurance	Workers' Compensation Benefits	Unemployment Insurance	Medical Plan	Dental/ Vision Plan
Operating Revenues:					
Charges for Services	\$ 2,045	\$ 3,721	\$ 329	\$ 10,394	\$ 699
Other Revenues	10	-	-	1	-
Total Operating Revenues	<u>2,055</u>	<u>3,721</u>	<u>329</u>	<u>10,395</u>	<u>699</u>
Operating Expenses:					
Salaries and Benefits	-	-	-	-	-
Services and Supplies	1,945	4,658	360	10,213	867
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>1,945</u>	<u>4,658</u>	<u>360</u>	<u>10,213</u>	<u>867</u>
Operating Income (Loss)	<u>110</u>	<u>(937)</u>	<u>(31)</u>	<u>182</u>	<u>(168)</u>
Non-operating Revenues (Expenses):					
Gain (Loss) on Sale of Fixed Assets	-	-	-	-	-
Changes in Designated Reserve	1,707	(3,492)	-	798	19
Interest - Income	84	188	7	144	56
Total Non-Operating Revenues	<u>1,791</u>	<u>(3,304)</u>	<u>7</u>	<u>942</u>	<u>75</u>
Net Income (Loss) before Transfers	<u>1,901</u>	<u>(4,241)</u>	<u>(24)</u>	<u>1,124</u>	<u>(93)</u>
Transfers in (out):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>1,901</u>	<u>(4,241)</u>	<u>(24)</u>	<u>1,124</u>	<u>(93)</u>
Net Assets - Beginning	<u>(316)</u>	<u>7,623</u>	<u>289</u>	<u>3,351</u>	<u>1,956</u>
Net Assets - Ending	<u>\$ 1,585</u>	<u>\$ 3,382</u>	<u>\$ 265</u>	<u>\$ 4,475</u>	<u>\$ 1,863</u>

COUNTY OF IMPERIAL
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Medical Malpractice	Auto	Information Systems	Total
Operating Revenues:				
Charges for Services	\$ 233	\$ 452	\$ 1,097	\$ 22,335
Other Revenues	-	-	-	13
Total Operating Revenues	<u>233</u>	<u>452</u>	<u>1,097</u>	<u>22,348</u>
Operating Expenses:				
Salaries and Benefits	-	-	1,000	1,724
Services and Supplies	108	49	109	20,145
Depreciation	-	-	24	856
Total Operating Expenses	<u>108</u>	<u>49</u>	<u>1,133</u>	<u>22,725</u>
Operating Income (Loss)	<u>125</u>	<u>403</u>	<u>(36)</u>	<u>(377)</u>
Non-operating Revenues (Expenses):				
Gain (Loss) on Sale of Fixed Assets	-	-	-	120
Changes in Designated Reserve	-	-	212	(756)
Interest - Income	12	32	(1)	588
Total Non-Operating Revenues	<u>12</u>	<u>32</u>	<u>211</u>	<u>(48)</u>
Net Income (Loss) before Transfers	<u>137</u>	<u>435</u>	<u>175</u>	<u>(425)</u>
Transfers in (out):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>137</u>	<u>435</u>	<u>175</u>	<u>(425)</u>
Net Assets - Beginning	<u>482</u>	<u>1,169</u>	<u>-</u>	<u>19,672</u>
Net Assets - Ending	<u>\$ 619</u>	<u>\$ 1,604</u>	<u>\$ 175</u>	<u>\$ 19,247</u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Garage Operating	Central Duplicating
Cash flows from operating activities:		
Cash received from users	\$ 2,390	\$ 352
Cash received from operating activities	2	3
Cash paid to suppliers	(477)	(161)
Cash paid to employees	(407)	(199)
Cash paid for operating activities	(749)	-
Net cash provided (used) by operating activities	<u>759</u>	<u>(5)</u>
Cash flows from noncapital financing activities:		
Transfers In	-	-
Transfers Out	-	-
Net cash provided (used) by in non-capital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(746)	-
Proceeds from sale of equipment	120	-
Net cash provided (used) by capital and related financing activities	<u>(626)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	57	2
Net increase (decrease) in cash and cash equivalents	<u>190</u>	<u>(3)</u>
Cash and cash equivalents - beginning	<u>2,009</u>	<u>127</u>
Cash and cash equivalents - ending	<u>\$ 2,199</u>	<u>\$ 124</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ (68)	\$ (10)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	807	3
Decrease (Increase) in accounts receivable	-	-
Decrease (Increase) in interest receivable	3	1
Decrease (Increase) in prepaid expenses	(2)	4
Decrease (Increase) in due from other funds	15	-
Increase (Decrease) in accounts payable	-	(2)
Increase (Decrease) in accrued liabilities	3	(2)
Increase (Decrease) in due to other funds	1	(1)
Increase (Decrease) in insurance loss expense	-	-
Increase (Decrease) in compensated absences	-	2
Total adjustments	<u>827</u>	<u>5</u>
Net cash provided (used) by operating activities	<u>\$ 759</u>	<u>\$ (5)</u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Centralized Mail System	Flood Control	Comm. Services
Cash flows from operating activities:			
Cash received from users	\$ 495	\$ -	\$ 124
Cash received from operating activities	66	-	74
Cash paid to suppliers	(447)	-	(5)
Cash paid to employees	(50)	-	(66)
Cash paid for operating activities	-	-	-
Net cash provided (used) by operating activities	<u>64</u>	<u>-</u>	<u>127</u>
Cash flows from noncapital financing activities:			
Transfers In	-	-	-
Transfers Out	-	-	-
Net cash provided (used) by in non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Proceeds from sale of equipment	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	-	5	4
Net increase (decrease) in cash and cash equivalents	<u>64</u>	<u>5</u>	<u>131</u>
Cash and cash equivalents - beginning	<u>(73)</u>	<u>184</u>	<u>83</u>
Cash and cash equivalents - ending	<u>\$ (9)</u>	<u>\$ 189</u>	<u>\$ 214</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ 15	\$ -	\$ 38
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	-	21
Decrease (Increase) in accounts receivable	-	-	7
Decrease (Increase) in interest receivable	-	-	(1)
Decrease (Increase) in prepaid expenses	(16)	-	-
Decrease (Increase) in due from other funds	66	-	64
Increase (Decrease) in accounts payable	(1)	-	(1)
Increase (Decrease) in accrued liabilities	(1)	-	-
Increase (Decrease) in due to other funds	-	-	-
Increase (Decrease) in insurance loss expense	-	-	-
Increase (Decrease) in compensated absences	1	-	(1)
Total adjustments	<u>49</u>	<u>-</u>	<u>89</u>
Net cash provided (used) by operating activities	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 127</u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Liability Insurance	Workers' Compensation Benefits	Unemployment Insurance
Cash flows from operating activities:			
Cash received from users	\$ 2,055	\$ 3,721	\$ 330
Cash received from operating activities	4	21	-
Cash paid to suppliers	(2,220)	(4,617)	(329)
Cash paid to employees	-	(114)	-
Cash paid for operating activities	-	-	-
Net cash provided (used) by operating activities	<u>(161)</u>	<u>(989)</u>	<u>1</u>
Cash flows from noncapital financing activities:			
Transfers In	-	-	-
Transfers Out	-	-	-
Net cash provided (used) by in non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Proceeds from sale of equipment	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	84	188	7
Net increase (decrease) in cash and cash equivalents	<u>(77)</u>	<u>(801)</u>	<u>8</u>
Cash and cash equivalents - beginning	<u>4,124</u>	<u>8,661</u>	<u>329</u>
Cash and cash equivalents - ending	<u>\$ 4,047</u>	<u>\$ 7,860</u>	<u>\$ 337</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ 110	\$ (937)	\$ (31)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	-	-
Decrease (Increase) in accounts receivable	-	-	-
Decrease (Increase) in interest receivable	5	21	1
Decrease (Increase) in prepaid expenses	-	-	-
Decrease (Increase) in due from other funds	-	-	-
Increase (Decrease) in accounts payable	(165)	-	70
Increase (Decrease) in accrued liabilities	1,707	(3,492)	-
Increase (Decrease) in due to other funds	(111)	(73)	(39)
Increase (Decrease) in insurance loss expense	(1,707)	3,492	-
Increase (Decrease) in compensated absences	-	-	-
Total adjustments	<u>(271)</u>	<u>(52)</u>	<u>32</u>
Net cash provided (used) by operating activities	<u>\$ (161)</u>	<u>\$ (989)</u>	<u>\$ 1</u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Health Plan	Dental/ Vision Plan	Medical Malpractice
Cash flows from operating activities:			
Cash received from users	\$ 10,331	\$ 707	\$ 231
Cash received from operating activities	756	-	-
Cash paid to suppliers	(10,290)	(1,405)	(149)
Cash paid to employees	-	-	-
Cash paid for operating activities	-	-	-
Net cash provided (used) by operating activities	<u>797</u>	<u>(698)</u>	<u>82</u>
Cash flows from noncapital financing activities:			
Transfers In	-	-	-
Transfers Out	-	-	-
Net cash provided (used) by in non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Proceeds from sale of equipment	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	144	56	12
Net increase (decrease) in cash and cash equivalents	<u>941</u>	<u>(642)</u>	<u>94</u>
Cash and cash equivalents - beginning	<u>4,937</u>	<u>2,554</u>	<u>522</u>
Cash and cash equivalents - ending	<u>\$ 5,878</u>	<u>\$ 1,912</u>	<u>\$ 616</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ 182	\$ (168)	\$ 125
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	-	-
Decrease (Increase) in accounts receivable	-	-	-
Decrease (Increase) in interest receivable	1	8	(3)
Decrease (Increase) in prepaid expenses	-	-	-
Decrease (Increase) in due from other funds	756	(1)	-
Increase (Decrease) in accounts payable	(1)	-	-
Increase (Decrease) in accrued liabilities	861	19	-
Increase (Decrease) in due to other funds	(79)	(537)	(40)
Increase (Decrease) in insurance loss expense	(923)	(19)	-
Increase (Decrease) in compensated absences	-	-	-
Total adjustments	<u>615</u>	<u>(530)</u>	<u>(43)</u>
Net cash provided (used) by operating activities	<u>\$ 797</u>	<u>\$ (698)</u>	<u>\$ 82</u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Auto	Information Systems	Total
Cash flows from operating activities:			
Cash received from users	\$ 453	\$ 1,097	\$ 22,286
Cash received from operating activities	-	218	1,144
Cash paid to suppliers	(88)	(340)	(20,528)
Cash paid to employees	-	(1,089)	(1,925)
Cash paid for operating activities	-	-	(749)
Net cash provided (used) by operating activities	<u>365</u>	<u>(114)</u>	<u>228</u>
Cash flows from noncapital financing activities:			
Transfers In	-	-	-
Transfers Out	-	-	-
Net cash provided (used) by in non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	(746)
Proceeds from sale of equipment	-	-	120
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(626)</u>
Cash flows from investing activities:			
Interest received	32	(1)	590
Net increase (decrease) in cash and cash equivalents	<u>397</u>	<u>(115)</u>	<u>192</u>
Cash and cash equivalents - beginning	<u>1,200</u>	<u>-</u>	<u>24,657</u>
Cash and cash equivalents - ending	<u>\$ 1,597</u>	<u>\$ (115)</u>	<u>\$ 24,849</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ 403	\$ (36)	\$ (377)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	24	855
Decrease (Increase) in accounts receivable	-	-	7
Decrease (Increase) in interest receivable	-	-	36
Decrease (Increase) in prepaid expenses	-	-	(14)
Decrease (Increase) in due from other funds	-	(449)	451
Increase (Decrease) in accounts payable	-	28	(72)
Increase (Decrease) in accrued liabilities	-	56	(849)
Increase (Decrease) in due to other funds	(38)	26	(891)
Increase (Decrease) in insurance loss expense	-	147	990
Increase (Decrease) in compensated absences	-	90	92
Total adjustments	<u>(38)</u>	<u>(78)</u>	<u>605</u>
Net cash provided (used) by operating activities	<u>\$ 365</u>	<u>\$ (114)</u>	<u>\$ 228</u>





**CAPITAL ASSETS USED IN
THE OPERATION OF
GOVERNMENTAL FUNDS**



COUNTY OF IMPERIAL
Capital Assets Used in the Operation of Government Funds
Schedule by Source*
June 30, 2003
(amounts expressed in thousands)

Governmental funds capital assets:

Land	\$ 2,047
Construction in progress	8,173
Infrastructure	65,558
Structures and Improvements	45,470
Vehicles	2,957
Furniture and Equipment	<u>23,201</u>
Total governmental funds capital assets	<u><u>\$ 147,406</u></u>

Investments in governmental funds capital assets by source:

General Fund	\$ 123,653
Special Revenue Funds	18,819
Capital Projects Funds	<u>4,934</u>
Total governmental funds capital assets	<u><u>\$ 147,406</u></u>

* This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF IMPERIAL
Capital Assets Used in the Operation of Government Funds
Schedule by Function and Activity*
June 30, 2003
(amounts expressed in thousands)

	Land	Construction in Progress	Infrastructure	Structures & Improvements	Vehicles	Furniture & Equipment	Total
General Government	\$ 1,876	\$ 7,970	\$ 65,558	\$ 24,004	\$ 15	\$ 2,059	\$ 101,482
Public Protection	61	78	-	18,739	773	7,101	26,752
Public Ways and Facilities	39	-	-	742	1,019	7,514	9,314
Health & Sanitation	14	40	-	1,950	646	4,054	6,704
Public Assistance	-	85	-	-	487	2,378	2,950
Education	57	-	-	35	17	95	204
Total governmental funds capital assets	\$ 2,047	\$ 8,173	\$ 65,558	\$ 45,470	\$ 2,957	\$ 23,201	\$ 147,406

* This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF IMPERIAL
Capital Assets Used in the Operation of Government Funds
Schedule of Changes By Function and Activity*
Year Ended June 30, 2003
(amounts expressed in thousands)

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
General Government	\$ 96,987	\$ 10,567	\$ 5,025	\$ 102,529
Public Protection	24,677	1,690	293	26,074
Public Ways and Facilities	11,746	819	550	12,015
Health & Sanitation	3,486	609	288	3,807
Public Assistance	2,119	731	70	2,780
Education	174	27	-	201
	<u>139,189</u>	<u>14,443</u>	<u>6,226</u>	<u>147,406</u>
Total governmental funds capital assets	<u>\$ 139,189</u>	<u>\$ 14,443</u>	<u>\$ 6,226</u>	<u>\$ 147,406</u>

* This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.





SINGLE AUDIT SECTION

- Independent Auditor Letters
- Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Status of Prior Year Findings and Questioned Costs





**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
County of Imperial, California

We have audited the financial statements of County of Imperial, California, as of and for the year ended June 30, 2003, and have issued our report thereon dated March 19, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether County of Imperial, California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered County of Imperial, California's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hutchinson and Bloodgood LLP

March 19, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors
County of Imperial, California

Compliance

We have audited the compliance of County of Imperial, California, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. County of Imperial, California's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County of Imperial, California's management. Our responsibility is to express an opinion on County of Imperial, California's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Imperial, California's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on County of Imperial, California's compliance with those requirements.

In our opinion, the County of Imperial, California, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of County of Imperial, California, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Imperial, California's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of County of Imperial, California as of and for the year ended June 30, 2003, and have issued our report thereon dated March 19, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hutchinson and Bloodgood LLP

March 19, 2004

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Economic Development - Planning Asst.	11.302	07-05-15085-68	60,000
Gateway of the America - EDA	11.3	07-01-03878	69,216
Enterprise Communities	10.772	DSS # C 14041	231,275
TOTAL DEPARTMENT OF COMMERCE			<u>360,491</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Housing and Community Development CDBG GRANTS			
* Financial Stage Engineering	14.228		<u>543,080</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>543,080</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through State Department of Health Services:			
Preventative Health and Health Services Block Grant 314 (d)			
	93.991	314(d)	<u>12,070</u>
		Subtotal 93.991	<u>12,070</u>
Immunization	93.268	01-1521	<u>23,561</u>
		Subtotal 93.268	<u>23,561</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	95117L-01-02	<u>86,239</u>
		Subtotal 93.116	<u>86,239</u>
Aids Master Grant Case Management	93.917		17,416
I.C. Ryan White CARE Consortia	93.917	96-26868	<u>67,057</u>
		Subtotal 93.917	<u>84,473</u>
Maternal and Child Health Service Block Grant:			
MCH Coordinator/PH Nutritionist/AFLP	93.994	200013	<u>177,719</u>
		Subtotal 93.994	<u>177,719</u>

*Major Program

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
Passed Through State Department of Health Services (cont):			
Medi-Cal Admin. (MAA)		01-90492	392,520
AIDS Master Grant		01-15075	88,784
Childhood Lead Poisoning			11,481
Community Access Program		1G92OA00124-01	381,467
California Children Service (CCS)			111,904
Targeted Case Management		13-0104	218,378
Child Health Disb. (CHDP)			<u>60,158</u>
		Subtotal	<u>1,264,692</u>
Border Health Initiative	93.1101L	1HIOMC00005-1	<u>107,646</u>
		Subtotal 93.1101L	<u>107,646</u>
Total State Dept. of Health			<u>1,756,400</u>
Passed Through State Department of Alcohol and Drug Programs:			
Alcohol and Drug Abuse and Mental Health Services Block Grant:			
Vista Sands Children's Intensive Day Treatment Program	93.958		<u>350,184</u>
		Subtotal 93.958	<u>350,184</u>
Stewart B. McKinney/Homeless	93.150		<u>20,590</u>
		Subtotal 93.150	<u>20,590</u>
Club Live	93.959		3,000
Friday Night Live	93.959		3,000
Drug Abuse	93.959	SCC 13(01/02)	<u>1,103,980</u>
		Subtotal 93.959	<u>1,109,980</u>

*Major Program

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
Passed Through State Department of Alcohol and Drug Programs (cont):			
Federal Medi-Cal	93.778	SCC 13(01/02)	<u>168,501</u>
		Subtotal 93.778	<u>168,501</u>
Total State Dept. of Alcohol & Drug Programs			<u>1,649,255</u>
Passed Through State Department of Social Services:			
*Child Support Enforcement	93.563		<u>3,364,394</u>
		Subtotal 93.563	<u>3,364,394</u>
*TANF Temporary Need	93.558		9,945,129
*Asst. Payments-Maint. Assist.	93.558		<u>11,035,918</u>
		Subtotal 93.558	<u>20,981,047</u>
Total State Dept. of Social Services			<u>24,345,441</u>
Passed Through State Department Office of Aging:			
Title VII-B Elder Abuse Prev.	93.041	FF 0203-24	<u>3,033</u>
		Subtotal 93.041	<u>3,033</u>
Title VII-A Ombudsman	93.042	FF 0203-24	<u>27,599</u>
		Subtotal 93.042	<u>27,599</u>
Title III F - Disease Prevention	93.043	FF 0203-24	<u>12,523</u>
		Subtotal 93.043	<u>12,523</u>
Title III B - Support Services Senior Centers	93.044	FF 0203-24	<u>221,594</u>
		Subtotal 93.044	<u>221,594</u>
Title III C-1 & C-2	93.045	FF 0203-24	<u>356,473</u>
		Subtotal 93.044	<u>356,473</u>
*Major Program	95		

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
Passed Through State Department Office of Aging (cont):			
Title III E Family Caregiver Service	93.052	FF 0203-24	<u>85,910</u>
		Subtotal 93.052	<u>85,910</u>
Total State Dept. of Aging			<u>707,132</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u><u>28,458,228</u></u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed Through State Department of Employment Development:			
*Steps to Success	17.249	A181-9-S-VJYA-11241-4123	<u>3,653,289</u>
		Subtotal 17.249	<u>3,653,289</u>
STAR Grant	17.255	00-A191-VNDV-4123-5YG03	<u>662,825</u>
		Subtotal 17.255	<u>662,825</u>
*One Stop Career Center Initiative	17.257		<u>6,250,791</u>
		Subtotal 17.257	<u>6,250,791</u>
*Workforce Investment Act	17.258		<u>6,296,804</u>
		Subtotal 17.258	<u>6,296,804</u>
School to Work Program	17.249	U-7817-9-00-88-60	<u>345,990</u>
		Subtotal 17.249	<u>345,990</u>
Youth Opportunity Grant	17.263		<u>97,747</u>
		Subtotal 17.263	<u>97,747</u>
TOTAL DEPARTMENT OF LABOR			<u><u>17,307,446</u></u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through State Department of Transportation:			
Highway Planning & Construction:			
Resurface Various County Roads	20.205	1603	<u>425,591</u>
		Subtotal 20.205	<u>425,591</u>
*Major Program	96		

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
Passed Through State Department of Transportation (cont):			
Rehabilitate Airport/Runway	20.106	DTFA08-01-C-21409	11,000
Rehabilitate Airport	20.106	DTFA08-00-C-21331	23,465
Airport Security	20.106	SD 1542-131-07	52,633
Airport Security	20.106	DTA08-02-C-21463	<u>38,574</u>
		Subtotal 20.106	<u>125,672</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u><u>551,263</u></u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
USDA, RBEG	10.769	USDA RBEG	50,000
USDA, Micro Lending	10.769	USDA Micro	31,500
USDA, POE Colonia Sewer	10.769	USDA POE Sewer	42,968
USDA, Micro Tech Asst.	10.769	USDA-Micro Tech	15,344
USDA, Home Biz Micro Training Program	10.769	USDA Home Biz	17,269
USDA, RLF	10.769	USDA, RLF	<u>20,000</u>
		subtotal 10.769	<u>177,081</u>
USDA-Whitefly	10.215	02-8545-0306-CA	<u>10,431</u>
		Subtotal Direct Programs	<u>10,431</u>
Passed Through State Department of Social Services:			
*Food Stamps	10.551		<u>14,467,454</u>
		Subtotal 10.551	<u>14,467,454</u>
*Major Program	97		

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
Passed Through State Department Office of Aging:			
Title III C-1 & C-2 USDA	93.045	FF 0001-24	<u>76,311</u>
		Subtotal 93.045	<u>76,311</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>14,731,277</u></u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through State Office of Emergency Services:			
State Domestic Preparedness Equip.	16.007		<u>112,605</u>
		Subtotal 16.007	<u>112,605</u>
Assistance to Firefighters	83.554		<u>112,343</u>
		Subtotal 83.554	<u>112,343</u>
Emergency Management Assistance	83.552		<u>30,829</u>
		Subtotal 83.552	<u>30,829</u>
TOTAL EMERGENCY MANAGEMENT AGENCY			<u><u>255,777</u></u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed Through State Office of Criminal Justice:			
Victim/Witness Natl Child Alliance	16.547		<u>19,542</u>
		Subtotal 16.579	<u>19,542</u>
Office of Criminal Justice Planning Special Prosecutions Unit	16.579	AM 87010130-00	<u>274,583</u>
		Subtotal 16.579	<u>274,583</u>
Drug Court Program	16.585		<u>109,988</u>
		Subtotal 16.585	<u>109,988</u>
OCJP VAWVP	16.588		<u>83,025</u>
		Subtotal 16.588	<u>83,025</u>
Local Law Enforcement Block Grant	16.592		<u>64,247</u>
		Subtotal 16.592	<u>64,247</u>
*Major Program	98		

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
Passed Through State Office of Criminal Justice (cont):			
H.I.D.T.A. Grant - Sheriff	16.0		980,481
H.I.D.T.A. Grant - DA	16.0		<u>123,799</u>
		Subtotal	<u>1,104,280</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u><u>1,655,665</u></u>
<u>DEPARTMENT OF INTERIOR</u>			
Fish and Wildlife Coordination Grant	15.631	00-FG-30-0053	<u>19,168</u>
TOTAL DEPARTMENT OF INTERIOR			<u>19,168</u>
<u>OFFICE OF LIBRARY SERVICES</u>			
Passed Through CA State Library			
LSTA Grant	45.31		<u>9,000</u>
TOTAL OFFICE OF LIBRARY SERVICES			<u>9,000</u>
TOTAL FEDERAL ASSISTANCE			<u><u>63,891,395</u></u>

COUNTY OF IMPERIAL, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2003

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified
Internal control over financial reporting:
Material weakness(es) identified? ___ yes X none reported
Reportable condition(s) identified
not considered to be material weaknesses? ___ yes X no
Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? ___ yes X no
Reportable condition(s) identified
not considered to be material weaknesses? ___ yes X none reported
Type of auditors' report issued on compliance
for major programs: Unqualified
Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.551	Food Stamps
14.228	Community Development Block Grant
17.249	Steps to Success
17.257	One Stop Career Center Initiative
17.258	Workforce Investment Act
93.558	TANF Temporary Need
93.563	Child Support Enforcement

Dollar threshold used to distinguish
between Type A and Type B programs: \$1,916,742

Auditee qualified as low-risk auditee? ___ yes X no

COUNTY OF IMPERIAL, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2003**

CONDITION

RECOMMENDATION

STATUS

No findings or questioned costs were noted.

COUNTY OF IMPERIAL, CALIFORNIA

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2003

CONDITION

RECOMMENDATION

STATUS

**PASSED THROUGH STATE DEPARTMENT OF SOCIAL SERVICES -
Food Stamps Program, CFDA 10.551**

FINDING #02-1

Testing of program requirements revealed that form FNS 46 had been filed with incorrect information.

We recommended that the County ensure that proper personnel are in place to provide reasonable assurance that the grant requirements are met. Adequate review procedures need to be put in place to ensure reports are reviewed for accuracy before issuance.

Revised reports were filed and personnel have been trained to ensure that the grant requirements are met.

**PASSED THROUGH STATE DEPARTMENT OF EMPLOYMENT DEVELOPMENT -
Workforce Investment Act, CFDA 17.255**

FINDING # 02-2 and #01-3

Testing of allowable costs revealed that the program does not appear to be allocating their shared costs correctly. Testing also revealed that a financial agreement to share operating costs with its partners in relation to the "One-Stop Center" has not been developed.

We recommended that the County ensure that proper personnel are in place to provide reasonable assurance that the grant requirements are in place. The personnel in charge of the program must be familiar with the requirements of the program and have adequate knowledge of accounting and recordkeeping to ensure that the grant requirements are met.

The County has received agreements with their partners in the "One-Stop Center" program. Shared costs are being allocated correctly among the partners. The County is in contact with the State of California Department of Employment Compliance Review Division to finalize this matter.

FINDING # 02-3

Testing of program reports revealed that supporting schedules did not agree to general ledger.

We recommended that the County ensure that proper personnel are in place to provide reasonable assurance that the grant requirements are met. The personnel in charge of filing the reports must have the required training and an adequate knowledge of accounting and recordkeeping to ensure that reports are filed correctly.

The fiscal manager has developed schedules that support their reports.

COUNTY OF IMPERIAL, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2003**

Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Imperial and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

