

County of Imperial



General Purpose Financial Statements

For The Fiscal Year Ended June 30, 2004



Photograph by Shelly Smail

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, 2004, 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.

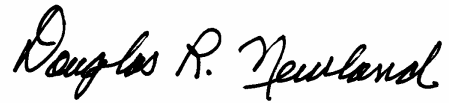
INDEPENDENT AUDIT

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, flowing style.

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, 2003*

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.

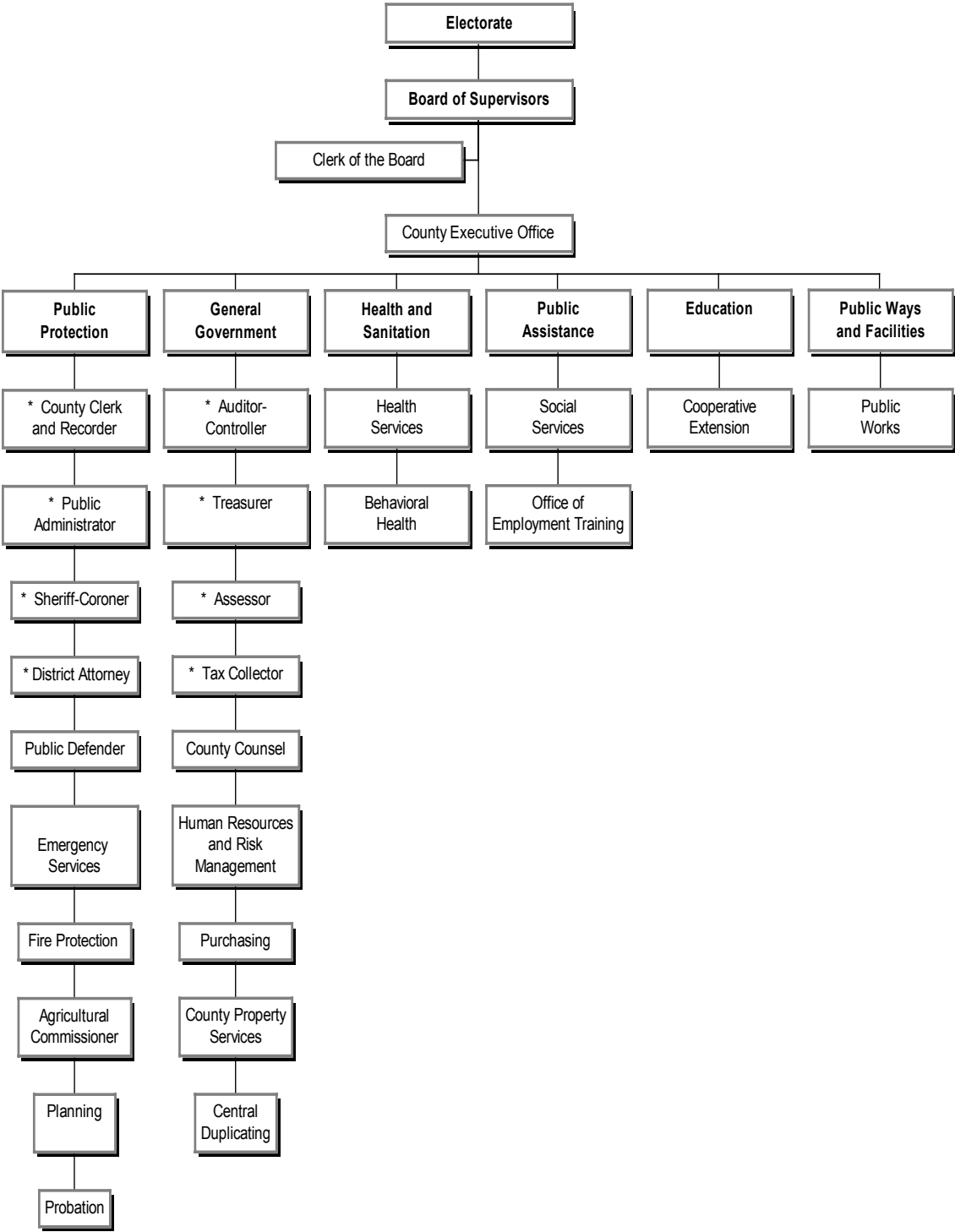
Steve Westly

STEVE WESTLY, California State Controller
Dated at Sacramento, California, this 26th day of October 2004



Imperial County Organization Chart

* Elected Officials



Directory of Public Officials

(as of 6/30/04)

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	Jose 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/APCD/Airport	Stephen Birdsall	Public Protection
Behavioral Health	Michael Horn	Health and Sanitation
Central Duplicating	Rey Montano	General Government
Child Support Services	George Holbrook	Public Assistance
County Executive Officer	Robertta Burns	General Government
Clerk of the Board	Sylvia Bermudez	General Government
Cooperative Extension	Eric Natwick	Education
County Counsel	Ralph Cordova Jr.	General Government
County Property Services	Randy Rister	General Government
Court Executive Officer/Jury Commissioner	Jose Guillen	Public Protection
EEO/ADA	Ron Grassi	General Government
Fire Protection/Emergency Services	Fred Nippins	Public Protection
Garage	Tim Jones/Ted Turner	General Government
Health Services/Animal Control/EHS/EMS	Robin Hodgkin	Health and Sanitation
Human Resources and Risk Management	Dan DeVoy	General Government
Information Systems	Ray Walters	General Government
Library	Connie Barrington	Education
Office of Employment Training	Sam Couchman	Public Assistance
Planning/Building/Community & Economic Development	Jurg Heuberger	Public Protection
Probation/Receiving Home/Juvenile Hall	Michael Kelley	Public Protection
Public Defender	Gregg McDonough	Public Protection
Public Works	Tim Jones	Public Ways/Facilities
Interim Purchasing	Ted Turner	General Government
Social Services	James Semmes	Public Assistance
Veterans Services	Don Vaughn	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, 2004, 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, 2004, 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 29, 2005 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 29, 2005

County of Imperial
Management's Discussion and Analysis
For the Year Ended June 30, 2004

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, 2004. 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 2003-2004 fiscal year by \$68,903 (*Net Assets*). (\$15,014) is *Unrestricted Net Assets*. Of this amount \$50,391 may be used to meet the County's ongoing obligations to citizens and the creditors, (\$65,405) is the obligation for Pension Bonds and \$8,752 (*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 increased by \$1,030 during the current fiscal year. Governmental activities increased the County's net assets by \$1,581; also, business-type activities net assets decreased by (\$551).
- As of June 30, 2004, the County's governmental funds reported total ending fund balances of \$58,264, a increase of 3.0% in comparison with the prior year. Approximately 34.3% or \$19,961 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 \$2,767 or 2.1 % of total General Fund expenditures.
- The County's total long-term debt decreased in the amount of (\$1,908) in comparison with the prior year. Compensated absences increased by \$272 and existing long-term debt decreased in 2003-2004.

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 (ICERA). 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 \$68,903 (see Table 1) at the close of the current fiscal year.

The largest portion of the County's net assets, \$75,165 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, \$8,752, 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 (\$15,014). Of which \$50,391 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors, and (\$65,405) 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 (\$1,922). This is the result of an increase in operating expenses for the Closure/Postclosure (Landfill).

Table 1 – County of Imperial's Net Assets
For the Year Ended June 30, 2004 (In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current Assets and Other Assets	\$ 92,470	\$ 7,198	\$ 99,668
Capital Assets	<u>79,173</u>	<u>5,582</u>	<u>84,755</u>
Total Assets	<u>171,643</u>	<u>12,780</u>	<u>184,423</u>
Current and Other Liabilities	20,421	200	20,621
Long-Term Liabilities	<u>85,809</u>	<u>9,090</u>	<u>94,899</u>
Total Liabilities	<u>106,230</u>	<u>9,290</u>	<u>115,520</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	69,583	5,582	75,165
Restricted	10,674	(1,922)	8,752
Unrestricted	<u>(14,844)</u>	<u>(170)</u>	<u>(15,014)</u>
Total Net Assets	<u>\$ 65,413</u>	<u>\$ 3,490</u>	<u>\$ 68,903</u>

Management's Discussion and Analysis (Continued)

As shown in Table 2, the County's net assets increased by \$1,030 during the current fiscal year.

Table 2 - County of Imperial's Changes in Net Assets
For the Year Ended June 30, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 44,452	\$ 769	\$ 45,221
Operating grants and contributions	142,178	1,637	143,815
General Revenues:			
Property taxes	12,347	-	12,347
Sales taxes	9,204	-	9,204
Franchise taxes	670	-	670
Motor Vehicle in-lieu taxes	8,405	-	8,405
Federal in-lieu taxes	1,615	-	1,615
Unrestricted investment earnings	2,452	134	2,586
Gain on sales of fixed assets	97	-	97
Other	11,082	-	11,082
Total revenues	<u>232,502</u>	<u>2,540</u>	<u>235,042</u>
Expenses:			
General government	48,541	-	48,541
Public protection	53,715	-	53,715
Health and Sanitation	30,701	-	30,701
Public assistance	84,073	-	84,073
Public ways and facilities	9,452	-	9,452
Interest on long-term liabilities	4,439	-	4,439
Airport	-	784	784
Closure/Postclosure Waste	-	264	264
County Service Areas, other	-	2,043	2,043
Total expenses	<u>230,921</u>	<u>3,091</u>	<u>234,012</u>
Increases in net assets before transfers	1,581	(551)	1,030
Transfers In & Out	-	-	-
Increase (decrease) in net assets	<u>\$ 1,581</u>	<u>\$ (551)</u>	<u>\$ 1,030</u>

Management's Discussion and Analysis (Continued)

Governmental Activities

Governmental activities increased the County's net assets by \$1,581 for the year ended June 30, 2004, thereby accounting for 3.05% the total increase in the net assets of the County. Key elements of this increase were fueled by a hiring freeze and budget cuts.

- Total revenue for the County's governmental activities increased 12.5%.
- The County's long-term debt decreased by 2.17%.
- As an arm of the state government, operating grants and contributions serve multiple programs, representing 63.5% 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 17.3% 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. Property taxes increased 2.7% due higher collection rates.
- Total expenses for governmental activities increased by 6.3% with increases in all major functions. The County's major cost component is salaries and benefits.
- The County recorded \$11,082 in revenue for the current fiscal year, which is classified as an other item, which includes aircraft tax \$28, transit occupancy tax \$64, deed transfer \$441, fines and forfeitures of \$ 4,058 other taxes \$2,200 and other contributions \$4,291.

Business-type Activities

Business-type activities' net assets decreased the County's net assets by (\$551). The main reason for this decrease is due to the reduction of State Cal Trans funding for Transportation and Closure/Postclosure revenues and expenditures.

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, 2004, The County's governmental funds reported total fund balances of \$58,264 a 2.6% increase in comparison with the prior year. Approximately 34.3% or \$19,961 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 \$6,580, 2) to reflect CDBG loans receivable in which the County acts as a conduit for intergovernmental loans to entities within the County \$1,928, 3) to reflect COP monies \$2,054, 4) reserved for monies received from tobacco settlement endowment fund \$20,554, and 5) a variety of other restricted purposes \$7,187.

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, 2004, unreserved fund balance of the General Fund was \$2,767. 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 2.1% of total General Fund expenditures, while total fund balance represents 21.7% of total General Fund expenditures.

Revenues for governmental functions totaled \$200,415 at June 30, 2004, which represents an increase of 6.2% from fiscal year 2002-2003. The largest increases in revenues were in Federal Aid Revenues, which increased 27.1% and was primarily due to increases in project costs reimbursements. Intergovernmental revenues experienced decreases of 3.7%.

Expenditures for government functions totaled \$197,517 at June 30, 2004 which represents an increase of 3.7% from fiscal year 2002-03. The largest increases occurred in public assistance, which increased 6.5% and In addition, public protection and health, sanitation, and public assistance increased by approximately 3.9%.

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 decreased by (\$551). State Transit Program decreased 7.1% or \$351 in other reimbursements and \$200 in Federal Aid.

The internal service funds carried \$11,152 in unrestricted net assets as a result of recognition of self-insurance liabilities. Claims payable were \$8,828 at June 30, 2004.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a \$8,580 increase in appropriations that is briefly summarized as follows:

- \$1,381 increase in the County's Health and Sanitation appropriations was the result of unanticipated grants for border health initiatives.
- \$4,786 increase in the County's Public Assistance appropriations represents increase program costs for various social services programs.
- \$1,837 increase in the County's Public Protection appropriations was the result of unanticipated grants for initiatives.
- \$576 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, 2004, the County's investment in capital assets for its governmental and business-type activities amounted to \$84,755 (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	4,785	-	4,785
Infrastructure	34,879	-	34,879
Structures & Improvements	26,135	4,869	31,004
Vehicles	3,353	28	3,353
Furniture and Equipment	<u>7,951</u>	<u>-</u>	<u>7,979</u>
Total	<u>\$ 79,173</u>	<u>\$ 5,582</u>	<u>\$ 84,755</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 became operational during 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 \$85,825. This amount is comprised of \$8,160 of certificates of participation. \$65,405 represents debt outstanding for the pension obligation bond. \$7,899 in earned compensated absences, \$2,932 State of California Child Support claim, and \$1,429 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	\$ 7,883	\$ 16	\$ 7,899
Capital Lease Obligation	1,429	-	1,429
St. of California Child Support Claim	2,932	-	2,932
Pension Funding Bonds 1997	32,140	-	32,140
Pension Funding Bonds 2002	33,265	-	33,265
1999 Certificates of Participation	<u>8,160</u>	<u>-</u>	<u>8,160</u>
Total	<u>\$ 85,809</u>	<u>\$ 16</u>	<u>\$ 85,825</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, Suite 108, El Centro, California, 92243, (760) 482-4556 or visit the website at www.imperialcounty.net



COUNTY OF IMPERIAL
Statement of Net Assets
June 30, 2004
(amounts expressed in thousands)

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets:				
Cash and cash equivalents	\$ 45,976	\$ 6,938	\$ 52,914	\$ 4,269
Cash with Fiscal Agent	22,635	-	22,635	-
Deposits with Others	84	-	84	-
Receivables (net):				
Accounts	11,630	187	11,817	-
Interest	481	40	521	25
Taxes	785	-	785	-
Loans	2,733	-	2,733	-
Internal balances	29	(29)	-	-
Due from other governmental funds	7,544	62	7,606	-
Inventories and Prepaid Expenses	573	-	573	-
Capital assets (net of accumulated depreciation):				
Land	2,070	685	2,755	-
Construction in progress	4,785	-	4,785	-
Infrastructure	34,879	-	34,879	-
Structures & Improvements	26,135	4,869	31,004	-
Vehicles	3,353	28	3,381	-
Furniture & Equipment	7,951	-	7,951	-
Total assets	<u>171,643</u>	<u>12,780</u>	<u>184,423</u>	<u>4,294</u>
Liabilities:				
Claims payable	8,828	-	8,828	-
Accounts payable	1,972	159	2,131	6
Accrued payroll	5,062	11	5,073	-
Interest payable	17	-	17	-
Due to other governmental funds	4,542	30	4,572	1
Noncurrent liabilities:				
Due within one year	5,514	4	5,518	-
Due in more than one year	80,295	9,086	89,381	-
Total liabilities	<u>106,230</u>	<u>9,290</u>	<u>115,520</u>	<u>7</u>
Net Assets:				
Invested in capital assets, net of related debt	69,583	5,582	75,165	-
Restricted for:				
Special Revenue	3,821	-	3,821	-
Capital projects	273	-	273	-
Debt service	6,580	-	6,580	-
Public Ways & Facilities	-	(1,922)	(1,922)	-
Unrestricted	(14,844)	(170)	(15,014)	4,287
Total net assets	<u>\$ 65,413</u>	<u>\$ 3,490</u>	<u>\$ 68,903</u>	<u>\$ 4,287</u>

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

COUNTY OF IMPERIAL
Statement of Activities
Year Ended June 30, 2004
(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	\$ 48,541	\$ 25,872	\$ 848	\$ -	\$ (21,821)	\$ -	\$ (21,821)	\$ -
Public Protection	53,715	8,174	31,687	-	(13,854)	-	(13,854)	-
Health & Sanitation	30,701	2,142	27,894	-	(665)	-	(665)	-
Public Assistance	84,073	8,245	73,469	-	(2,359)	-	(2,359)	-
Public Ways & Facilities	9,452	19	8,280	-	(1,153)	-	(1,153)	-
Interest on long-term liabilities	4,439	-	-	-	(4,439)	-	(4,439)	-
Total Governmental Activities	230,921	44,452	142,178	-	(44,291)	-	(44,291)	-
Business Activities								
Airport	784	477	(120)	-	-	(427)	(427)	-
Closure/Postclosure	264	253	-	-	-	(11)	(11)	-
Other	2,043	39	1,757	-	-	(247)	(247)	-
Total Business Type Activities	3,091	769	1,637	-	-	(685)	(685)	-
Total Primary Government	\$ 234,012	\$ 45,221	\$ 143,815	\$ -	\$ (44,291)	\$ (685)	\$ (44,976)	\$ -
Component Units:								
Children and Families First Commission	\$ 2,915	\$ -	\$ 2,557	\$ -	\$ -	\$ -	\$ -	\$ (358)
Total Component Units	\$ 2,915	\$ -	\$ 2,557	\$ -	\$ -	\$ -	\$ -	\$ (358)
General Revenues:								
Property Tax					\$ 12,347	\$ -	\$ 12,347	\$ -
Sales Tax					9,204	-	9,204	-
Franchises Tax					670	-	670	-
Motor Vehicle In-Lieu Taxes					8,405	-	8,405	-
Federal In-Lieu Taxes					1,615	-	1,615	-
Other					11,082	-	11,082	-
Unrestricted Investment Earnings					2,452	134	2,586	-
Gain on Sales of Fixed Assets					97	-	97	-
Transfers In (Out)					-	-	-	-
Total general revenues					45,872	134	46,006	-
Change in net assets					1,581	(551)	1,030	(358)
Net assets - beginning					63,832	4,041	67,873	4,645
Net assets - ending					\$ 65,413	\$ 3,490	\$ 68,903	\$ 4,287

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

COUNTY OF IMPERIAL
Balance Sheet
Governmental Funds
June 30, 2004
(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	\$ 4,376	\$ 14,227	\$ 5,062	\$ 23,665
Cash with Fiscal Agent	22,608	27	-	22,635
Deposits with Others	-	84	-	84
Receivables (net):				
Accounts	8,242	3,338	68	11,648
Interest	223	98	33	354
Taxes	652	133	-	785
Loan	-	2,733	-	2,733
Due from other funds	5,010	2,061	-	7,071
Inventories and Prepaid Expenses	267	244	-	511
	<u>\$ 41,378</u>	<u>\$ 22,945</u>	<u>\$ 5,163</u>	<u>\$ 69,486</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,050	\$ 866	\$ (3,178)	\$ 1,738
Accrued payroll	3,958	998	-	4,956
Interest payable	-	10	5	15
Due to other funds	2,974	1,509	30	4,513
	<u>10,982</u>	<u>3,383</u>	<u>(3,143)</u>	<u>11,222</u>
Fund Balances:				
Reserved for:				
General	1,648	-	-	1,648
Encumbrances	1,850	1,645	273	3,768
Inventories	267	248	-	515
Debt service	-	-	6,580	6,580
Capital Outlay	1,227	-	-	1,227
Loan	-	1,928	-	1,928
COPS	2,054	-	-	2,054
Endowment Op Funds	20,554	-	-	20,554
Other	29	-	-	29
Unreserved, reported in				
General Fund	2,767	-	-	2,767
Special Revenue Funds	-	15,741	-	15,741
Capital Projects Funds	-	-	1,453	1,453
	<u>30,396</u>	<u>19,562</u>	<u>8,306</u>	<u>58,264</u>
Total Fund Balances	<u>\$ 41,378</u>	<u>\$ 22,945</u>	<u>\$ 5,163</u>	<u>\$ 69,486</u>
Total Liabilities and Fund Balances				

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, 2004

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

Total fund balance - governmental funds	\$ 58,264
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$154,233 and the accumulated depreciation is \$77,573.	76,660
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.	16,135
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(85,646)
Total net assets - governmental activities	<u><u>\$ 65,413</u></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, 2004
(amounts expressed in thousands)

	General	Special Revenue Funds	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 19,269	\$ 2,814	\$ -	\$ 22,083
Licenses and Permits	1,601	-	-	1,601
Fines, Forfeitures & Penalties	3,093	831	135	4,059
Use of Money & Property	1,531	378	70	1,979
Intergovernmental Aid	66,702	20,126	62	86,890
Federal Aid	31,795	22,734	758	55,287
Charges for Services	15,945	4,678	121	20,744
Sale of Fixed Assets	-	4	-	4
Other Revenues	-	2,881	4,887	7,768
Total revenues	<u>139,936</u>	<u>54,446</u>	<u>6,033</u>	<u>200,415</u>
Expenditures:				
Current:				
General Government	14,429	269	6,292	20,990
Public Protection	43,313	11,571	5	54,889
Health & Sanitation	25,378	5,525	-	30,903
Public Assistance	58,618	22,407	-	81,025
Public Ways & Facilities	-	9,710	-	9,710
Total expenditures	<u>141,738</u>	<u>49,482</u>	<u>6,297</u>	<u>197,517</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,802)</u>	<u>4,964</u>	<u>(264)</u>	<u>2,898</u>
Other financing sources (uses):				
Transfers	214	(240)	26	-
Endowment Funds	-	-	-	-
COP Bonds Uses	(514)	-	-	(514)
Proceeds of COP bonds	(930)	-	-	(930)
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(1,230)</u>	<u>(240)</u>	<u>26</u>	<u>(1,444)</u>
Net change in fund balances	<u>(3,032)</u>	<u>4,724</u>	<u>(238)</u>	<u>1,454</u>
Fund balances - beginning	<u>33,428</u>	<u>14,838</u>	<u>8,544</u>	<u>56,810</u>
Fund balances - ending	<u>\$ 30,396</u>	<u>\$ 19,562</u>	<u>\$ 8,306</u>	<u>\$ 58,264</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, 2004
(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 \$ 1,454

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.

Capital outlays	\$	14,210	
Loss on disposal of capital assets		(6,098)	
Proceeds from sales of capital assets		97	
Depreciation expense		(7,186)	1,023

Additional accrued interest calculated on bonds payable 4,439

Long-term liabilities, including bonds payable, decreased during the year in the amount of (2,216) (2,216)

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.

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 (\$7) (7)

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. (3,112)

Change in net assets of governmental activities \$ 1,581

COUNTY OF IMPERIAL
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund

Year Ended June 30, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Taxes	\$ 19,299	\$ 19,299	\$ 19,269	\$ (30)
Licenses and Permits	1,780	1,851	1,601	(250)
Fines, Forfeitures & Penalties	3,386	3,386	3,093	(293)
Use of Money & Property	2,441	2,442	1,531	(911)
Intergovernmental Aid	64,162	62,411	66,702	4,291
Federal Aid	37,463	40,800	31,795	(9,005)
Charges for Services	12,205	16,406	15,945	(461)
Total revenues	140,736	146,595	139,936	(6,659)
Expenditures:				
Current:				
General Government	14,052	14,628	14,429	199
Public Protection	44,656	46,493	43,313	3,180
Health & Sanitation	26,789	28,170	25,378	2,792
Public Assistance	57,968	62,754	58,618	4,136
Public Ways & Facilities	44	44	-	44
Total expenditures	143,509	152,089	141,738	10,351
Excess of expenditures over revenues	(2,773)	(5,494)	(1,802)	3,692
Other financing sources (uses):				
Transfers	-	-	214	214
Endowment Funds	-	-	-	-
COP Bonds Uses	-	-	(514)	(514)
Proceeds of COP Bonds	-	-	(930)	(930)
Net change in fund balances	(2,773)	(5,494)	(3,032)	2,462
Fund balances - beginning	33,428	33,428	33,428	-
Fund balances - ending	<u>\$ 30,655</u>	<u>\$ 27,934</u>	<u>\$ 30,396</u>	<u>\$ 2,462</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, 2004
(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds				Governmental Activities
	Imperial Airport	Closure/ Postclosure	Other Enterprise Funds	Total	Internal Service Funds
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ (121)	\$ 6,403	\$ 656	\$ 6,938	\$ 22,311
Receivables (net):					
Accounts	2	-	185	187	(18)
Interest	-	36	4	40	127
Due from Other Funds	-	-	33	33	503
Inventories and Prepaid Expenses	-	-	-	-	62
Total Current Assets	<u>(119)</u>	<u>6,439</u>	<u>878</u>	<u>7,198</u>	<u>22,985</u>
Noncurrent Assets:					
Land	662	-	23	685	23
Construction in process	-	-	-	-	-
Structures & Improvements	10,739	-	50	10,789	163
Vehicles	-	-	-	-	5,865
Equipment	75	-	-	75	1,980
Accumulated Depreciation	<u>(5,917)</u>	<u>-</u>	<u>(50)</u>	<u>(5,967)</u>	<u>(5,519)</u>
Total Noncurrent Assets	<u>5,559</u>	<u>-</u>	<u>23</u>	<u>5,582</u>	<u>2,512</u>
Total Assets	<u>\$ 5,440</u>	<u>\$ 6,439</u>	<u>\$ 901</u>	<u>\$ 12,780</u>	<u>\$ 25,497</u>
LIABILITIES:					
Current Liabilities:					
Claims Payable	-	-	-	-	8,828
Accounts Payable	10	-	149	159	234
Interest Payable	-	-	-	-	2
Accrued Payroll	7	-	4	11	106
Due to Other Funds	26	-	4	30	29
Current portion of compensated absences	1	-	3	4	4
Capital Lease Obligations-					
Current Portion	-	-	-	-	-
Total Current Liabilities	<u>44</u>	<u>-</u>	<u>160</u>	<u>204</u>	<u>9,203</u>
Noncurrent Liabilities:					
Compensated Absences	13	-	-	13	159
Accrued Closure/Postclosure	-	9,073	-	9,073	-
Capital Lease Obligations-					
Net of Current Portion	-	-	-	-	-
Total Noncurrent Liabilities	<u>13</u>	<u>9,073</u>	<u>-</u>	<u>9,086</u>	<u>159</u>
Total Liabilities	<u>57</u>	<u>9,073</u>	<u>160</u>	<u>9,290</u>	<u>9,362</u>
NET ASSETS:					
Invested in Capital Assets, net of related debt	5,559	-	23	5,582	2,512
Restricted	(4)	(2,634)	716	(1,922)	2,471
Unrestricted	<u>(172)</u>	<u>-</u>	<u>2</u>	<u>(170)</u>	<u>11,152</u>
Total Net Assets	<u>\$ 5,383</u>	<u>\$ (2,634)</u>	<u>\$ 741</u>	<u>\$ 3,490</u>	<u>\$ 16,135</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, 2004
(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds				Governmental Activities
	Imperial Airport	Closure/Postclosure	Other Enterprise Funds	Total	Internal Service Funds
Operating Revenues:					
Charges for Services	\$ 477	\$ 253	\$ 39	\$ 769	\$ 23,951
Other Revenues	-	-	-	-	2
Total Operating Revenues	<u>477</u>	<u>253</u>	<u>39</u>	<u>769</u>	<u>23,953</u>
Operating Expenses:					
Salaries and Benefits	105	-	69	174	1,816
Services and Supplies	202	264	1,974	2,440	24,836
Depreciation	<u>477</u>	<u>-</u>	<u>-</u>	<u>477</u>	<u>811</u>
Total Operating Expenses	<u>784</u>	<u>264</u>	<u>2,043</u>	<u>3,091</u>	<u>27,463</u>
Operating Income (Loss)	<u>(307)</u>	<u>(11)</u>	<u>(2,004)</u>	<u>(2,322)</u>	<u>(3,510)</u>
Non-operating Revenues (Expenses):					
Gain (Loss) on Sale of Fixed Assets	-	-	-	-	93
Intergovernmental Aid	-	-	1,572	1,572	-
Federal Aid	(120)	-	185	65	-
Changes in Designated Reserve	-	-	-	-	(168)
Other	-	-	-	-	-
Interest - Income	<u>(2)</u>	<u>125</u>	<u>11</u>	<u>134</u>	<u>473</u>
Total Non-Operating Revenues	<u>(122)</u>	<u>125</u>	<u>1,768</u>	<u>1,771</u>	<u>398</u>
Net Income (Loss) before Transfers	<u>(429)</u>	<u>114</u>	<u>(236)</u>	<u>(551)</u>	<u>(3,112)</u>
Transfers in (out):					
Transfers In	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(429)</u>	<u>114</u>	<u>(236)</u>	<u>(551)</u>	<u>(3,112)</u>
Net Assets - Beginning	<u>5,812</u>	<u>(2,748)</u>	<u>977</u>	<u>4,041</u>	<u>19,247</u>
Net Assets - Ending	<u>\$ 5,383</u>	<u>\$ (2,634)</u>	<u>\$ 741</u>	<u>\$ 3,490</u>	<u>\$ 16,135</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, 2004

(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds				Governmental Activities
	Imperial Airport	Closure/Postclosure	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:					
Cash received from users	\$ 477	\$ 253	\$ 471	\$ 1,201	\$ 23,907
Cash received from operating activities	59	264	-	323	340
Cash paid to suppliers	(202)	(273)	(2,012)	(2,487)	(24,590)
Cash paid to employees	(106)	-	(69)	(175)	(1,821)
Cash paid for operating activities	-	-	-	-	(172)
Net cash provided by (used) operating activities	228	244	(1,610)	(1,138)	(2,336)
Cash flows from noncapital financing activities:					
Other	-	-	-	-	-
Receipt of federal aid	(120)	-	185	65	-
Receipt of intergovernmental aid	-	-	1,572	1,572	-
Net cash provided by (used) in non-capital financing activities	(120)	-	1,757	1,637	-
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	-	-	-	(811)
Proceeds from sale of equipment	-	-	-	-	137
Transfer in to purchase equipment	-	-	-	-	-
Net cash used by capital and related financing activities	-	-	-	-	(674)
Cash flows from investing activities:					
Interest received (paid)	(2)	126	11	135	472
Net increase (decrease) in cash and cash equivalents	106	370	158	634	(2,538)
Cash and cash equivalents - beginning	(227)	6,033	498	6,304	24,849
Cash and cash equivalents - ending	<u>\$ (121)</u>	<u>\$ 6,403</u>	<u>\$ 656</u>	<u>\$ 6,938</u>	<u>\$ 22,311</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating Income (Loss)	(307)	(11)	(2,004)	(2,322)	(3,510)
Adj. to reconcile operating income (loss) to net cash					
Provided by (used in) operating activities:					
Depreciation expense	477	-	-	477	809
Decrease (Increase) in accounts receivable	36	-	15	51	8
Decrease (Increase) in interest receivable	-	(9)	(1)	(10)	(9)
Decrease (Increase) in prepaid expenses	-	-	-	-	26
Decrease (Increase) in due from other funds	9	-	233	242	226
Increase (Decrease) in accounts payable	3	-	148	151	62
Increase (Decrease) in interest payable	(1)	-	-	(1)	-
Increase (Decrease) in accrued liabilities	-	-	-	-	1,576
Increase (Decrease) in due to other funds	9	-	(1)	8	(83)
Increase (Decrease) in insurance loss expense	-	-	-	-	(1,444)
Increase (Decrease) in postclosure costs liability	-	264	-	264	-
Increase (Decrease) in compensated absences	2	-	-	2	3
Total adjustments	535	255	394	1,184	1,174
Net cash provided (used) by operating activities	<u>\$ 228</u>	<u>\$ 244</u>	<u>\$ (1,610)</u>	<u>\$ (1,138)</u>	<u>\$ (2,336)</u>

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

COUNTY OF IMPERIAL
Statement of Fiduciary Net Assets
June 30, 2004
(amounts expressed in thousands)

	Trust Funds			Agency Funds	Total
	Pension Trust and other Employee Benefits	Special District and School District	Investment Trust		
Assets:					
Cash and cash equivalents	\$ 1,354	\$ 104,167	\$ 17,020	\$ 58,588	\$ 181,129
Cash with Fiscal Agent	-	-	-	-	-
Accounts Receivable-Net	15	-	51	4,207	4,273
Taxes Receivable-Net	-	-	-	27,477	27,477
Interest Receivable	-	24	53	788	865
Prepaid Expenses	-	-	-	-	-
Due From Other Funds	-	108	908	1,874	2,890
Deposits with Others	-	-	2,259	23,366	25,625
Total Assets	<u>\$ 1,369</u>	<u>\$ 104,299</u>	<u>\$ 20,291</u>	<u>\$ 116,300</u>	<u>\$ 242,259</u>
Liabilities :					
Accounts Payable	\$ -	\$ 39	\$ 1,239	\$ 21,739	\$ 23,017
Interest Payable	-	-	1,407	2	1,409
Due to Other Funds	-	38	1,433	4,454	5,925
Fiduciary Liability	-	29	-	90,105	90,134
Total Liabilities	<u>-</u>	<u>106</u>	<u>4,079</u>	<u>116,300</u>	<u>120,485</u>
Held in Trust for Pension Benefits	1,369	-	-	-	1,369
Held in Trust for Pool Investments	-	104,193	16,212	-	120,405
Total Liabilities and Fund Balance	<u>\$ 1,369</u>	<u>\$ 104,299</u>	<u>\$ 20,291</u>	<u>\$ 116,300</u>	<u>\$ 242,259</u>

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, 2004
(amounts expressed in thousands)

	Trust Funds			
	Pension Trust and other Employee Benefits	Special District and School District	Investment Trust	Total
Additions:				
Employee/Employer Contributions	\$ 11,177	\$ -	\$ -	\$ 11,177
Contributions to Pooled Investments	-	-	114,832	114,832
Contributions to Special/School District Trust	-	421,229	-	421,229
Interest and Investment Income	75	96	269	440
Total Additions	11,252	421,325	115,101	547,678
Deductions:				
Distributions from Pooled Investments	-	-	117,238	117,238
Distributions from Pension Trust/Other	14,408	-	-	14,408
Distributions from Special/School District Trust	-	407,719	-	407,719
Total Deductions	14,408	407,719	117,238	539,365
Change in Net Assets	(3,156)	13,606	(2,137)	8,313
Net Assets - Beginning	4,525	90,587	18,349	113,461
Net Assets - Ending	\$ 1,369	\$ 104,193	\$ 16,212	\$ 121,774

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, 2004
(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 the 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, 2004
(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, 2004
(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, 2004
(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, 2004
(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 2003-04, the County received \$12,347 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, 2004
(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, 2004
(Dollars in Thousands)

Note 3 – 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	\$ 2
Imprest Cash	48
Checks for deposit	312
Outstanding warrants adj	<u>705</u>
Total cash	<u>1,067</u>
 <i>Investments:</i>	
In Treasurer's pool	237,245
With Fiscal Agent	22,635
With others external to the Treasurer's Pool	<u>25,709</u>
Total investments	<u>285,589</u>
Total cash and investments	<u>\$ 286,656</u>

Total County cash and investments are reported as follows:

Primary government	\$ 75,633
Component unit	4,269
Pension trust	1,354
Special district and Schools trust	104,167
Investment trust funds	19,279
Agency funds	<u>81,954</u>
Total cash and investments	<u>\$ 286,656</u>

Deposits

At June 30, 2004, the carrying amount of the County's cash deposits was \$34,016 and the bank balance for deposits maintained in various financial institutions amounted to \$34,650. Of the bank balance, \$6,984 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, 2004
(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, 2004. 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, 2004.

At June 30, 2004, the County's investment balances were as follows:

	Category			Carrying Amount	Fair Value
	1	2	3		
Categorized investments:					
U.S. Government Securities	\$ 121,275	\$ -	\$ -	\$ 121,275	\$ 119,738
Mortgages	<u>36,222</u>	<u>-</u>	<u>-</u>	<u>36,222</u>	<u>35,546</u>
Total categorized investments	<u>\$ 157,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$157,497</u>	<u>\$ 155,284</u>
Uncategorized investments:					
Local Agency Investment Fund				29,500	29,500
Mutual Funds				<u>20,000</u>	<u>20,000</u>
Total investments				<u>\$206,997</u>	<u>\$204,784</u>

Note 4 – 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, 2004:

<u>Receivables- Governmental Activities</u>	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>
Accounts	\$ 8,242	\$ 3,406	\$ (18)	\$ 11,630
Interest	223	131	127	481
Taxes	652	133	-	785
Loan	<u>-</u>	<u>2,733</u>	<u>-</u>	<u>2,733</u>
Total receivables	<u>\$ 9,117</u>	<u>\$ 6,403</u>	<u>\$ 109</u>	<u>\$ 15,629</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004
(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 Interest	\$ 2	\$ -	\$ -	\$ 2
	<u>-</u>	<u>36</u>	<u>4</u>	<u>40</u>
Total receivables	<u>\$ 2</u>	<u>\$ 36</u>	<u>\$ 4</u>	<u>\$ 42</u>

Note 5 – Inter-fund Transactions

The composition of inter-fund balances as of June 30, 2004 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	\$ 5,010	\$ 2,974
Nonmajor Governmental Funds	2,061	1,539
Imperial Airport	-	26
Other Enterprise Funds	33	4
Internal Service Funds	503	29
Special District/School Trust Funds	108	38
Investment Trust Funds	908	1,433
Agency Funds	<u>1,874</u>	<u>4,454</u>
Total	<u>\$ 10,497</u>	<u>\$ 10,497</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, 2004:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 214	\$ -
Special Revenue	-	240
Capital Projects	<u>26</u>	<u>-</u>
Total	<u>\$ 240</u>	<u>\$ 240</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004
(Dollars in Thousands)

Note 6 – Capital Assets

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

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,070	\$ -	\$ -	\$ 2,070
Construction in progress	8,173	2,069	(5,457)	4,785
Total capital assets, not being depreciated	<u>10,243</u>	<u>2,069</u>	<u>(5,457)</u>	<u>6,855</u>
Capital assets, being depreciated:				
Infrastructure	65,558	2,436	-	67,994
Structures & Improvements	45,633	7,314	(1,094)	51,853
Vehicles	8,732	1,335	(1,253)	8,814
Furniture and equipment	25,064	1,908	(224)	26,748
Total capital assets, being depreciated	<u>144,987</u>	<u>12,993</u>	<u>(2,571)</u>	<u>155,409</u>
Less accumulated depreciation for:				
Infrastructure	30,405	2,710	-	33,115
Structures & Improvements	25,193	1,393	(868)	25,718
Vehicles	4,799	1,841	(1,179)	5,461
Furniture and equipment	16,976	2,041	(220)	18,797
Total accumulated depreciation	<u>77,373</u>	<u>7,985</u>	<u>(2,267)</u>	<u>83,091</u>
Total capital assets, being depreciated, net	<u>67,614</u>	<u>5,008</u>	<u>(304)</u>	<u>72,318</u>
Governmental activities capital assets, net	<u>\$ 77,857</u>	<u>\$ 7,077</u>	<u>\$ (5,761)</u>	<u>\$ 79,173</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	10,789	-	-	10,789
Furniture and equipment	74	-	-	74
Total capital assets, being depreciated	<u>10,863</u>	<u>-</u>	<u>-</u>	<u>10,863</u>
Less accumulated depreciation for:				
Structures & Improvements	5,450	470	-	5,920
Furniture and equipment	39	7	-	46
Total accumulated depreciation	<u>5,489</u>	<u>477</u>	<u>-</u>	<u>5,966</u>
Total capital assets, being depreciated, net	<u>5,374</u>	<u>(477)</u>	<u>-</u>	<u>4,897</u>
Business-type activities capital assets, net	<u>\$ 6,059</u>	<u>\$ (477)</u>	<u>\$ -</u>	<u>\$ 5,582</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 4,493
Public Protection	1,191
Health & Sanitation	300
Public Assistance	469
Public Ways & Facilities	721
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>811</u>
Total depreciation expense – governmental functions	<u>\$ 7,985</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, 2004
(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 7 – 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>	
2005	\$ 364
2006	365
2007	348
2008	340
2009	338
2010	<u>402</u>
Total	<u>\$ 2,157</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	\$ 62
Energy Retrofit Project	689
IBM Computer Equipment	20
New Holland Wheel Loader	117
Asphalt Paver & Windrow Elev.	283
Qty 3 Emer One Trad Pumper	<u>258</u>
	\$ 1,429
Less: Accumulated Depreciation	<u>(963)</u>
Net	<u>\$ 466</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004
(Dollars in Thousands)

Note 8 – Long Term Debt

The following is a schedule of long-term liabilities for Governmental Activities for the year ended June 30, 2004:

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004	Amounts Due within One year
Employee Compensated Absences	\$ 7,611	\$ 277	\$ 5	\$ 7,883	\$ 273
Capital Lease Obligation	1,828	32	431	1,429	434
Pension Funding Bonds 1997	33,135	-	995	32,140	1,060
Pension Funding Bonds 2002	33,265	-	-	33,265	-
State of California Child Support	2,932	-	-	2,932	2,932
1999 Cert. Of Participation	8,945	-	785	8,160	815
General Long Term Debt Payable	<u>\$ 87,716</u>	<u>\$ 309</u>	<u>\$ 2,216</u>	<u>\$ 85,809</u>	<u>\$ 5,514</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>
2005	\$ 815	\$ 367	\$ 1,182
2006	845	335	1,180
2007	880	301	1,181
2008	920	266	1,186
2009	950	228	1,178
2010-2014	2,075	652	2,727
2015-2019	<u>1,675</u>	<u>259</u>	<u>1,934</u>
Total	<u>\$ 8,160</u>	<u>\$ 2,408</u>	<u>\$ 10,568</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, 2004
(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>
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	1,370	1,805	3,175
2010-2014	8,400	7,477	15,877
2015-2019	11,750	4,127	15,877
2020-2021	5,940	307	6,247
Total	<u>\$ 32,140</u>	<u>\$ 21,735</u>	<u>\$ 53,875</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>
2005	\$ -	\$ 1,863	\$ 1,863
2006	-	1,863	1,863
2007	-	1,863	1,863
2008	-	1,863	1,863
2009	-	1,863	1,863
2010-2014	2,750	9,131	11,881
2015-2019	6,190	7,796	13,986
2020-2024	8,180	5,810	13,990
2025-2029	10,855	3,130	13,985
2030-2031	5,290	306	5,596
Total	<u>\$ 33,265</u>	<u>\$ 35,488</u>	<u>\$ 68,753</u>

The following is a schedule of long-term liabilities for Business-Type Activities for the year ended June 30, 2004:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Amounts</u> <u>Due within</u> <u>One year</u>
Employee Compensated Absences	\$ 14	\$ 3	\$ 1	\$ 16	\$ 1
Total	<u>\$ 14</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 16</u>	<u>\$ 1</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004
(Dollars in Thousands)

Note 9 – 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 \$9,073 as of June 30, 2004 which is based on an average of 11.37% usage (filled) of the ten landfills operated by the County. It is estimated that an additional \$2,706 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 (\$10,702) 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, 2004. 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, 2004, \$6,403 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 10 – 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, 2004
(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, 2004 was \$61,875. The total County payroll for the year was \$67,893. The total contribution to the Retirement System for 2004 of \$10,613 was made in accordance with actuarial determined requirements computed through an actuarial valuation performed as of June 30, 2003. The County's contribution was \$6,362. Employee contributions were \$4,251. 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 30 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>
6/30/04	6,362	100%
6/30/03	7,139	100%
6/30/02	8,376	100%

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004
(Dollars in Thousands)

Note 11 - 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, 2003	\$ 8,515
Current year claims and changes in estimates	3,892
Claim payments	<u>(3,695)</u>
Liability at June 30, 2004	<u>\$ 8,712</u>

County of Imperial
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004
(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, 2004.

Note 12 – 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, 2004 was as follows:

	<u>Beginning Balance July 1, 2003</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Balance June 30, 2004</u>
TRANS	\$ -	\$ 5,000	\$ (5,000)	\$ -

Subsequent to June 30, 2004 on July 1, 2004, the County issued \$5,000 in tax anticipation notes. The notes bear an interest rate of 3.00% 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 Fiscal Year Ended June 30, 2004
Schedule of Funding Progress
(amounts express 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)
6-30-04	\$ - *	\$ - *	\$ - *	- *	- *	- *
6-30-03	\$ 307.3	\$ 301.0	\$ 6.3	97.9%	67.7	9.3%
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 (a);(b)	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%

(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.

*** Note: The Imperial County Employees' Retirement System have hired a new actuary, and this information will not be available until mid-April, 2005.**



**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, 2004
(amounts expressed in thousands)

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Assets:				
Cash and cash equivalents	\$ 14,227	\$ 1,677	\$ 3,385	\$ 19,289
Cash with Fiscal Agent	27	-	-	27
Deposits with Others	84	-	-	84
Receivables (net):				
Accounts	3,338	68	-	3,406
Interest	98	16	17	131
Taxes	133	-	-	133
Loan	2,733	-	-	2,733
Due from other funds	2,061	-	-	2,061
Inventories and Prepaid Expenses	244	-	-	244
Total assets	<u>\$ 22,945</u>	<u>\$ 1,761</u>	<u>\$ 3,402</u>	<u>\$ 28,108</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 866	\$ -	\$ (3,178)	\$ (2,312)
Accrued payroll	998	-	-	998
Interest payable	10	5	-	15
Due to other funds	1,509	30	-	1,539
Total Liabilities	<u>3,383</u>	<u>35</u>	<u>(3,178)</u>	<u>240</u>
Fund balances:				
Reserved for:				
Encumbrances	1,645	273	-	1,918
Inventories	248	-	-	248
Debt Service	-	-	6,580	6,580
Loan	1,928	-	-	1,928
Other	-	-	-	-
Unreserved, undesignated	15,741	1,453	-	17,194
Total fund balances	<u>19,562</u>	<u>1,726</u>	<u>6,580</u>	<u>27,868</u>
Total liabilities and fund balances	<u>\$ 22,945</u>	<u>\$ 1,761</u>	<u>\$ 3,402</u>	<u>\$ 28,108</u>

COUNTY OF IMPERIAL
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Revenues:				
Taxes	\$ 2,814	\$ -	\$ -	\$ 2,814
Fines, Forfeitures & Penalties	831	135	-	966
Use of Money & Property	378	39	31	448
Intergovernmental Aid	20,126	62	-	20,188
Federal Aid	22,734	758	-	23,492
Charges for Services	4,678	121	-	4,799
Sale of Fixed Assets	4	-	-	4
Other Revenues	2,881	-	4,887	7,768
Total Revenues	<u>54,446</u>	<u>1,115</u>	<u>4,918</u>	<u>60,479</u>
Expenditures:				
Current:				
General Government	269	1,267	5,025	6,561
Public Protection	11,571	-	5	11,576
Health & Sanitation	5,525	-	-	5,525
Public Assistance	22,407	-	-	22,407
Public Ways & Facilities	9,710	-	-	9,710
Education	-	-	-	-
Total expenditures	<u>49,482</u>	<u>1,267</u>	<u>5,030</u>	<u>55,779</u>
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(240)</u>	<u>26</u>	<u>-</u>	<u>(214)</u>
Total Other Financing Sources (Uses)	<u>(240)</u>	<u>26</u>	<u>-</u>	<u>(214)</u>
Net change in fund balances	4,724	(126)	(112)	4,486
Fund balances - beginning	14,838	1,852	6,692	23,382
Fund balances - ending	<u><u>\$ 19,562</u></u>	<u><u>\$ 1,726</u></u>	<u><u>\$ 6,580</u></u>	<u><u>\$ 27,868</u></u>

COUNTY OF IMPERIAL
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Library	Fire Protection	Public Works Roads	State/ Federal Jail Improvements	Criminal Justice Facilities
Assets:					
Cash and cash equivalents	\$ 861	\$ (146)	\$ 3,104	\$ 483	\$ 1,109
Cash with Fiscal Agent	-	-	-	-	-
Deposits with Others	-	-	-	-	-
Receivables (net):					
Accounts	-	12	1	95	120
Interest	5	-	18	2	6
Taxes	22	111	-	-	-
Loan	-	-	889	-	-
Due from other funds	-	4	421	6	-
Inventories and Prepaid Expenses	-	-	248	-	-
Total assets	<u>\$ 888</u>	<u>\$ (19)</u>	<u>\$ 4,681</u>	<u>\$ 586</u>	<u>\$ 1,235</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 22	\$ 22	\$ 281	\$ 1	\$ -
Accrued payroll	14	101	279	-	-
Interest payable	-	-	-	-	-
Due to other funds	4	3	91	19	-
Total Liabilities	<u>40</u>	<u>126</u>	<u>651</u>	<u>20</u>	<u>-</u>
Fund balances:					
Reserved for:					
Encumbrances	24	88	220	154	-
Inventories	-	-	248	-	-
Loan/Deposits with Others	-	-	-	-	-
Other	-	-	-	-	-
Unreserved, undesignated	824	(233)	3,562	412	1,235
Total fund balances	<u>848</u>	<u>(145)</u>	<u>4,030</u>	<u>566</u>	<u>1,235</u>
Total liabilities and fund balances	<u>\$ 888</u>	<u>\$ (19)</u>	<u>\$ 4,681</u>	<u>\$ 586</u>	<u>\$ 1,235</u>

COUNTY OF IMPERIAL
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004
(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	\$ 833	\$ 289	\$ 714	\$ 1,890	\$ 94
Cash with Fiscal Agent	-	-	-	-	-
Deposits with Others	-	-	-	-	40
Receivables (net):					
Accounts	-	-	-	-	-
Interest	5	2	4	11	3
Taxes	-	-	-	-	-
Loan	-	-	-	-	1,844
Due from other funds	-	-	2	-	33
Inventories and Prepaid Expenses	-	-	-	-	-
Total assets	<u>\$ 838</u>	<u>\$ 291</u>	<u>\$ 720</u>	<u>\$ 1,901</u>	<u>\$ 2,014</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 9	\$ 13	\$ -	\$ -	\$ 37
Accrued payroll	-	23	8	-	-
Interest payable	-	-	-	-	3
Due to other funds	-	60	-	-	63
Total Liabilities	<u>9</u>	<u>96</u>	<u>8</u>	<u>-</u>	<u>103</u>
Fund balances:					
Reserved for:					
Encumbrances	-	3	-	12	4
Inventories	-	-	-	-	-
Loan/Deposits with Others	-	-	-	-	1,884
Other	-	-	-	-	-
Unreserved, undesignated	829	192	712	1,889	23
Total fund balances	<u>829</u>	<u>195</u>	<u>712</u>	<u>1,901</u>	<u>1,911</u>
Total liabilities and fund balances	<u>\$ 838</u>	<u>\$ 291</u>	<u>\$ 720</u>	<u>\$ 1,901</u>	<u>\$ 2,014</u>

COUNTY OF IMPERIAL
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Other Special Revenue Funds	Total
Assets:		
Cash and cash equivalents	\$ 4,996	\$ 14,227
Cash with Fiscal Agent	27	27
Deposits with Others	44	84
Receivables (net):		
Accounts	3,110	3,338
Interest	42	98
Taxes	-	133
Loan	-	2,733
Due from other funds	1,595	2,061
Inventories and Prepaid Expenses	(4)	244
	<u>\$ 9,810</u>	<u>\$ 22,945</u>
Total assets		
	<u>\$ 9,810</u>	<u>\$ 22,945</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 481	\$ 866
Accrued payroll	573	998
Interest payable	7	10
Due to other funds	1,269	1,509
	<u>2,330</u>	<u>3,383</u>
Total Liabilities		
	<u>2,330</u>	<u>3,383</u>
Fund balances:		
Reserved for:		
Encumbrances	1,140	1,645
Inventories	-	248
Loan/Deposits with Others	44	1,928
Other	-	-
Unreserved, undesignated	6,296	15,741
	<u>7,480</u>	<u>19,562</u>
Total fund balances		
	<u>7,480</u>	<u>19,562</u>
Total liabilities and fund balances	<u>\$ 9,810</u>	<u>\$ 22,945</u>
	<u>\$ 9,810</u>	<u>\$ 22,945</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, 2004
(amounts expressed in thousands)

	<u>Library</u>	<u>Fire Protection</u>	<u>Public Works Roads</u>
Revenues:			
Taxes	\$ 442	\$ 2,372	\$ -
Fines, Forfeitures & Penalties	-	-	-
Use of Money & Property	15	-	70
Intergovernmental Aid	110	51	8,164
Federal Aid	-	-	-
Charges for Services	3	369	19
Sale of Fixed Assets	-	1	-
Other Revenues	-	401	550
Total Revenues	<u>570</u>	<u>3,194</u>	<u>8,803</u>
Expenditures:			
Current:			
General Government	-	-	-
Public Protection	-	3,454	-
Health & Sanitation	-	-	-
Public Assistance	480	-	-
Public Ways & Facilities	-	-	9,436
Total expenditures	<u>480</u>	<u>3,454</u>	<u>9,436</u>
Other Financing Sources (Uses):			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	90	(260)	(633)
Fund balances - beginning	<u>758</u>	<u>115</u>	<u>4,663</u>
Fund balances - ending	<u><u>\$ 848</u></u>	<u><u>\$ (145)</u></u>	<u><u>\$ 4,030</u></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, 2004
(amounts expressed in thousands)

	State/ Federal Jail Improvements	Criminal Justice Facilities	Serv. Authority Freeway Emerg.
Revenues:			
Taxes	\$ -	\$ -	\$ -
Fines, Forfeitures & Penalties	-	455	-
Use of Money & Property	8	24	17
Intergovernmental Aid	42	-	115
Federal Aid	343	-	-
Charges for Services	-	-	-
Sale of Fixed Assets	-	-	-
Other Revenues	-	-	-
Total Revenues	<u>393</u>	<u>479</u>	<u>132</u>
Expenditures:			
Current:			
General Government	-	-	-
Public Protection	378	432	-
Health & Sanitation	-	-	-
Public Assistance	-	-	-
Public Ways & Facilities	-	-	102
Total expenditures	<u>378</u>	<u>432</u>	<u>102</u>
Other Financing Sources (Uses):			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	15	47	30
Fund balances - beginning	<u>551</u>	<u>1,188</u>	<u>799</u>
Fund balances - ending	<u><u>\$ 566</u></u>	<u><u>\$ 1,235</u></u>	<u><u>\$ 829</u></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, 2004
(amounts expressed in thousands)

	Mosquito Abatement	AB443 Local Law Enforcement	Sheriff's Info. Tech System	ICCED Funds
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines, Forfeitures & Penalties	-	-	-	-
Use of Money & Property	6	16	36	3
Intergovernmental Aid	-	-	-	596
Federal Aid	-	-	-	116
Charges for Services	525	-	-	208
Sale of Fixed Assets	-	-	-	-
Other Revenues	-	-	-	6
Total Revenues	<u>531</u>	<u>16</u>	<u>36</u>	<u>929</u>
Expenditures:				
Current:				
General Government	-	-	-	-
Public Protection	-	135	190	-
Health & Sanitation	-	-	-	-
Public Assistance	728	-	-	1,151
Public Ways & Facilities	-	-	-	-
Total expenditures	<u>728</u>	<u>135</u>	<u>190</u>	<u>1,151</u>
Other Financing Sources (Uses):				
Transfers In (Out)	<u>-</u>	<u>(25)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(25)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(197)	(144)	(154)	(222)
Fund balances - beginning	<u>392</u>	<u>856</u>	<u>2,055</u>	<u>2,133</u>
Fund balances - ending	<u>\$ 195</u>	<u>\$ 712</u>	<u>\$ 1,901</u>	<u>\$ 1,911</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, 2004
(amounts expressed in thousands)

	Other Special Revenue Funds	Total
Revenues:		
Taxes	\$ -	\$ 2,814
Fines, Forfeitures & Penalties	376	831
Use of Money & Property	183	378
Intergovernmental Aid	11,048	20,126
Federal Aid	22,275	22,734
Charges for Services	3,554	4,678
Sale of Fixed Assets	3	4
Other Revenues	1,924	2,881
Total Revenues	<u>39,363</u>	<u>54,446</u>
Expenditures:		
Current:		
General Government	269	269
Public Protection	6,982	11,571
Health & Sanitation	5,525	5,525
Public Assistance	20,048	22,407
Public Ways & Facilities	172	9,710
Total expenditures	<u>32,996</u>	<u>49,482</u>
Other Financing Sources (Uses):		
Transfers In (Out)	<u>(215)</u>	<u>(240)</u>
Total Other Financing Sources (Uses)	<u>(215)</u>	<u>(240)</u>
Net change in fund balances	6,152	4,724
Fund balances - beginning	<u>1,328</u>	<u>14,838</u>
Fund balances - ending	<u><u>\$ 7,480</u></u>	<u><u>\$ 19,562</u></u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Library
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Taxes	\$ 425	\$ 425	\$ 442	\$ 17
Use of Money & Property	13	13	15	2
Intergovernmental Aid	68	108	110	2
Charges for Services	2	2	3	1
Total revenues	508	548	570	22
Expenditures:				
Education:				
Salaries and Benefits	271	271	247	24
Services and Supplies	236	295	233	62
Other Charges	13	22	-	22
Intra Fund Transfers	1	1	-	1
Total expenditures	521	589	480	109
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	(13)	(41)	90	(87)
Fund balances - beginning	758	758	758	-
Fund balances - ending	<u>\$ 745</u>	<u>\$ 717</u>	<u>\$ 848</u>	<u>\$ (87)</u>

COUNTY OF IMPERIAL
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Fire Protection
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Taxes	\$ 2,328	\$ 2,328	\$ 2,372	\$ 44
Use of Money & Property	-	-	-	-
Intergovernmental Aid	53	53	51	(2)
Charges for Services	609	902	369	(533)
Other Revenues	-	-	401	401
Sale of Fixed Assets	1	1	1	-
Total revenues	<u>2,991</u>	<u>3,284</u>	<u>3,194</u>	<u>(90)</u>
Expenditures:				
Public Protection:				
Salaries and Benefits	2,081	2,081	2,096	(15)
Services and Supplies	1,196	1,302	1,193	109
Other Charges	115	165	89	76
Capital Outlay	-	352	337	15
Intra Fund Transfers	(200)	(262)	(262)	-
Inter Fund Transfers	-	-	1	(1)
Total expenditures	<u>3,192</u>	<u>3,638</u>	<u>3,454</u>	<u>184</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>(201)</u>	<u>(354)</u>	<u>(260)</u>	<u>(94)</u>
Fund balances - beginning	<u>115</u>	<u>115</u>	<u>115</u>	<u>-</u>
Fund balances - ending	<u>\$ (86)</u>	<u>\$ (239)</u>	<u>\$ (145)</u>	<u>\$ (94)</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, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Use of Money & Property	\$ 90	\$ 90	\$ 70	\$ (20)
Intergovernmental Aid	7,750	7,750	8,164	414
Charges for Current Services	30	30	19	(11)
Other Revenues	176	176	550	374
Total revenues	8,046	8,046	8,803	757
Expenditures:				
Public Ways & Facilities:				
Salaries and Benefits	4,933	4,933	4,692	241
Services and Supplies	4,540	4,777	4,603	174
Other Charges	270	270	321	(51)
Capital Outlay	441	472	258	214
Inter Fund Transfers	(400)	(387)	(438)	51
Contingencies	20	-	-	-
Total expenditures	9,804	10,065	9,436	629
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	(1,758)	(2,019)	(633)	(1,386)
Fund balances - beginning	4,663	4,663	4,663	-
Fund balances - ending	\$ 2,905	\$ 2,644	\$ 4,030	\$ (1,386)

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, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Use of Money & Property	\$ 58	\$ 58	\$ 8	\$ (50)
Intergovernmental Aid	33	33	42	9
Federal Aid	120	220	343	123
Total revenues	211	311	393	82
Expenditures:				
Public Protection:				
Services and Supplies	201	204	118	86
Capital Outlay	464	470	220	250
Inter Fund Transfers	-	94	40	54
Total expenditures	665	768	378	390
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	(454)	(457)	15	(472)
Fund balances - beginning	551	551	551	-
Fund balances - ending	\$ 97	\$ 94	\$ 566	\$ (472)

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, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Fines, Forfeitures & Penalties	\$ 450	\$ 450	\$ 455	\$ 5
Use of Money & Property	30	30	24	(6)
Total revenues	480	480	479	(1)
Expenditures:				
Public Protection:				
Services and Supplies	230	230	200	30
Other Charges	-	-	39	(39)
Interfund Transfers	239	239	193	46
Total expenditures	469	469	432	37
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	11	11	47	(36)
Fund balances - beginning	1,188	1,188	1,188	-
Fund balances - ending	<u>\$ 1,199</u>	<u>\$ 1,199</u>	<u>\$ 1,235</u>	<u>\$ (36)</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, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Use of Money & Property	\$ 7	\$ 7	\$ 16	\$ 9
Intergovernmental Aid	120	120	116	(4)
Total revenues	127	127	132	5
Expenditures:				
Public Ways & Facilities:				
Services and Supplies	117	117	102	15
Total expenditures	117	117	102	15
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	10	10	30	(20)
Fund balances - beginning	799	799	799	-
Fund balances - ending	<u>\$ 809</u>	<u>\$ 809</u>	<u>\$ 829</u>	<u>\$ (20)</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, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Use of Money & Property	\$ 7	\$ 7	\$ 6	\$ (1)
Charges for Services	535	535	525	(10)
Total revenues	542	542	531	(11)
Expenditures:				
Public Assistance:				
Salaries and Benefits	447	447	469	(22)
Services and Supplies	112	133	235	(102)
Capital Outlay	27	27	15	12
Contingencies	46	(20)	9	(29)
Total expenditures	632	587	728	(141)
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	(90)	(45)	(197)	152
Fund balances - beginning	392	392	392	-
Fund balances - ending	\$ 302	\$ 347	\$ 195	\$ 152

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, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Use of Money & Property	\$ 15	\$ 15	\$ 16	\$ 1
Intergovernmental Aid	500	500	-	(500)
Total revenues	515	515	16	(499)
Expenditures:				
Public Protection:				
Salaries and Benefits	208	208	129	79
Services and Supplies	2	26	6	20
Total expenditures	210	234	135	99
Other Financing Sources:				
Transfers In (Out)	-	-	(25)	25
Total Other Financing Sources (Uses)	-	-	(25)	25
Excess of revenues over expenditures	305	281	(144)	425
Fund balances - beginning	856	856	856	-
Fund balances - ending	<u>\$ 1,161</u>	<u>\$ 1,137</u>	<u>\$ 712</u>	<u>\$ 425</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, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Use of Money & Property	\$ 20	\$ 20	\$ 36	\$ 16
Total revenues	20	20	36	16
Expenditures:				
Public Assistance:				
Services and Supplies	247	248	31	217
Capital Outlay	1,742	1,744	159	1,585
Contingencies	48	48	-	
Total expenditures	2,037	2,040	190	1,802
Other Financing Sources:				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	(2,017)	(2,020)	(154)	(1,866)
Fund balances - beginning	2,055	2,055	2,055	-
Fund balances - ending	\$ 38	\$ 35	\$ 1,901	\$ (1,866)

COUNTY OF IMPERIAL
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
ICCED Funds

Year Ended June 30, 2004
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Use of Money & Property	\$ 63	\$ 63	\$ 3	\$ (60)
Intergovernmental Aid	3,476	4,453	596	(3,857)
Federal Aid	727	877	116	(761)
Charges for Services	775	776	208	(568)
Other Revenue	17	17	6	(11)
Total revenues	<u>5,058</u>	<u>6,186</u>	<u>929</u>	<u>(5,257)</u>
Expenditures:				
Public Assistance:				
Services and Supplies	4,920	5,161	1,162	3,999
Other Charges	-	-	11	(11)
Capital Outlay	2	2	4	(2)
Inter Fund Transfers	<u>392</u>	<u>378</u>	<u>(26)</u>	<u>404</u>
Total expenditures	<u>5,314</u>	<u>5,541</u>	<u>1,151</u>	<u>4,390</u>
Excess of revenues over expenditures	<u>(256)</u>	<u>645</u>	<u>(222)</u>	<u>(867)</u>
Other financing sources (uses):				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(256)	645	(222)	(867)
Fund balances - beginning	<u>2,133</u>	<u>2,133</u>	<u>2,133</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,877</u>	<u>\$ 2,778</u>	<u>\$ 1,911</u>	<u>\$ (867)</u>

COUNTY OF IMPERIAL
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Other Special Revenue Funds
Year Ended June 30, 2004
(amounts expressed in thousands)

	Other Special Revenue Funds		Variance with Final Budget - Positive (Negative)
	Budgeted	Actual	
	Original	Final	Amounts
Revenues:			
Fines, Forfeitures & Penalties	\$ 108	\$ 120	\$ 376
Use of Money & Property	57	91	183
Intergovernmental Aid	16,621	18,417	11,048
Federal Aid	7,274	16,056	22,275
Charges for Services	3,399	3,500	3,554
Sale of Fixed Assets	4	4	3
Other Revenues	1,828	1,844	1,924
Total revenues	29,291	40,032	39,363
Expenditures:			
Current:			
General Government	637	641	269
Public Protection	7,298	9,163	6,982
Health & Sanitation	6,347	6,524	5,525
Public Assistance	13,546	23,615	20,048
Public Ways & Facilities	2,446	2,446	172
Total expenditures	30,274	42,389	32,996
Excess of revenues over expenditures	(983)	(2,357)	6,367
Other financing sources (uses):			
Transfers In (Out)	-	-	(215)
Net change in fund balances	(983)	(2,357)	6,152
Fund balances - beginning	1,328	1,328	1,328
Fund balances - ending	345	(1,029)	7,480

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, 2004
(amounts expressed in thousands)

	Garage Operating	Central Dupl.	Central. Mail System	Flood Control	Comm. Services
ASSETS:					
Current Assets:					
Cash and cash equivalents	2,405	(30)	(92)	193	275
Receivables (net):					
Accounts	-	-	-	-	(18)
Interest	13	1	-	1	2
Due from Other Funds	219	26	27	-	16
Inventories and Prepaid Expenses	24	26	12	-	-
Total Current Assets	<u>2,661</u>	<u>23</u>	<u>(53)</u>	<u>194</u>	<u>275</u>
Noncurrent Assets:					
Land	23	-	-	-	-
Construction in progress	-	-	-	-	-
Structures & Improvements	163	-	-	-	-
Vehicles	5,865	-	-	-	-
Equipment	138	235	51	-	769
Accumulated Depreciation	(3,969)	(85)	(51)	-	(651)
Total Noncurrent Assets	<u>2,220</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>118</u>
Total Assets	<u>\$ 4,881</u>	<u>\$ 173</u>	<u>\$ (53)</u>	<u>\$ 194</u>	<u>\$ 393</u>
LIABILITIES:					
Current Liabilities:					
Claims Payable	-	-	-	-	-
Accounts Payable	72	-	-	-	-
Interest Payable	-	-	-	-	-
Accrued Payroll	27	5	3	-	5
Due to Other Funds	12	2	-	-	-
Current portion of compensated absences	-	-	(1)	-	-
Capital Lease Obligations-					
Current Portion	-	-	-	-	-
Total Current Liabilities	<u>111</u>	<u>7</u>	<u>2</u>	<u>-</u>	<u>5</u>
Long Term Liabilities:					
Compensated Absences	50	11	2	-	7
Capital Lease Obligations-					
Net of Current Portion	-	-	-	-	-
Total Noncurrent Liabilities	<u>50</u>	<u>11</u>	<u>2</u>	<u>-</u>	<u>7</u>
Total Liabilities	<u>161</u>	<u>18</u>	<u>4</u>	<u>-</u>	<u>12</u>
NET ASSETS:					
Invested in Capital Assets, net of related debt	2,220	150	-	-	118
Restricted	2,301	16	(1)	-	187
Unrestricted	199	(11)	(56)	194	76
Total Net Assets	<u>\$ 4,720</u>	<u>\$ 155</u>	<u>\$ (57)</u>	<u>\$ 194</u>	<u>\$ 381</u>

COUNTY OF IMPERIAL
Combining Statement of Net Assets
Internal Service Funds
June 30, 2004
(amounts expressed in thousands)

	Liability Insurance	Workers' Comp. Benefits	Unemp. Insurance	Medical Plan	Dental/ Vision Plan
ASSETS:					
Current Assets:					
Cash and cash equivalents	4,724	7,358	213	3,184	1,557
Receivables (net):					
Accounts	-	-	-	-	-
Interest	26	36	1	23	9
Due from Other Funds	-	-	-	-	-
Inventories and Prepaid Expenses	-	-	-	-	-
Total Current Assets	<u>4,750</u>	<u>7,394</u>	<u>214</u>	<u>3,207</u>	<u>1,566</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>\$ 4,750</u>	<u>\$ 7,394</u>	<u>\$ 214</u>	<u>\$ 3,207</u>	<u>\$ 1,566</u>
LIABILITIES:					
Current Liabilities:					
Claims Payable	1,802	4,954	117	1,903	52
Accounts Payable	63	-	14	81	-
Interest Payable	-	-	-	-	-
Accrued Payroll	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Current portion of compensated absences	-	-	-	-	-
Capital Lease Obligations-					
Current Portion	-	-	-	-	-
Total Current Liabilities	<u>1,865</u>	<u>4,954</u>	<u>131</u>	<u>1,984</u>	<u>52</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>1,865</u>	<u>4,954</u>	<u>131</u>	<u>1,984</u>	<u>52</u>
NET ASSETS:					
Invested in Capital Assets, net of related debt	-	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	<u>2,885</u>	<u>2,440</u>	<u>83</u>	<u>1,223</u>	<u>1,514</u>
Total Net Assets	<u>\$ 2,885</u>	<u>\$ 2,440</u>	<u>\$ 83</u>	<u>\$ 1,223</u>	<u>\$ 1,514</u>

COUNTY OF IMPERIAL
Combining Statement of Net Assets
Internal Service Funds
June 30, 2004
(amounts expressed in thousands)

	Medical Malpractice	Auto	Information Systems	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	758	1,928	(162)	22,311
Receivables (net):				
Accounts	-	-	-	(18)
Interest	4	11	-	127
Due from Other Funds	-	-	215	503
Inventories and Prepaid Expenses	-	-	-	62
Total Current Assets	<u>762</u>	<u>1,939</u>	<u>53</u>	<u>22,985</u>
Noncurrent Assets:				
Land	-	-	-	23
Construction in progress	-	-	-	-
Structures & Improvements	-	-	-	163
Vehicles	-	-	-	5,865
Equipment	-	-	787	1,980
Accumulated Depreciation	-	-	(763)	(5,519)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>24</u>	<u>2,512</u>
Total Assets	<u>\$ 762</u>	<u>\$ 1,939</u>	<u>\$ 77</u>	<u>\$ 25,497</u>
LIABILITIES:				
Current Liabilities:				
Claims Payable	-	-	-	8,828
Accounts Payable	-	-	4	234
Interest Payable	-	-	2	2
Accrued Payroll	-	-	66	106
Due to Other Funds	-	12	3	29
Current portion of compensated absences	-	-	5	4
Capital Lease Obligations-				
Current Portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>-</u>	<u>12</u>	<u>80</u>	<u>9,203</u>
Long Term Liabilities:				
Compensated Absences	-	-	89	159
Capital Lease Obligations-				
Net of Current Portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>89</u>	<u>159</u>
Total Liabilities	<u>-</u>	<u>12</u>	<u>169</u>	<u>9,362</u>
NET ASSETS:				
Invested in Capital Assets, net of related debt	-	-	24	2,512
Restricted	-	-	(32)	2,471
Unrestricted	<u>762</u>	<u>1,927</u>	<u>(84)</u>	<u>11,152</u>
Total Net Assets	<u>\$ 762</u>	<u>\$ 1,927</u>	<u>\$ (92)</u>	<u>\$ 16,135</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, 2004
(amounts expressed in thousands)

	Garage Operating	Central Duplicating	Centralized Mail System	Flood Control	Comm. Services
Operating Revenues:					
Charges for Services	\$ 2,462	\$ 326	\$ 446	\$ -	\$ 119
Other Revenues	2	-	-	-	-
Total Operating Revenues	<u>2,464</u>	<u>326</u>	<u>446</u>	<u>-</u>	<u>119</u>
Operating Expenses:					
Salaries and Benefits	433	136	44	-	66
Services and Supplies	1,277	197	429	-	3
Depreciation	763	10	-	-	21
Total Operating Expenses	<u>2,473</u>	<u>343</u>	<u>473</u>	<u>-</u>	<u>90</u>
Operating Income (Loss)	<u>(9)</u>	<u>(17)</u>	<u>(27)</u>	<u>-</u>	<u>29</u>
Non-operating Revenues (Expenses):					
Gain (Loss) on Sale of Fixed Assets	93	-	-	-	-
Changes in Designated Reserve	(24)	9	-	-	-
Interest - Income	49	3	-	4	5
Total Non-Operating Revenues	<u>118</u>	<u>12</u>	<u>-</u>	<u>4</u>	<u>5</u>
Net Income (Loss) before Transfers	<u>109</u>	<u>(5)</u>	<u>(27)</u>	<u>4</u>	<u>34</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>(5)</u>	<u>(27)</u>	<u>4</u>	<u>34</u>
Net Assets - Beginning	<u>4,611</u>	<u>161</u>	<u>(30)</u>	<u>190</u>	<u>347</u>
Net Assets - Ending	<u>\$ 4,720</u>	<u>\$ 156</u>	<u>\$ (57)</u>	<u>\$ 194</u>	<u>\$ 381</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, 2004
(amounts expressed in thousands)

	Liability Insurance	Workers' Compensation Benefits	Unemployment Insurance	Medical Plan	Dental/ Vision Plan
Operating Revenues:					
Charges for Services	\$ 2,415	\$ 4,099	\$ 355	\$ 11,110	\$ 732
Other Revenues	-	-	-	-	-
Total Operating Revenues	<u>2,415</u>	<u>4,099</u>	<u>355</u>	<u>11,110</u>	<u>732</u>
Operating Expenses:					
Salaries and Benefits	-	-	-	-	-
Services and Supplies	1,867	4,740	542	14,031	1,125
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>1,867</u>	<u>4,740</u>	<u>542</u>	<u>14,031</u>	<u>1,125</u>
Operating Income (Loss)	<u>548</u>	<u>(641)</u>	<u>(187)</u>	<u>(2,921)</u>	<u>(393)</u>
Non-operating Revenues (Expenses):					
Gain (Loss) on Sale of Fixed Assets	-	-	-	-	-
Changes in Designated Reserve	673	(441)	-	(438)	8
Interest - Income	79	140	5	107	36
Total Non-Operating Revenues	<u>752</u>	<u>(301)</u>	<u>5</u>	<u>(331)</u>	<u>44</u>
Net Income (Loss) before Transfers	<u>1,300</u>	<u>(942)</u>	<u>(182)</u>	<u>(3,252)</u>	<u>(349)</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>1,300</u>	<u>(942)</u>	<u>(182)</u>	<u>(3,252)</u>	<u>(349)</u>
Net Assets - Beginning	<u>1,585</u>	<u>3,382</u>	<u>265</u>	<u>4,475</u>	<u>1,863</u>
Net Assets - Ending	<u>\$ 2,885</u>	<u>\$ 2,440</u>	<u>\$ 83</u>	<u>\$ 1,223</u>	<u>\$ 1,514</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, 2004
(amounts expressed in thousands)

	Medical Malpractice	Auto	Information Systems	Total
Operating Revenues:				
Charges for Services	\$ 211	\$ 435	\$ 1,241	\$ 23,951
Other Revenues	-	-	-	2
Total Operating Revenues	<u>211</u>	<u>435</u>	<u>1,241</u>	<u>23,953</u>
Operating Expenses:				
Salaries and Benefits	-	-	1,137	1,816
Services and Supplies	81	147	397	24,836
Depreciation	-	-	17	811
Total Operating Expenses	<u>81</u>	<u>147</u>	<u>1,551</u>	<u>27,463</u>
Operating Income (Loss)	<u>130</u>	<u>288</u>	<u>(310)</u>	<u>(3,510)</u>
Non-operating Revenues (Expenses):				
Gain (Loss) on Sale of Fixed Assets	-	-	-	93
Changes in Designated Reserve	-	-	45	(168)
Interest - Income	13	35	(3)	473
Total Non-Operating Revenues	<u>13</u>	<u>35</u>	<u>42</u>	<u>398</u>
Net Income (Loss) before Transfers	<u>143</u>	<u>323</u>	<u>(268)</u>	<u>(3,112)</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>143</u>	<u>323</u>	<u>(268)</u>	<u>(3,112)</u>
Net Assets - Beginning	<u>619</u>	<u>1,604</u>	<u>175</u>	<u>19,247</u>
Net Assets - Ending	<u>\$ 762</u>	<u>\$ 1,927</u>	<u>\$ (93)</u>	<u>\$ 16,135</u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Garage Operating	Central Duplicating
Cash flows from operating activities:		
Cash received from users	\$ 2,462	\$ 326
Cash received from operating activities	3	-
Cash paid to suppliers	(1,300)	(197)
Cash paid to employees	(433)	(141)
Cash paid for operating activities	-	-
Net cash provided (used) by operating activities	<u>732</u>	<u>(12)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(667)	(144)
Proceeds from sale of equipment	92	-
Net cash provided (used) by capital and related financing activities	<u>(575)</u>	<u>(144)</u>
Cash flows from investing activities:		
Interest received	49	2
Net increase (decrease) in cash and cash equivalents	<u>206</u>	<u>(154)</u>
Cash and cash equivalents - beginning	<u>2,199</u>	<u>124</u>
Cash and cash equivalents - ending	<u><u>\$ 2,405</u></u>	<u><u>\$ (30)</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ (9)	\$ (17)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	764	9
Decrease (Increase) in accounts receivable	-	-
Decrease (Increase) in interest receivable	(3)	-
Decrease (Increase) in prepaid expenses	(2)	(8)
Decrease (Increase) in due from other funds	(19)	6
Increase (Decrease) in accounts payable	7	(1)
Increase (Decrease) in accrued liabilities	3	(3)
Increase (Decrease) in due to other funds	(8)	2
Increase (Decrease) in insurance loss expense	-	-
Increase (Decrease) in compensated absences	(1)	-
Total adjustments	<u>741</u>	<u>5</u>
Net cash provided (used) by operating activities	<u><u>\$ 732</u></u>	<u><u>\$ (12)</u></u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Centralized Mail System	Flood Control	Comm. Services
Cash flows from operating activities:			
Cash received from users	\$ 446	\$ -	\$ 119
Cash received from operating activities	-	-	6
Cash paid to suppliers	(420)	-	(3)
Cash paid to employees	(44)	-	(66)
Cash paid for operating activities	(65)	-	-
Net cash provided (used) by operating activities	(83)	-	56
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	-	-	-
Cash flows from investing activities:			
Interest received	-	4	5
Net increase (decrease) in cash and cash equivalents	(83)	4	61
Cash and cash equivalents - beginning	(9)	189	214
Cash and cash equivalents - ending	<u>\$ (92)</u>	<u>\$ 193</u>	<u>\$ 275</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ (27)	\$ -	\$ 29
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	-	20
Decrease (Increase) in accounts receivable	-	-	8
Decrease (Increase) in interest receivable	-	-	(1)
Decrease (Increase) in prepaid expenses	36	-	-
Decrease (Increase) in due from other funds	(27)	-	(1)
Increase (Decrease) in accounts payable	-	-	-
Increase (Decrease) in accrued liabilities	1	-	1
Increase (Decrease) in due to other funds	(65)	-	-
Increase (Decrease) in insurance loss expense	-	-	-
Increase (Decrease) in compensated absences	(1)	-	-
Total adjustments	(56)	-	27
Net cash provided (used) by operating activities	<u>\$ (83)</u>	<u>\$ -</u>	<u>\$ 56</u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Liability Insurance	Workers' Compensation Benefits	Unemployment Insurance
Cash flows from operating activities:			
Cash received from users	\$ 2,415	\$ 4,098	\$ 355
Cash received from operating activities	-	-	-
Cash paid to suppliers	(1,817)	(4,740)	(425)
Cash paid to employees	-	-	-
Cash paid for operating activities	-	-	(59)
Net cash provided (used) by operating activities	<u>598</u>	<u>(642)</u>	<u>(129)</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	79	140	5
Net increase (decrease) in cash and cash equivalents	<u>677</u>	<u>(502)</u>	<u>(124)</u>
Cash and cash equivalents - beginning	<u>4,047</u>	<u>7,860</u>	<u>337</u>
Cash and cash equivalents - ending	<u><u>\$ 4,724</u></u>	<u><u>\$ 7,358</u></u>	<u><u>\$ 213</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ 548	\$ (641)	\$ (187)
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	(8)	(1)	-
Decrease (Increase) in prepaid expenses	-	-	-
Decrease (Increase) in due from other funds	-	-	-
Increase (Decrease) in accounts payable	58	-	(59)
Increase (Decrease) in accrued liabilities	673	441	-
Increase (Decrease) in due to other funds	-	-	-
Increase (Decrease) in insurance loss expense	(673)	(441)	117
Increase (Decrease) in compensated absences	-	-	-
Total adjustments	<u>50</u>	<u>(1)</u>	<u>58</u>
Net cash provided (used) by operating activities	<u><u>\$ 598</u></u>	<u><u>\$ (642)</u></u>	<u><u>\$ (129)</u></u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Medical Plan	Dental/ Vision Plan	Medical Malpractice
Cash flows from operating activities:			
Cash received from users	\$ 11,071	\$ 734	\$ 209
Cash received from operating activities	79	-	-
Cash paid to suppliers	(13,951)	(1,125)	(80)
Cash paid to employees	-	-	-
Cash paid for operating activities	-	-	-
Net cash provided (used) by operating activities	<u>(2,801)</u>	<u>(391)</u>	<u>129</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	107	36	13
Net increase (decrease) in cash and cash equivalents	<u>(2,694)</u>	<u>(355)</u>	<u>142</u>
Cash and cash equivalents - beginning	<u>5,878</u>	<u>1,912</u>	<u>616</u>
Cash and cash equivalents - ending	<u><u>\$ 3,184</u></u>	<u><u>\$ 1,557</u></u>	<u><u>\$ 758</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ (2,921)	\$ (393)	\$ 130
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	7	2	(1)
Decrease (Increase) in prepaid expenses	-	-	-
Decrease (Increase) in due from other funds	32	1	-
Increase (Decrease) in accounts payable	81	-	-
Increase (Decrease) in accrued liabilities	438	9	-
Increase (Decrease) in due to other funds	-	(1)	-
Increase (Decrease) in insurance loss expense	(438)	(9)	-
Increase (Decrease) in compensated absences	-	-	-
Total adjustments	<u>120</u>	<u>2</u>	<u>(1)</u>
Net cash provided (used) by operating activities	<u><u>\$ (2,801)</u></u>	<u><u>\$ (391)</u></u>	<u><u>\$ 129</u></u>

COUNTY OF IMPERIAL
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004
(amounts expressed in thousands)

	Auto	Information Systems	Total
Cash flows from operating activities:			
Cash received from users	\$ 431	\$ 1,241	\$ 23,907
Cash received from operating activities	-	252	340
Cash paid to suppliers	(135)	(397)	(24,590)
Cash paid to employees	-	(1,137)	(1,821)
Cash paid for operating activities	-	(48)	(172)
Net cash provided (used) by operating activities	<u>296</u>	<u>(89)</u>	<u>(2,336)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	(811)
Proceeds from sale of equipment	-	45	137
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>45</u>	<u>(674)</u>
Cash flows from investing activities:			
Interest received	35	(3)	472
Net increase (decrease) in cash and cash equivalents	<u>331</u>	<u>(47)</u>	<u>(2,538)</u>
Cash and cash equivalents - beginning	<u>1,597</u>	<u>(115)</u>	<u>24,849</u>
Cash and cash equivalents - ending	<u><u>\$ 1,928</u></u>	<u><u>\$ (162)</u></u>	<u><u>\$ 22,311</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ 288	\$ (310)	\$ (3,510)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	16	809
Decrease (Increase) in accounts receivable	-	-	8
Decrease (Increase) in interest receivable	(4)	-	(9)
Decrease (Increase) in prepaid expenses	-	-	26
Decrease (Increase) in due from other funds	-	234	226
Increase (Decrease) in accounts payable	-	(24)	62
Increase (Decrease) in accrued liabilities	-	13	1,576
Increase (Decrease) in due to other funds	12	(23)	(83)
Increase (Decrease) in insurance loss expense	-	-	(1,444)
Increase (Decrease) in compensated absences	-	5	3
Total adjustments	<u>8</u>	<u>221</u>	<u>1,174</u>
Net cash provided (used) by operating activities	<u><u>\$ 296</u></u>	<u><u>\$ (89)</u></u>	<u><u>\$ (2,336)</u></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, 2004
(amounts expressed in thousands)

Governmental funds capital assets:

Land	\$ 2,047
Construction in progress	4,785
Infrastructure	67,994
Structures and Improvements	51,591
Vehicles	2,948
Furniture and Equipment	24,769
	<hr/>
Total governmental funds capital assets	<u><u>\$ 154,134</u></u>

Investments in governmental funds capital assets by source:

General Fund	\$ 132,655
Special Revenue Funds	20,224
Capital Projects Funds	1,355
	<hr/>
Total governmental funds capital assets	<u><u>\$ 154,234</u></u>

* This schedule presents only the capital asset 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, 2004
(amounts expressed in thousands)

	Land	Construction in Progress	Infrastructure	Structures & Improvements	Vehicles	Furniture & Equipment	Total
General Government	\$ 1,923	\$ 4,785	\$ 67,994	\$ 31,077	\$ 30	\$ 2,148	\$ 107,957
Public Protection	15	-	-	17,760	758	7,932	26,465
Public Ways and Facilities	38	-	-	758	1,019	7,719	9,534
Health & Sanitation	14	-	-	1,974	613	4,102	6,703
Public Assistance	-	-	-	-	511	2,773	3,284
Education	57	-	-	122	17	95	291
Total governmental funds capital assets	<u>\$ 2,047</u>	<u>\$ 4,785</u>	<u>\$ 67,994</u>	<u>\$ 51,691</u>	<u>\$ 2,948</u>	<u>\$ 24,769</u>	<u>\$ 154,234</u>

* This schedule presents only the capital asset 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, 2004
(amounts expressed in thousands)

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
General Government	\$ 102,529	\$ 12,393	\$ 6,965	\$ 107,957
Public Protection	26,074	434	43	26,465
Public Ways and Facilities	12,015	226	2,707	9,534
Health & Sanitation	3,807	2,959	63	6,703
Public Assistance	2,780	511	7	3,284
Education	201	639	549	291
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental funds capital assets	<u>\$ 147,406</u>	<u>\$ 17,162</u>	<u>\$ 10,334</u>	<u>\$ 154,234</u>

* This schedule presents only the capital asset 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, 2004, and have issued our report thereon dated March 29, 2005. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in accompanying schedule of findings and questioned costs as item 04-1.

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 29, 2005



**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, 2004. 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.

As described in item 04-1 in the accompanying schedule of findings and questioned costs, County of Imperial, California, did not comply with requirements regarding reporting for the Community Development Block Grant program. Compliance with such requirements is necessary, in our opinion, for the County of Imperial, California, to comply with requirements applicable to that program. In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2004.

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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect County of Imperial, California's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 04-1.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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, 2004, and have issued our report thereon dated March 29, 2005. 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 29, 2005

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

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	07-85-05455	60,000
CA Technology Trade & Commerce	11.302	CO1-0161	<u>23,890</u>
		Subtotal 11.302	<u>83,890</u>
Defense Logistics Agency-PTAC	12.002	SP48000-04-2-0352	<u>42,830</u>
		Subtotal 12.002	<u>42,830</u>
Enterprise Communities		DSS # C 14041	16,960
North American Develop. Bank		2001-029-CA-TA	32,985
CA Workforce Investment Board		M 386361	<u>35,000</u>
TOTAL DEPARTMENT OF COMMERCE			<u><u>211,665</u></u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Housing and Community Development CDBG GRANTS			
* Financial Stage Engineering	14.228		<u>480,336</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u><u>480,336</u></u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through State Department of Health Services:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	02-25043	<u>111,187</u>
		Subtotal 93.116	<u>111,187</u>
Immunization	93.268	02-25163	<u>186,527</u>
		Subtotal 93.268	<u>186,527</u>
I.C. Ryan White CARE Consortia	93.917	00-91667	<u>60,352</u>
		Subtotal 93.917	<u>60,352</u>

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

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):			
AIDS Master Grant Case Management	93.940	01-15075	51,423
AIDS Master Grant Bridge	93.940	01-15075	21,073
AIDS Master Grant High Risk Women	93.940	01-15075	<u>87,662</u>
		Subtotal 93.940	<u>160,158</u>
Maternal and Child Health Service Block Grant:			
MCH Coordinator/PH Nutritionist/AFLP	93.994	200013	<u>154,465</u>
		Subtotal 93.994	<u>154,465</u>
Medi-Cal Admin. (MAA)		02-25129	369,443
Childhood Lead Posioning		02-25043	8,215
Community Access Program		G92OA00124-03-01	795,652
California Children Service (CCS)			80,151
Targeted Case Management		00-9492	165,256
Child Health Disb. (CHDP)			<u>118,930</u>
		Subtotal	<u>1,537,647</u>
Border Health Initiative	93.1101L	1HIOMC00005-1	<u>110,185</u>
		Subtotal 93.1101L	<u>110,185</u>
Total State Dept. of Health			<u>2,320,521</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>

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

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):			
Stewart B. McKinney/Homeless	93.150		<u>30,838</u>
		Subtotal 93.150	<u>30,838</u>
Club Live	93.959		3,000
Friday Night Live	93.959		3,000
Drug Abuse	93.959	SCC 13(03/04)	<u>1,057,530</u>
		Subtotal 93.959	<u>1,063,530</u>
Federal Medi-Cal	93.778	SCC 13(03/04)	<u>705,811</u>
		Subtotal 93.778	<u>705,811</u>
Total State Dept. of Alcohol & Drug Programs			<u>2,150,363</u>
Passed Through State Department of Social Services:			
*Child Support Enforcement	93.563		<u>3,461,757</u>
		Subtotal 93.563	<u>3,461,757</u>
*TANF Temporary Need	93.558		10,263,901
*Asst. Payments-Maint. Assist.	93.558		<u>10,744,811</u>
		Subtotal 93.558	<u>21,008,712</u>
Total State Dept. of Social Services			<u>24,470,469</u>
Passed Through State Department Office of Aging:			
Title VII-B Elder Abuse Prev.	93.041	FF 0304-24	<u>2,999</u>
		Subtotal 93.041	<u>2,999</u>
Title VII-A Ombudsman	93.042	FF 0304-24	<u>18,211</u>
		Subtotal 93.042	<u>18,211</u>
*Major Program	95		

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

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 F - Disease Prevention	93.043	FF 0304-24	<u>13,146</u>
		Subtotal 93.043	<u>13,146</u>
Title III B - Support Services Senior Centers	93.044	FF 0304-24	<u>194,159</u>
		Subtotal 93.044	<u>194,159</u>
Title III C-1 & C-2	93.045	FF 0304-24	<u>294,236</u>
		Subtotal 93.044	<u>294,236</u>
Title III E Family Caregiver Service	93.052	FF 0204-24	<u>81,613</u>
		Subtotal 93.052	<u>81,613</u>
Total State Dept. of Aging			<u>604,364</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u><u>29,545,717</u></u>

U.S. DEPARTMENT OF LABOR

Passed Through State Department of
Employment Development:

Steps to Success	17.249	AZ10137GL	<u>4,302,115</u>
		Subtotal 17.249	<u>4,302,115</u>
STAR Grant	17.255	AZ11331GM	<u>466,070</u>
		Subtotal 17.255	<u>466,070</u>
One Stop Career Center Initiative	17.257		<u>4,812,185</u>
		Subtotal 17.257	<u>4,812,185</u>
*Workforce Investment Act	17.258		<u>4,343,040</u>
		Subtotal 17.258	<u>4,343,040</u>
School to Work Program	17.249	U-7817-9-00-88-60	<u>221,791</u>
		Subtotal 17.249	<u>221,791</u>

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

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 Employment Development (cont):			
Youth Opportunity Grant	17.263		<u>50,959</u>
		Subtotal 17.263	<u>50,959</u>
TOTAL DEPARTMENT OF LABOR			<u><u>14,196,160</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>103,423</u>
		Subtotal 20.205	<u>103,423</u>
Rehabilitate Airport/Runway	20.106	DTFA08-01-C-21409	115,721
Rehabilitate Airport	20.106	DTFA08-00-C-21331	19,230
Master Plan	20.106	DTFA08-00-C-21303	19,127
Airport Security	20.106	SD 1542-131-07	<u>98,616</u>
		Subtotal 20.106	<u>252,694</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u><u>356,117</u></u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
USDA, RBEG	10.769	USDA RBEG	49,000
USDA, Micro Lending	10.769	USDA Micro	24,448
USDA, POE Colonia Sewer	10.769	USDA POE Sewer	<u>21,576</u>
		Subtotal 10.769	<u>95,024</u>

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
U.S. Department of Agriculture (cont):			
USDA-Exotic New Castle Disease	10.205	03-9706-0517-CA	<u>4,142</u>
		Subtotal 10.205	<u>4,142</u>
USDA - Heber Public Utilities		040130956000924G1C17	<u>100,000</u>
		Subtotal	<u>100,000</u>
Passed Through State Department of Social Services:			
*Food Stamps	10.551		<u>15,894,331</u>
		Subtotal 10.551	<u>15,894,331</u>
Passed Through State Department Office of Aging:			
Title III C-1 & C-2 USDA	93.045	FF 0304-24	<u>66,829</u>
		Subtotal 93.045	<u>66,829</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>16,160,326</u></u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through State Office of Emergency Services:			
State Domestic Preparedness Equip.	16.007	2003-0035	<u>30,691</u>
		Subtotal 16.007	<u>30,691</u>
Assistance to Firefighters	83.554	EMW-2003-FG-08826	<u>311,008</u>
		Subtotal 83.554	<u>311,008</u>
Homeland Security Grant	97.004	2002-TE-CX-0133	103,826
Homeland Security Grant	97.004	2003-0035	325,457
Homeland Security Grant	97.004	2003-0167	206,120
Homeland Security Grant	97.004	2003-0313	<u>88,478</u>
		Subtotal 97.004	<u>723,881</u>
TOTAL EMERGENCY MANAGEMENT AGENCY			<u><u>1,065,580</u></u>
*Major Program	98		

**COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

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 JUSTICE</u>			
Passed Through State Office of Criminal Justice:			
Victim/Witness Natl Child Alliance	16.547		<u>229,962</u>
	Subtotal 16.579		<u>229,962</u>
Office of Criminal Justice Planning Special Prosecutions Unit	16.579	AM 87010130-00	<u>273,345</u>
	Subtotal 16.579		<u>273,345</u>
Drug Court Program	16.585		<u>62,023</u>
	Subtotal 16.585		<u>62,023</u>
OCJP VAWVP	16.588		<u>134,112</u>
	Subtotal 16.588		<u>134,112</u>
Local Law Enforcement Block Grant	16.592		<u>66,948</u>
	Subtotal 16.592		<u>66,948</u>
H.I.D.T.A. Grant - Sheriff	16.0		971,517
H.I.D.T.A. Grant - DA	16.0		<u>126,141</u>
	Subtotal 16.0		<u>1,097,658</u>
COPS Technology Grant	16.710	2003CKWX0015	<u>496,750</u>
	Subtotal 16.710		<u>496,750</u>
Southwest Border Protection Initiative			<u>1,467,500</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u><u>3,828,298</u></u>
<u>DEPARTMENT OF INTERIOR</u>			
Fish and Wildlife Coordination Grant		00-FG-30-0053	<u>5,093</u>
TOTAL DEPARTMENT OF INTERIOR	Total		<u><u>5,093</u></u>

COUNTY OF IMPERIAL, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
<u>OFFICE OF LIBRARY SERVICES</u>			
Passed Through CA State Library			
LSTA Grant	45.31		<u>7,496</u>
TOTAL OFFICE OF LIBRARY SERVICES			<u><u>7,496</u></u>
TOTAL FEDERAL ASSISTANCE			<u><u>65,856,788</u></u>

COUNTY OF IMPERIAL, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2004

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? ☐ yes ☒ no
Reportable condition(s) identified
not considered to be material weaknesses? ☐ yes ☒ 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 ☐ 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: \$1,975,704

Auditee qualified as low-risk auditee? ☐ yes ☒ no

COUNTY OF IMPERIAL, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2004

<u>CONDITION</u>	<u>RECOMMENDATION</u>	<u>STATUS</u>
FINDING #04-1 PASSED THROUGH STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT – Community Development Block Grant (14.228)	<p>Criteria – Under the grant agreement payroll costs are to be allocated to the programs individuals worked on.</p> <p>Condition – In the course of our audit it came to our attention that the Imperial County Auditor/Controller's office performed an internal audit which disclosed instances when employees were told by the former Executive Director to charge time worked on closed grants to open grants.</p> <p>Effect – Noncompliance with grant requirements.</p> <p>Cause – According to the Auditor/Controller's office, the Executive Director had employees charge their time to open grants, in order to maintain the department's budget.</p> <p>Recommendation – The County needs to ensure that time sheets reflect actual time spent by employees on each grant. Management needs to instruct employees to properly report their time spent on each project they work on.</p> <p>Management Response – Management has directed employees to properly allocate their time to all programs regardless if they are open or closed. Management also informed us they review the time cards for accuracy and inquire of employees what was done with the time they spent on the program.</p>	

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COUNTY OF IMPERIAL, CALIFORNIA

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2004**

CONDITION

RECOMMENDATION

STATUS

There are no prior year findings.

COUNTY OF IMPERIAL, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2004**

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.