

# **County of Imperial**

## **General Purpose Financial Statements**

**For The Fiscal Year Ended June 30, 2008**



Picture Provided 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, 2008, 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 accounting standards generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board, the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

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

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

## **THE REPORTING ENTITY AND ITS SERVICES**

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

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

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

## **FINANCIAL INFORMATION**

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

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

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



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

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

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

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

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

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

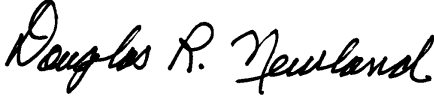
## **INDEPENDENT AUDIT**

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

## ACKNOWLEDGEMENTS

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

Respectfully submitted,

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

Douglas R. Newland CPA  
Auditor-Controller

State of California  
Office of the Controller

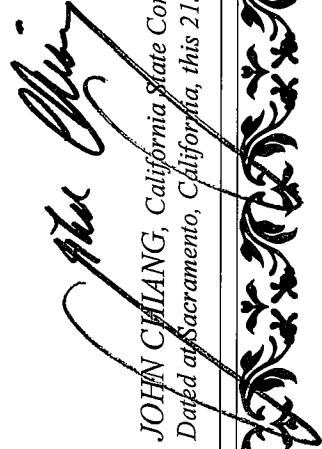
Award for Achieving Excellence  
in Financial Reporting

Presented to

County of Imperial

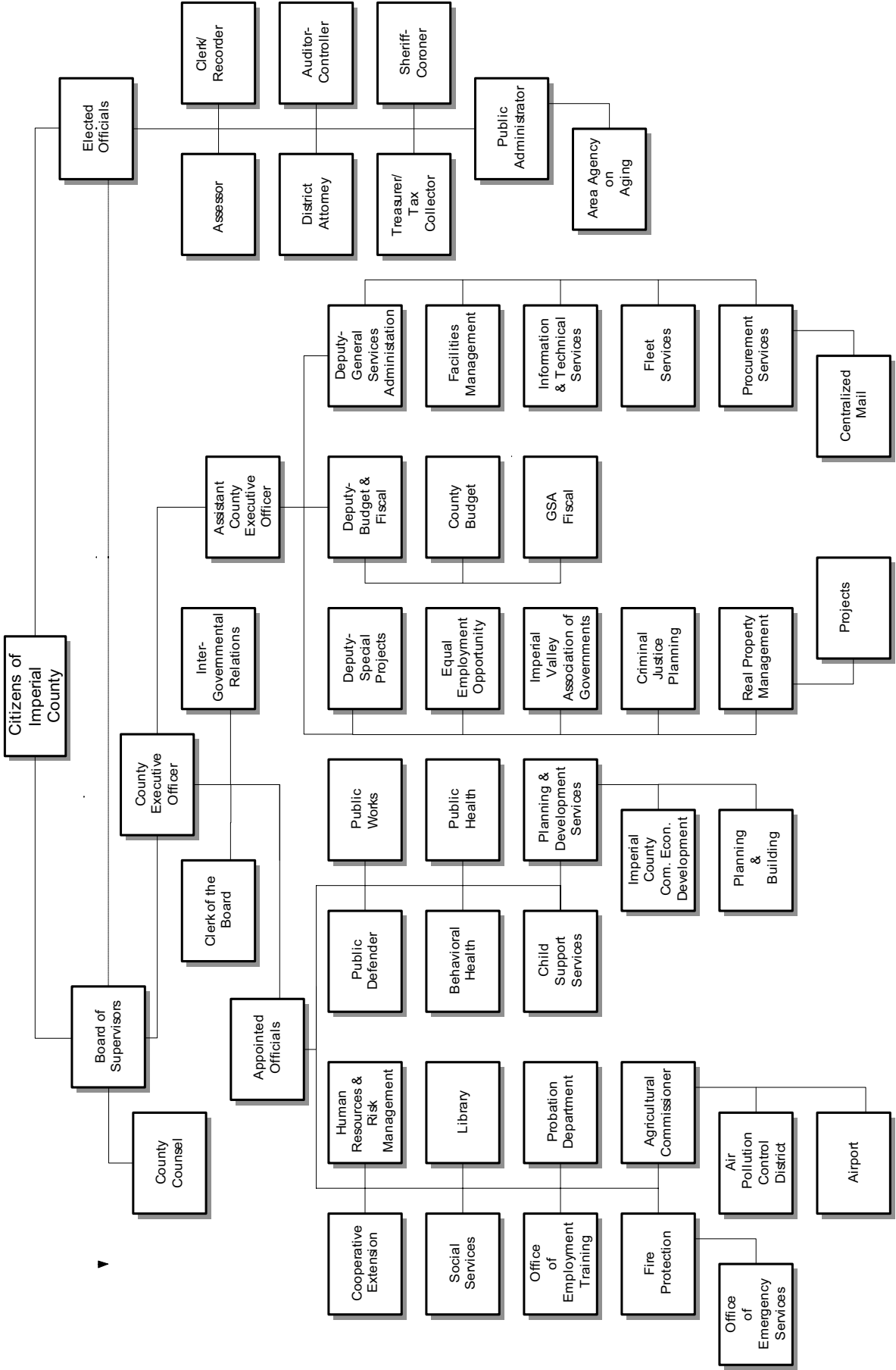
For its Year-End Financial Reports  
For the Fiscal Year Ended June 30, 2007

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  
governmental accounting and financial reporting.



JOHN CHIANG, California State Controller  
Dated at Sacramento, California, this 21st day of October 2008

# COUNTY OF IMPERIAL ORGANIZATIONAL CHART FISCAL YEAR 2007-08



# Directory of Public Officials

(as of 3/05/09)

## Elected Officials

Supervisor 1 <sup>st</sup> District	Victor Carrillo	
Supervisor 2 <sup>nd</sup> District	Jack Terrazas	
Supervisor 3 <sup>rd</sup> District	Michael Kelley	
Supervisor 4 <sup>th</sup> District	Gary Wyatt	
Supervisor 5 <sup>th</sup> District	Wally Leimgruber	
Judge, Superior Court Dept. 1	William Lehman	
Judge, Superior Court Dept. 2	Christopher Yeager	
Judge, Superior Court Dept. 3	Commissioner Flores	
Judge, Superior Court Dept. 5	Donal Donnelly	
Judge, Superior Court Dept. 7	Jeffery B. Jones	
Judge, Superior Court Dept. 8	Vacant	
Judge, Superior Court Dept. 9	Joseph W. Zimmerman	
Judge, Superior Court Brawley	Barrett Forester	
Judge, Superior Court Calexico	Raymond Cota	
Judge, Traffic	Juan Ulloa	
Assessor	Roy Buckner	General Government
Auditor-Controller	Douglas Newland	General Government
Clerk-Recorder/Elections	Dolores Provencio	General Government
District Attorney	Gilbert Otero	Public Protection
Public Administrator	Norma Saikhon	Public Protection
Sheriff-Coroner	Raymond Loera	Public Protection
Treasurer-Tax Collector	Karen Vogel	General Government

## Appointed Officials

Agricultural Commissioner/Airport	Stephen Birdsall	Public Protection
Air Pollution Control Officer	Brad Poiriez	Public Protection
Behavioral Health	Michael Horn	Health and Sanitation
Child Support Services	George Holbrook	Public Assistance
Clerk of the Board	Sylvia Bermudez	General Government
County Executive Officer	Ralph Cordova, Jr.	General Government
Cooperative Extension	Eric Natwick	Education
County Counsel	Michael L. Rood.	General Government
County Free Library	Connie Barrington	Education
Court Executive Officer/Jury Commissioner	Jose Guillen	Public Protection
Fire Protection/Emergency Services	Tony Rouhotas	Public Protection
Health Services/Animal Control/EHS/EMS	Robin Hodgkin	Health and Sanitation
Human Resources and Risk Management	Vacant	General Government
Office of Employment Training	Sam Couchman	Public Assistance
Planning/Building/Community & Economic Development	Jurg Heuberger	Public Protection
Probation/Receiving Home/Juvenile Hall	Martin J. Krizay	Public Protection
Public Defender	Timothy Reilly	Public Protection
Public Works	William Brunet	Public Ways/Facilities
Social Services	James Semmes	Public Assistance





## 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, 2008, 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 audits 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 respective 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, 2008, and the respective changes in financial position and, where applicable, the cash flows thereof 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 25, 2009 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 agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and other required supplementary information on pages 10 through 18, and pages 49 through 52, 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 consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Imperial, California, basic financial statements. 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 25, 2009





## **FINANCIAL SECTION**

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



**County of Imperial**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2008**

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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, 2008. 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 2007-2008 fiscal year by \$146,378 (*Net Assets*). \$17,599 is *Unrestricted Net Assets*. Of this amount \$78,324 may be used to meet the County's ongoing obligations to citizens and the creditors, (\$60,725) is the obligation for Pension Bonds and \$36,303 (*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 \$17,874 during the current fiscal year. Governmental activities increased the County's net assets by \$16,804; also, business-type activities net assets increased by \$1,070.
- As of June 30, 2008, the County's governmental funds reported total ending fund balances of \$89,496, a increase of 8.00% in comparison with the prior year. Approximately 35.34% or \$31,667 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 \$12,655 or 6.78 % of total General Fund expenditures.
- The County's total long-term debt decreased in the amount of (\$1,655) in comparison with the prior year. Compensated absences increased by \$1,001 and existing long-term debt decreased (\$2,656) in 2007-2008.

### **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 21-24 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 25-27 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 28-29 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 30-48 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 \$146,378 (see Table 1) at the close of the current fiscal year.

The largest portion of the County's net assets, \$92,476 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, \$36,303, 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 \$17,599. Of which \$78,324 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors, and (\$60,725) 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 three categories of net assets. In the business-type activities the County reported negative restricted net assets of (\$1,742). This is the result of an increase in operating expenses for the Closure/Postclosure (Landfill).

Table 1 – County of Imperial's Net Assets  
June 30, 2008 and June 30, 2007 (In Thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current Assets and Other Assets	\$ 150,518	\$ 136,615	\$ 9,095	\$ 8,457	\$159,613	\$145,072
Capital Assets	<u>89,425</u>	<u>85,002</u>	<u>8,310</u>	<u>7,819</u>	<u>97,735</u>	<u>92,821</u>
<b>Total Assets</b>	<u>239,943</u>	<u>221,617</u>	<u>17,405</u>	<u>16,276</u>	<u>257,348</u>	<u>237,893</u>
<b>Liabilities:</b>						
Current and Other Liabilities	24,283	21,215	22	223	24,305	21,438
Long-Term Liabilities	<u>76,822</u>	<u>78,368</u>	<u>9,843</u>	<u>9,583</u>	<u>86,665</u>	<u>87,951</u>
<b>Total Liabilities</b>	<u>101,105</u>	<u>99,583</u>	<u>9,865</u>	<u>9,806</u>	<u>110,970</u>	<u>109,389</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Related Debt	84,166	78,571	8,310	7,819	92,476	86,390
Restricted	35,331	20,834	972	1,213	36,303	22,047
Unrestricted	<u>19,341</u>	<u>22,629</u>	<u>(1,742)</u>	<u>(2,562)</u>	<u>17,599</u>	<u>20,067</u>
<b>Total Net Assets</b>	<u>\$ 138,838</u>	<u>\$ 122,034</u>	<u>\$ 7,540</u>	<u>\$ 6,470</u>	<u>\$ 146,378</u>	<u>\$128,504</u>

## Management's Discussion and Analysis (Continued)

As shown in Table 2, the County's net assets increased by \$17,874 from the prior year.

Table 2 - County of Imperial's Changes in Net Assets  
For the Years Ended June 30, 2008 and June 30, 2007 (In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 85,055	\$ 82,675	\$ 1,098	\$ 1,242	\$ 86,153	\$ 83,917
Operating Grants and Contributions	163,407	154,930	4,687	3,857	168,094	158,787
General Revenues:						
Property Taxes	15,767	21,601	-	-	15,767	21,601
Property Tax In-Lieu Taxes	19,355	16,495	-	-	19,355	16,495
Sales Taxes	12,766	12,711	-	-	12,766	12,711
Franchise Taxes	400	403	-	-	400	403
Motor Vehicles In-Lieu Taxes	-	-	-	-	-	-
Federal In-Lieu Taxes	1,803	1,803	-	-	1,803	1,803
Unrestricted Investment Earnings	7,536	2,079	-	210	7,536	2,289
Gain on Sales of Fixed Assets	36	168	-	-	36	168
Other	<u>3,961</u>	<u>4,834</u>	<u>206</u>	<u>630</u>	<u>4,167</u>	<u>5,464</u>
<b>Total Revenues</b>	<u>310,086</u>	<u>297,699</u>	<u>5,991</u>	<u>4,043</u>	<u>\$316,077</u>	<u>\$303,638</u>
<b>Expenses:</b>						
General Government	62,229	53,901	-	-	62,229	53,901
Public Protection	73,030	71,174	-	-	73,030	71,174
Health and Sanitation	38,574	35,396	-	-	38,574	35,396
Public Assistance	97,939	90,826	-	-	97,939	90,826
Public Ways and Facilities	14,612	16,939	-	-	14,612	16,939
Interest on Long-Term Liabilities	6,033	5,088	-	-	6,033	5,088
Airport	-	-	964	1,028	964	1,028
Closure/Postclosure Waste	-	-	237	1,963	237	1,963
County Service Areas, other	-	-	<u>4,585</u>	<u>3,120</u>	<u>4,585</u>	<u>3,120</u>
<b>Total Expenses</b>	<u>292,417</u>	<u>273,324</u>	<u>5,786</u>	<u>6,111</u>	<u>298,203</u>	<u>279,435</u>
Increases (Decreases) in Net Assets						
Before Transfers	17,669	24,375	205	(172)	17,874	24,203
Transfers In and Out	<u>(865)</u>	<u>(1,390)</u>	<u>865</u>	<u>1,390</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$ 16,804</u>	<u>\$ 22,985</u>	<u>\$ 1,070</u>	<u>\$ 1,218</u>	<u>\$ 17,874</u>	<u>\$ 24,203</u>

## Management's Discussion and Analysis (Continued)

### Governmental Activities

Governmental activities increased the County's net assets by \$16,804 for the year ended June 30, 2008, thereby accounting for 13.70% total increase in the net assets of the County. Key elements of this increase were fueled by an increase in property taxes and in lieu taxes.

- Total revenue for the County's governmental activities increased 4.16%.
- The County's long-term debt decreased by 2.04%.
- As an arm of the state government, operating grants and contributions serve multiple programs, representing 52.70% of the County's total revenue for governmental activities, and are tied to mandated services such as public assistance, health, and mental health. These revenue sources increased 5.47% over the prior year primarily to decreased 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 and Property Tax In-Lieu increased 2.55% due to property tax shift required by State and due to the increase of assessed values of new building throughout the County.
- Total expenses for governmental activities increased by 6.93% with increases in all major functions. The County's major cost component is salaries and benefits.
- The County recorded \$3,961 in revenue for the current fiscal year, which is classified as an other item, which includes transit occupancy tax \$8, deed transfer \$332, other taxes \$2,448 and other contributions \$1,173.

### Business-type Activities

Business-type activities' net assets increased the County's net assets by \$1,070. The main reason for this is an increase in federal aid for transportation programs in the amount of \$1,164.

### 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, 2008, The County's governmental funds reported total fund balances of \$89,496, a 7.00% increase in comparison with the prior year. Approximately 35.34% or \$31,667 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 \$5,121, 2) to reflect CDBG loans receivable in which the County acts as a conduit for intergovernmental loans to entities within the County \$12,782, 3) to reflect COP monies \$1,866, 4) reserved for monies received from tobacco settlement endowment fund \$20,632, 5) reserved for prior year encumbrances \$8,774 and 6) a variety of other restricted purposes \$8,654.



## **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, 2008, unreserved fund balance of the General Fund was \$12,655. 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 6.78% of total General Fund expenditures, while total fund balance represents 24.85% of total General Fund expenditures.

Revenues for governmental functions totaled \$262,869 at June 30, 2008, which represents an increase of 4.95% from fiscal year 2006-2007. The largest increases in revenues were in state aid revenues, which increased 5.85% and was primarily due to increases grants awarded the County by the State in 2007-08.

Expenditures for government functions totaled \$256,174 at June 30, 2008 which represents an increase of 5.82% from fiscal year 2006-07. The largest increases occurred in general government and public assistance, which increased 9.53% and in addition, public ways and facilities, and health and sanitation increased by approximately 2.14%.

### **Proprietary Funds**

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

The net assets of the enterprise funds increased by \$1,070. The main reason for this is an increase in federal aid for transportation programs in the amount of \$1,164.

The internal service funds carried \$42,831 in unrestricted net assets as a result of a decrease in claims insurance liabilities. Also, a change in medical insurance design reduced costs. Claims payable were \$8,751 at June 30, 2008.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget resulted in a \$6,531, increase in appropriations that is briefly summarized as follows:

- \$664 increase in the County's Health and Sanitation appropriations was the result of unanticipated grants initiatives.
- \$1,731 increase in the County's Public Assistance appropriations represents increase program costs for various social services programs.
- \$2,237 increase in the County's Public Protection appropriations was the result of unanticipated grants for initiatives.
- \$1,899 of the increase in the County's appropriations was the result of unanticipated grants and contributions from other governments. The remaining portion consisted of 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, 2008, the County's investment in capital assets for its governmental and business-type activities amounted to \$97,737 (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 –County of Imperial's Capital Assets (Net of accumulated depreciation) (In Thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 4,083	\$ 4,083	\$ 685	\$ 685	\$ 4,768	\$ 4,768
Construction in Progress	8,118	4,705	-	-	8,118	4,705
Infrastructure	34,693	37,661	-	-	34,693	37,661
Structures and Improvements	27,580	24,789	7,129	6,577	34,709	31,366
Vehicles	4,047	3,361	-	-	4,047	3,361
Furniture and Equipment	<u>10,904</u>	<u>10,403</u>	<u>495</u>	<u>557</u>	<u>11,399</u>	<u>10,960</u>
<b>Total</b>	<b><u>\$ 89,425</u></b>	<b><u>\$ 85,002</u></b>	<b><u>\$ 8,309</u></b>	<b><u>\$ 7,819</u></b>	<b><u>\$97,734</u></b>	<b><u>\$92,821</u></b>

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.

#### Long-Term Debt

At the end of the current fiscal year, the County had total long-term debt outstanding of \$76,852. This amount is comprised of \$4,700 of certificates of participation, \$60,725 represents debt outstanding for the pension obligation bond. \$9,698 in earned compensated absences, \$1,170 State of California Child Support claim, and \$559 capital lease obligations.

Table 4 – County of Imperial's Outstanding Debt (In Thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Employee Compensated Absences	\$ 9,668	\$ 8,667	\$ 30	\$ 7	\$ 9,698	\$ 8,674
Capital Lease Obligation	559	811	-	-	559	811
St. of California Child Support Claim	1,170	1,260	-	-	1,170	1,260
Pension Funding Bonds 1997	27,460	28,745	-	-	27,460	28,745
Pension Funding Bonds 2002	33,265	33,265	-	-	33,265	33,265
1999 Certificates of Participation	<u>4,700</u>	<u>5,620</u>	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>5,620</u>
<b>Total</b>	<b><u>\$ 76,822</u></b>	<b><u>\$ 78,368</u></b>	<b><u>\$ 30</u></b>	<b><u>\$ 7</u></b>	<b><u>\$ 76,852</u></b>	<b><u>\$ 78,375</u></b>

## **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 budget cuts for local governments remain the major determining factors in determining the County's budget for fiscal year 2007-08 and beyond, as the County is again required to contribute property tax revenues to the State budget in 2007-08. The State has historically reduced city and county revenues in order to help balance their own budget.

### **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](http://www.imperialcounty.net)



**COUNTY OF IMPERIAL**  
**Statement of Net Assets**  
**June 30, 2008**  
(amounts expressed in thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 90,933	\$ 8,460	\$ 99,393	\$ 6,134
Cash with Fiscal Agent	22,881	-	22,881	-
Deposits with Others	59	-	59	-
Receivables (net):				
Accounts	10,415	638	11,053	-
Interest	740	42	782	29
Taxes	468	-	468	-
Loans	13,611	-	13,611	-
Internal balances	44	(44)	-	-
Due from other governmental funds	10,775	-	10,775	-
Inventories and Prepaid Expenses	592	-	592	-
Capital assets (net of accumulated depreciation):				
Land	4,083	685	4,768	-
Construction in progress	8,118	-	8,118	-
Structures & Improvements-net	27,580	7,129	34,709	-
Vehicles-net	4,047	-	4,047	-
Furniture & Equipment-net	10,904	495	11,399	-
Infrastructure	34,693	-	34,693	-
Total assets	<u>239,943</u>	<u>17,405</u>	<u>257,348</u>	<u>6,163</u>
<b>Liabilities:</b>				
Claims payable	8,751	-	8,751	-
Accounts payable	4,325	13	4,338	1
Accrued payroll	3,749	9	3,758	-
Interest payable	20	-	20	-
Due to other governmental funds	7,438	-	7,438	-
Noncurrent liabilities:				
Due within one year	4,361	-	4,361	-
Due in more than one year	72,461	9,843	82,304	-
Total liabilities	<u>101,105</u>	<u>9,865</u>	<u>110,970</u>	<u>1</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	84,166	8,310	92,476	-
Restricted for:				
General Fund	11,119	-	11,119	-
Special revenue	18,094	-	18,094	-
Capital projects	997	-	997	-
Debt service	5,121	-	5,121	-
Public ways & facilities	-	972	972	-
Unrestricted	19,341	(1,742)	17,599	6,162
Total net assets	<u>\$ 138,838</u>	<u>\$ 7,540</u>	<u>\$ 146,378</u>	<u>\$ 6,162</u>

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

**COUNTY OF IMPERIAL**  
**Statement of Activities**  
Year Ended June 30, 2008  
(amounts expressed in thousands)

Functions	Program Revenues				Net (Expense) Revenues and Changes in Net Asset			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities								
General Government	\$ 62,229	\$ 45,239	\$ 12,831	\$ -	\$ (4,159)	\$ -	\$ (4,159)	\$ -
Public Protection	73,030	27,423	26,196	-	(19,411)	-	(19,411)	-
Health & Sanitation	38,574	5,524	30,668	-	(2,382)	-	(2,382)	-
Public Assistance	97,939	2,590	83,616	-	(11,733)	-	(11,733)	-
Public Ways & Facilities	14,612	4,279	10,096	-	(237)	-	(237)	-
Interest on long-term liabilities	6,033	-	-	-	(6,033)	-	(6,033)	-
Total Governmental Activities	<u>292,417</u>	<u>85,055</u>	<u>163,407</u>	<u>-</u>	<u>(43,955)</u>	<u>-</u>	<u>(43,955)</u>	<u>-</u>
Business Activities								
Airport	964	763	1	-	-	(200)	(200)	-
Closure/Postclosure	237	-	-	-	-	(237)	(237)	-
Other	4,585	335	4,686	-	-	436	436	-
Total Business Type Activities	<u>5,786</u>	<u>1,098</u>	<u>4,687</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Total Primary Government	<u>\$ 298,203</u>	<u>\$ 86,153</u>	<u>\$ 168,094</u>	<u>\$ -</u>	<u>\$ (43,955)</u>	<u>\$ (1)</u>	<u>\$ (43,956)</u>	<u>\$ -</u>
<b>Component Units:</b>								
Children and Families First Commission	\$ 2,473	\$ -	\$ 2,683	\$ -	\$ -	\$ -	\$ -	\$ 210
Total Component Units	<u>\$ 2,473</u>	<u>\$ -</u>	<u>\$ 2,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210</u>
<b>General Revenues:</b>								
Property Tax					15,767	-	15,767	-
Property Tax In Lieu					19,355	-	19,355	-
Sales Tax					12,766	-	12,766	-
Franchises Tax					400	-	400	-
Federal In-Lieu Taxes					1,803	-	1,803	-
Other					3,961	206	4,167	-
Unrestricted Investment Earnings					7,536	-	7,536	151
Loss on Sales of Fixed Assets					36	-	36	-
Transfers In (Out)					(865)	865	-	-
Total general revenues					<u>60,759</u>	<u>1,071</u>	<u>61,830</u>	<u>151</u>
Change in net assets					16,804	1,070	17,874	361
<b>Net assets - beginning</b>					<u>122,034</u>	<u>6,470</u>	<u>128,504</u>	<u>5,801</u>
<b>Net assets - ending</b>					<u>\$ 138,838</u>	<u>\$ 7,540</u>	<u>\$ 146,378</u>	<u>\$ 6,162</u>

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

**COUNTY OF IMPERIAL**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2008  
(amounts expressed in thousands)

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,772	\$ 25,369	\$ 5,670	\$ 45,811
Cash with Fiscal Agent	22,498	2	381	22,881
Deposits with Others	-	59	-	59
Receivables (net):				
Accounts	6,190	4,214	11	10,415
Interest	370	121	29	520
Taxes	371	97	-	468
Loan	-	13,611	-	13,611
Due from other funds	9,027	978	1	10,006
Inventories and Prepaid Expenses	280	242	-	522
	<u>53,508</u>	<u>44,693</u>	<u>6,092</u>	<u>104,293</u>
Total assets	<u>\$ 53,508</u>	<u>\$ 44,693</u>	<u>\$ 6,092</u>	<u>\$ 104,293</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,663	\$ 1,156	\$ 10	\$ 3,829
Accrued payroll	3,061	624	-	3,685
Interest payable	-	16	4	20
Due to other funds	1,512	5,751	-	7,263
	<u>7,236</u>	<u>7,547</u>	<u>14</u>	<u>14,797</u>
Total Liabilities	<u>7,236</u>	<u>7,547</u>	<u>14</u>	<u>14,797</u>
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
General	4,448	-	-	4,448
Encumbrances	2,727	5,051	996	8,774
Inventories	280	242	-	522
Debt service	-	-	5,121	5,121
Capital Outlay	3,023	-	-	3,023
Loan	-	12,781	1	12,782
COPS	1,866	-	-	1,866
Endowment Op Funds	20,632	-	-	20,632
Other	641	20	-	661
<b>Unreserved, reported in</b>				
General Fund	12,655	-	-	12,655
Special Revenue Funds	-	19,052	-	19,052
Capital Projects Funds	-	-	(40)	(40)
	<u>46,272</u>	<u>37,146</u>	<u>6,078</u>	<u>89,496</u>
Total Fund Balances	<u>46,272</u>	<u>37,146</u>	<u>6,078</u>	<u>89,496</u>
Total Liabilities and Fund Balances	<u>\$ 53,508</u>	<u>\$ 44,693</u>	<u>\$ 6,092</u>	<u>\$ 104,293</u>

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

**COUNTY OF IMPERIAL**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
June 30, 2008  
(amounts expressed in thousands)

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

<b>Total fund balance - governmental funds</b>	\$	89,496
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$188,829 and the accumulated depreciation is \$102,183.		86,646
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.		39,363
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(76,667)
<b>Total net assets - governmental activities</b>	<b>\$</b>	<b><u>138,838</u></b>

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, 2008  
(amounts expressed in thousands)

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 25,730	\$ 2,904	\$ -	\$ 28,634
Licenses and permits	2,633	1,386	-	4,019
Fines, Forfeitures & Penalties	8,684	1,814	217	10,715
Use of Money & Property	5,997	502	166	6,665
State aid	82,381	33,813	-	116,194
Federal aid	44,973	8,599	2,126	55,698
Charges for Services	19,019	13,922	2,930	35,871
Sale of Fixed Assets	-	-	-	-
Other Revenues	-	8	5,065	5,073
Total revenues	<u>189,417</u>	<u>62,948</u>	<u>10,504</u>	<u>262,869</u>
<b>Expenditures:</b>				
Current:				
General Government	22,136	375	9,509	32,020
Public Protection	56,977	16,052	-	73,029
Health & Sanitation	30,265	8,308	-	38,573
Public Assistance	76,611	21,328	-	97,939
Public Ways & Facilities	609	14,004	-	14,613
Total expenditures	<u>186,598</u>	<u>60,067</u>	<u>9,509</u>	<u>256,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,819</u>	<u>2,881</u>	<u>995</u>	<u>6,695</u>
<b>Other financing sources (uses):</b>				
Changes in Reserves	-	4,175	381	4,556
Transfers	-	(89)	5	(84)
Endowment Funds	(4,437)	-	-	(4,437)
COP Bonds Uses	(102)	-	-	(102)
Encumbrances	-	-	-	-
Proceeds of COP bonds	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(4,539)</u>	<u>4,086</u>	<u>386</u>	<u>(67)</u>
Net change in fund balances	<u>(1,720)</u>	<u>6,967</u>	<u>1,381</u>	<u>6,628</u>
<b>Fund balances - beginning</b>	<u>47,992</u>	<u>30,179</u>	<u>4,697</u>	<u>82,868</u>
<b>Fund balances - ending</b>	<u>\$ 46,272</u>	<u>\$ 37,146</u>	<u>\$ 6,078</u>	<u>\$ 89,496</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, 2008  
(amounts expressed in thousands)

---

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

<b>Net change in fund balances-total governmental funds</b>	\$	6,628
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlays	\$	11,028
Loss on disposal of capital assets		(4,288)
Proceeds from sales of capital assets		106
Depreciation expense		<u>(6,324)</u>
		522
Additional accrued interest calculated on bonds payable		5,876
Long-term liabilities, including bonds payable, increased during the year in the amount of \$1,003.		(1,655)
<p>In the statement of activities, certain operating expenses -- compensated absences (vacations, sick leave, and comptime earned) -- are measured by the amounts earned during the year.</p>		
<p>In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, compensated absences increased by \$1,067.</p>		
		1,067
<p>Internal service funds are used by the County to charge the costs of industrial insurance, printing, and warehouse services to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>		
		<u>4,366</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>16,804</u></b>

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

**COUNTY OF IMPERIAL**  
**Statement of Net Assets**  
**Proprietary Funds**  
June 30, 2008  
(amounts expressed in thousands)

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental</b>
	<b>Imperial Airport</b>	<b>Closure/ Postclosure</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 184	\$ 7,418	\$ 858	\$ 8,460	\$ 45,122
Receivables (net):					
Accounts	12	-	626	638	-
Interest	1	37	4	42	220
Due from Other Funds	-	-	1	1	812
Inventories and Prepaid Expenses	-	-	-	-	70
Total Current Assets	<u>197</u>	<u>7,455</u>	<u>1,489</u>	<u>9,141</u>	<u>46,224</u>
Noncurrent Assets:					
Land	662	-	23	685	23
Construction in process	-	-	-	-	-
Structures & Improvements	14,675	-	50	14,725	163
Vehicles	-	-	-	-	6,401
Equipment	684	-	-	684	1,794
Accumulated Depreciation	(7,735)	-	(50)	(7,785)	(5,601)
Total Noncurrent Assets	<u>8,286</u>	<u>-</u>	<u>23</u>	<u>8,309</u>	<u>2,780</u>
Total Assets	<u>\$ 8,483</u>	<u>\$ 7,455</u>	<u>\$ 1,512</u>	<u>\$ 17,450</u>	<u>\$ 49,004</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Claims Payable	-	-	-	-	8,751
Accounts Payable	12	-	1	13	496
Interest Payable	-	-	-	-	-
Accrued Payroll	5	-	4	9	64
Due to Other Funds	32	-	13	45	175
Current portion of compensated absences	17	-	5	22	16
Capital Lease Obligations-					
Current Portion	-	-	-	-	-
Total Current Liabilities	<u>66</u>	<u>-</u>	<u>23</u>	<u>89</u>	<u>9,502</u>
Noncurrent Liabilities:					
Compensated Absences	4	-	4	8	139
Accrued Closure/Postclosure	-	9,813	-	9,813	-
Capital Lease Obligations-					
Net of Current Portion	-	-	-	-	-
Total Noncurrent Liabilities	<u>4</u>	<u>9,813</u>	<u>4</u>	<u>9,821</u>	<u>139</u>
Total Liabilities	<u>70</u>	<u>9,813</u>	<u>27</u>	<u>9,910</u>	<u>9,641</u>
<b>NET ASSETS:</b>					
Invested in Capital Assets, net of related debt	8,287	-	23	8,310	2,780
Restricted	(20)	-	992	972	(6,248)
Unrestricted	146	(2,358)	470	(1,742)	42,831
Total Net Assets	<u>\$ 8,413</u>	<u>\$ (2,358)</u>	<u>\$ 1,485</u>	<u>\$ 7,540</u>	<u>\$ 39,363</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, 2008  
(amounts expressed in thousands)

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Imperial Airport</b>	<b>Closure/ Postclosure</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Operating Revenues:</b>					
Charges for Services	\$ 763	\$ -	\$ 335	\$ 1,098	\$ 33,544
Other Revenues	-	-	-	-	56
Total Operating Revenues	<u>763</u>	<u>-</u>	<u>335</u>	<u>1,098</u>	<u>33,600</u>
<b>Operating Expenses:</b>					
Salaries and Benefits	189	-	160	349	1,975
Services and Supplies	402	237	4,425	5,064	27,208
Depreciation	373	-	-	373	1,027
Total Operating Expenses	<u>964</u>	<u>237</u>	<u>4,585</u>	<u>5,786</u>	<u>30,210</u>
Operating Income (Loss)	<u>(201)</u>	<u>(237)</u>	<u>(4,250)</u>	<u>(4,688)</u>	<u>3,390</u>
<b>Non-operating Revenues (Expenses):</b>					
Gain (Loss) on Sale of Fixed Assets	-	-	-	-	(86)
State Aid	1	-	3,522	3,523	-
Federal Aid	-	-	1,164	1,164	-
Changes in Designated Reserve	-	-	-	-	-
Other	(53)	-	47	(6)	-
Interest - Income	3	188	21	212	1,062
Total Non-Operating Revenues	<u>(49)</u>	<u>188</u>	<u>4,754</u>	<u>4,893</u>	<u>976</u>
Net Income (Loss) before Transfers	<u>(250)</u>	<u>(49)</u>	<u>504</u>	<u>205</u>	<u>4,366</u>
Transfers in (out):					
Transfers In	865	-	-	865	-
Transfers Out	-	-	-	-	-
Total Transfers In (Out)	<u>865</u>	<u>-</u>	<u>-</u>	<u>865</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>615</u>	<u>(49)</u>	<u>504</u>	<u>1,070</u>	<u>4,366</u>
Net Assets - Beginning	<u>7,798</u>	<u>(2,309)</u>	<u>981</u>	<u>6,470</u>	<u>34,997</u>
Net Assets - Ending	<u>\$ 8,413</u>	<u>\$ (2,358)</u>	<u>\$ 1,485</u>	<u>\$ 7,540</u>	<u>\$ 39,363</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, 2008  
(amounts expressed in thousands)

	Business-type Activities-Enterprise Funds				Governmental
	Imperial Airport	Closure/ Postclosure	Other Enterprise Funds	Total	Internal
					Service Funds
<b>Cash flows from operating activities:</b>					
Cash received from users	\$ 763	\$ -	\$ 330	\$ 1,093	\$ 33,599
Cash received from operating activities	48	251	6	305	1,805
Cash paid to suppliers	(402)	(237)	(4,425)	(5,064)	(27,208)
Cash paid to employees	(188)	-	(160)	(348)	(1,975)
Cash paid for operating activities	-	-	(494)	(494)	(96)
Net cash provided by (used) operating activities	221	14	(4,743)	(4,508)	6,125
<b>Cash flows from noncapital financing activities:</b>					
Transfers Out	-	-	47	47	-
Receipt of federal aid	-	-	1,164	1,164	-
Receipt of state aid	-	-	3,522	3,522	-
Net cash provided by (used) in non-capital financing activities	-	-	4,733	4,733	-
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(83)	-	-	(83)	(1,174)
Transfer in to purchase equipment	-	-	-	-	(111)
Net cash used by capital and related financing activities	(83)	-	-	(83)	(1,285)
<b>Cash flows from investing activities:</b>					
Interest received (paid)	3	188	21	212	1,063
Net increase in cash and cash equivalents	141	202	11	354	5,903
<b>Cash and cash equivalents - beginning</b>	43	7,216	847	8,106	39,219
<b>Cash and cash equivalents - ending</b>	<u>\$ 184</u>	<u>\$ 7,418</u>	<u>\$ 858</u>	<u>\$ 8,460</u>	<u>\$ 45,122</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating Income (Loss)	(201)	(237)	(4,250)	(4,688)	3,390
Adj. to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	374	-	-	374	1,027
Decrease (Increase) in accounts receivable	5	-	(626)	(621)	50
Decrease (Increase) in interest receivable	-	14	-	14	71
Decrease (Increase) in prepaid expenses	-	-	-	-	7
Decrease (Increase) in due from other funds	6	-	321	327	(114)
Increase (Decrease) in accounts payable	2	-	(204)	(202)	311
Increase (Decrease) in interest payable	-	-	-	-	-
Increase (Decrease) in accrued liabilities	2	-	1	3	6
Increase (Decrease) in due to other funds	16	-	10	26	139
Increase (Decrease) in postclosure costs liability	-	237	-	237	-
Increase (Decrease) in insurance loss expense	-	-	-	-	1,224
Increase (Decrease) in compensated absences	17	-	5	22	14
Total adjustments	422	251	(493)	180	2,735
Net cash provided by operating activities	<u>\$ 221</u>	<u>\$ 14</u>	<u>\$ (4,743)</u>	<u>\$ (4,508)</u>	<u>\$ 6,125</u>

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

**COUNTY OF IMPERIAL**  
**Statement of Fiduciary Net Assets**  
June 30, 2008  
(amounts expressed in thousands)

	<b>Trust Funds</b>			<b>Agency Funds</b>	<b>Total</b>
	<b>Pension Trust and other Employee Benefits</b>	<b>Special District and School District</b>	<b>Investment Trust</b>		
<b>Assets:</b>					
Cash and cash equivalents	\$ 7,721	\$ 187,371	\$ 42,730	\$ 56,055	\$ 293,877
Cash with Fiscal Agent	-	-	-	-	-
Accounts Receivable-Net	-	-	-	2,311	2,311
Taxes Receivable-Net	-	-	-	11,408	11,408
Interest Receivable	28	1,102	52	187	1,369
Prepaid Expenses	-	-	-	-	-
Due From Other Funds	-	162	2,954	587	3,703
Deposits with Others	-	2	1,303	25,457	26,762
<b>Total Assets</b>	<b>\$ 7,749</b>	<b>\$ 188,637</b>	<b>\$ 47,039</b>	<b>\$ 96,005</b>	<b>\$ 339,430</b>
<b>Liabilities :</b>					
Accounts Payable	-	42	1,476	18,260	19,778
Interest Payable	-	-	2,158	-	2,158
Due to Other Funds	15	50	644	6,330	7,039
Fiduciary Liability	-	153	1	-	154
<b>Total Liabilities</b>	<b>15</b>	<b>245</b>	<b>4,279</b>	<b>24,590</b>	<b>29,129</b>
Held in Trust for Pension Benefits	-	-	-	-	-
Held in Trust for Pool Investments	7,734	188,392	42,760	71,415	310,301
<b>Total Liabilities and Fund Balance</b>	<b>\$ 7,749</b>	<b>\$ 188,637</b>	<b>\$ 47,039</b>	<b>\$ 96,005</b>	<b>\$ 339,430</b>

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, 2008

(amounts expressed in thousands)

	<b>Trust Funds</b>			<b>Total</b>
	<b>Pension Trust and other Employee Benefits</b>	<b>Special District and School District</b>	<b>Investment Trust</b>	
<b>Additions:</b>				
Employee/Employer Contributions	\$ 29,383	\$ -	\$ -	\$ 29,383
Contributions to Pooled Investments	-	-	102,384	102,384
Contributions to Special/School District Trust	-	502,340	-	502,340
Interest and Investment Income	124	5,318	257	5,699
Total Additions	<u>29,507</u>	<u>507,658</u>	<u>102,641</u>	<u>639,806</u>
<b>Deductions:</b>				
Distributions from Pooled Investments	-	-	101,990	101,990
Distributions from Pension Trust/Other	23,591	-	-	23,591
Distributions from Special/School District Trust	-	516,498	-	516,498
Total Deductions	<u>23,591</u>	<u>516,498</u>	<u>101,990</u>	<u>642,079</u>
Change in Net Assets	<u>5,916</u>	<u>(8,840)</u>	<u>651</u>	<u>(2,273)</u>
Net Assets - Beginning	<u>1,818</u>	<u>197,232</u>	<u>42,109</u>	<u>241,159</u>
Net Assets - Ending	<u><u>\$ 7,734</u></u>	<u><u>\$ 188,392</u></u>	<u><u>\$ 42,760</u></u>	<u><u>\$ 238,886</u></u>

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





**County of Imperial**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008**  
**(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 System (ICERS) 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, 2008**  
**(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. The Commission issues a stand-alone financial report, which may be obtained by contacting the Commission at 1225 Main Street, Suite B, El Centro, CA 92243.

**Note 2 – Summary of Significant Accounting Policies**

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

Effective July 1, 2007, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards, for the measurement, recognition and display of other post-employment benefits (OPEB's) expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers.

**.(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.

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.

**County of Imperial**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008**  
**(Dollars in Thousands)**

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 such as public protection, public ways and facilities, health and sanitation, public assistance, and education.
- Although the *Special Revenue Funds* are not considered major funds, the County has chosen to present them in a separate column for the benefit of the reader.

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, 2008**  
**(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, 2008**  
**(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 ICERS) 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. ICERS 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 2007-08, the County received \$15,767 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, 2008**  
**(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 (assets under capital leases) used in operations are depreciated or amortized 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 employees 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, 2008**  
**(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	78
Checks for deposit	3,011
Outstanding warrants adj	<u>30</u>
Total cash	<u>3,121</u>
 <i>Investments:</i>	
In Treasurer's pool	396,282
With Fiscal Agent	22,882
With others external to the Treasurer's Pool	<u>26,821</u>
Total investments	<u>445,985</u>
Total cash and investments	<u>\$ 449,106</u>

Total County cash and investments are reported as follows:

Primary government	\$ 122,333
Component unit	6,134
Pension trust	7,721
Special district and Schools trust	187,373
Investment trust funds	44,033
Agency funds	<u>81,512</u>
Total cash and investments	<u>\$ 449,106</u>

**Deposits**

At June 30, 2008, the carrying amount of the County's cash deposits was \$23,588 and the bank balance for deposits maintained in various financial institutions amounted to \$26,740. Of the bank balance, \$6,879 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.

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**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, 2008. 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 2 or 3 investments at June 30, 2008.

At June 30, 2008, the County's investment balances were as follows:

	Category			Carrying Amount	Fair Value
	1	2	3		
Categorized investments:					
U.S. Government Securities	\$ 230,988	\$ -	\$ -	\$ 230,988	\$ 229,149
Mortgages	<u>3,631</u>	<u>-</u>	<u>-</u>	<u>3,631</u>	<u>3,591</u>
Total categorized investments	<u>\$ 234,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,619</u>	<u>\$ 232,740</u>
Uncategorized investments:					
Local Agency Investment Fund				39,500	39,500
Mutual Funds				<u>100,000</u>	<u>100,000</u>
Total investments				<u>\$ 374,119</u>	<u>\$ 372,240</u>

**Note 4 – Receivables**

Accounts, interest, taxes and loan receivable balances of the General, Special Revenue, Proprietary and Trust and Agency Funds. Taxes are stated net of allowances for uncollectable in the amount of \$1,781. The majority of loans receivable payments are deferred under program requirements. The following is a schedule of receivables applicable to each individual fund at June 30, 2008:

<b><u>Receivables- Governmental Activities</u></b>	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>
Accounts	\$ 6,190	\$ 4,225	\$ -	\$ 10,415
Interest	370	150	220	740
Taxes-Net	371	97	-	468
Loans, greater than one year	<u>-</u>	<u>13,611</u>	<u>-</u>	<u>13,611</u>
Total receivables	<u>\$ 6,931</u>	<u>\$ 18,083</u>	<u>\$ 220</u>	<u>\$ 25,234</u>



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<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	\$ 12	\$ -	\$ 626	\$ 638
Interest	<u>1</u>	<u>37</u>	<u>4</u>	<u>42</u>
Total receivables	<u>\$ 13</u>	<u>\$ 37</u>	<u>\$ 630</u>	<u>\$ 680</u>

**Note 5 – Inter-fund Transactions**

The composition of inter-fund balances as of June 30, 2008 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	\$ 9,027	\$ 1,512
Nonmajor Governmental Funds	979	5,751
Imperial Airport	-	32
Other Enterprise Funds	1	13
Internal Service Funds	812	175
Pension/Employee Benefit Trust Funds	-	15
Special District/School Trust Funds	162	50
Investment Trust Funds	2,954	644
Agency Funds	<u>587</u>	<u>6,330</u>
Total	<u>\$ 14,522</u>	<u>\$ 14,522</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, 2008:

	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects	\$ -	\$ 865
Enterprise Funds	<u>865</u>	<u>-</u>
Total	<u>\$ 865</u>	<u>\$ 865</u>

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**Note 6 – Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,083	\$ -	\$ -	\$ 4,083
Construction in progress	4,705	10,450	(7,037)	8,118
Total capital assets, not being depreciated	<u>8,788</u>	<u>10,450</u>	<u>(7,037)</u>	<u>12,201</u>
Capital assets, being depreciated:				
Infrastructure	79,435	-	-	79,435
Structures & Improvements	54,697	4,401	-	59,098
Vehicles	8,945	2,147	(1,143)	9,949
Furniture and equipment	34,037	3,520	(1,031)	36,526
Total capital assets, being depreciated	<u>177,114</u>	<u>10,067</u>	<u>(2,174)</u>	<u>185,008</u>
Less accumulated depreciation for:				
Infrastructure	41,774	2,968	-	44,742
Structures & Improvements	29,908	1,613	-	31,518
Vehicles	5,584	1,459	(1,143)	5,902
Furniture and equipment	23,634	2,939	(952)	25,622
Total accumulated depreciation	<u>100,900</u>	<u>8,979</u>	<u>(2,095)</u>	<u>107,784</u>
Total capital assets, being depreciated, net	<u>76,214</u>	<u>1,089</u>	<u>(79)</u>	<u>77,224</u>
Governmental activities capital assets, net	<u>\$ 85,002</u>	<u>\$ 11,539</u>	<u>\$ (7,116)</u>	<u>\$ 89,425</u>
<b>Business-type activities:</b>				
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	13,865	860	-	14,725
Furniture and equipment	680	4	-	684
Total capital assets, being depreciated	<u>14,545</u>	<u>864</u>	<u>-</u>	<u>15,409</u>
Less accumulated depreciation for:				
Structures & Improvements	7,288	308	-	7,596
Furniture and equipment	123	66	-	189
Total accumulated depreciation	<u>7,411</u>	<u>374</u>	<u>-</u>	<u>7,785</u>
Total capital assets, being depreciated, net	<u>7,134</u>	<u>490</u>	<u>-</u>	<u>7,624</u>
Business-type activities capital assets, net	<u>\$ 7,819</u>	<u>\$ 490</u>	<u>\$ -</u>	<u>\$ 8,309</u>

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 5,224
Public Protection	1,537
Health & Sanitation	248
Public Assistance	284
Public Ways & Facilities	657
Depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>1,029</u>
Total depreciation expense – governmental functions	<u>\$ 8,979</u>

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

Airports	<u>\$ 374</u>
Total depreciation expense – business-type functions	<u>\$ 374</u>

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**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. Lease payments for the fiscal year ended June 30, 2008 totaled \$380.

Future minimum operating lease commitments are as follows:

<u>Year ending June 30,</u>		
2009		\$ 372
2010		436
2011		34
2012		34
2013		<u>34</u>
	Total	<u>\$ 910</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>
Motorola 800 MHZ Radio	\$ 961
Asphalt Paver & Windrow Elev.	376
Qty 2 DM 1000 Digital Mail Proc.	51
D7 Dozer	<u>264</u>
	\$ 1,652
Less: Accumulated Depreciation	<u>(639)</u>
Net	<u>\$ 1,013</u>

Future capital lease minimum payments are as follows:

<u>Year ending June 30,</u>		
2009		\$ 181
2010		196
2011		<u>57</u>
	Total	<u>\$ 434</u>

**County of Imperial**  
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**Note 8 – Long Term Debt**

The County has recognized a long term debt for compensated absences, capital lease obligations, pension obligation bonds, certificates of participation, and pending litigation payable to the State of California. Outstanding long term debt as of June 30, 2008 is recorded within governmental activities and payable from governmental funds.

The following is a schedule of long-term liabilities for Governmental Activities for the year ended June 30, 2008:

	Balance <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2008</u>	Amounts Due within <u>One year</u>
Employee Compensated Absences	\$ 8,667	\$ 1,003	\$ 2	\$ 9,668	\$ 1,743
Capital Lease Obligation	811	-	252	559	208
Pension Funding Bonds 1997	28,745	-	1,285	27,460	1,370
Pension Funding Bonds 2002	33,265	-	-	33,265	-
State of California Child Support	1,260	-	90	1,170	90
1999 Cert. Of Participation	5,620	-	920	4,700	950
General Long Term Debt Payable	<u>\$ 78,368</u>	<u>\$ 1,003</u>	<u>\$ 2,549</u>	<u>\$ 76,822</u>	<u>\$ 4,361</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>
2009	\$ 950	\$ 228	\$ 1,178
2010	1,005	180	1,185
2011	250	137	387
2012	260	125	385
2013	275	112	387
2014-2019	<u>1,960</u>	<u>357</u>	<u>2,317</u>
Total	<u>\$ 4,700</u>	<u>\$ 1,139</u>	<u>\$ 5,839</u>

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**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.

The bonds have a stated interest rate from 6.100% to 6.375% and are payable over a period of 24 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>
2009	\$ 1,370	\$ 1,805	\$ 3,175
2010	1,465	1,711	3,176
2011	1,565	1,611	3,176
2012	1,670	1,503	3,173
2013	1,790	1,388	3,178
2014-2017	8,480	4,221	12,701
2018-2021	11,120	1,582	12,702
Total	<u>\$ 27,460</u>	<u>\$ 13,821</u>	<u>\$ 41,281</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>
2009	\$ -	\$ 1,863	\$ 1,863
2010	-	1,863	1,863
2011	-	1,863	1,863
2012	715	1,846	2,561
2013	990	1,805	2,795
2014-2018	5,855	8,131	13,986
2019-2023	7,735	6,253	13,988
2024-2028	10,255	3,733	13,988
2029-2031	7,715	678	8,393
Total	<u>\$ 33,265</u>	<u>\$ 28,035</u>	<u>\$ 61,300</u>

The following is a schedule of long-term liabilities for Business-Type Activities for the year ended June 30, 2008:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Amounts</u> <u>Due within</u> <u>One year</u>
Employee Compensated Absences	\$ 7	\$ 24	\$ 1	\$ 30	\$ 23
Total	<u>\$ 7</u>	<u>\$ 24</u>	<u>\$ 1</u>	<u>\$ 30</u>	<u>\$ 23</u>

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**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 \$9,813 as of June 30, 2008 which is based on an average of 10.58% usage (filled) of the ten landfills operated by the County. It is estimated that an additional \$2,463 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 (\$11,373) 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, 2008. 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, 2008, \$7,418 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 System**

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.

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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, 2008 was \$77,886. The total County payroll for the year was \$85,162. The total contribution to the Retirement System for 2008 of \$15,281 was made in accordance with actuarial determined requirements computed through an actuarial valuation performed as of June 30, 2007. The County’s contribution was \$9,045. Employee contributions were \$6,236. The amortization period of the unfunded actuarial liability is based on an initial amortization period of 24 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>
6/30/08	8,956	100%
6/30/07	8,358	100%
6/30/06	5,706	100%
6/30/05	5,922	100%

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**Note 11 - Other Postemployment Employment Benefits (OPEB)**

**Plan Description:** Imperial County is a participant in the Imperial County Employees Retirement System (ICERS), a cost sharing multiple-employer defined benefit public employee retirement system. ICERS provides retirement benefits only. However, County retirees who retire directly for the County are eligible for health coverage in the County self-funded health plans if they meet certain age and service eligibility requirements. The County's self-funded medical and dental plans are administered by Blue Shield of California. In addition, the County contracts with Dental Health Service and Vision Service Plan (VSP) for dental and vision benefits. Retirees may elect to cover spouses in their medical, dental, and vision coverage, However, retirees would be charged the full premium of spouses' medical, dental, and vision coverage.

**Funding Policy:** Currently, the County pays for these benefits on a pay-as-you-go basis. The "annual required contribution" presented below is based on claims experience from July 1, 2007 to June 30, 2008.

**Annual OPEB Cost and Net OPEB Obligation:** The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	<u>For the Fiscal Year Ending June 30, 2008</u>
<b>Determination of Annual Required Contribution</b>	
Normal Cost	\$ 9,024
Amortization of UAAL	<u>5,628</u>
Annual Required Contribution (ARC)	\$ 14,652
<b>Determination of Net OPEB Obligation</b>	
Annual Required Contribution	\$ 14,652
Interest on prior year Net OPEB Obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB Cost	\$ 14,652
County Contributions made	<u>4,026</u>
Increase in Net OPEB Obligation	\$10,626
Net OPEB Obligation – beginning of year	<u>\$ -</u>
Net OPEB Obligation – end of year	<u>\$10,626</u>

The County's annual OPEB cost, the percentage of annual OPEB cost and the net OPEB obligation for the fiscal year 2007-08 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$ 14,652	27.5%	\$ 10,626



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**Funded Status and Funding Progress:** As of June 30, 2008, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$168.8 million, and the actuarial value of assets was \$0.0 million, resulting in an unfunded accrued liability of \$168.8 million.

**Note 12 - Commitments and Contingencies**

**A. Grants**

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

**B. Litigation**

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

**C. Risk Management**

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

The liability insurance has a self-insured retention per claim of \$200 with excess liability insurance of up to \$25,000 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 \$9,800 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.

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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, 2007	\$ 7,527
Current year claims and changes in estimates	11,286
Claim payments	<u>( 10,062)</u>
Liability at June 30, 2008	<u>\$ 8,751</u>

**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. On February 21, 2006, a settlement was reached by the County of Imperial and the State of California. The County of Imperial is to pay \$1,350 to the State of California. The payments are to be made in 60 quarterly payments in the amount of \$23 per quarter beginning July 1, 2006.

**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, 2008 was as follows:

	Beginning Balance <u>July 1, 2007</u>	<u>Draws</u>	<u>Repayments</u>	Ending Balance <u>June 30, 2008</u>
TRANS	\$ -	\$ 10,000	\$ (10,000)	\$ -

Subsequent to June 30, 2008 on July 1, 2008, the County issued \$10,000 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.

**County of Imperial**  
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**Note 13 – Deficit Fund Net Assets**

Deficits not visible in the basic financial statements are as follows:

- Closure/Postclosure Fund – Deficit net assets of (\$2,358) are the result of revenues being inadequate to cover expenses.
- Centralized Mail System Fund – Deficit net assets of (\$140) are the result of revenues being inadequate to cover expenditures. Management intends to fund deficit net assets with adjusted future charges over the next four years.





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



**COUNTY OF IMPERIAL**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2008**

**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)
6-30-08	\$ 466.4	\$ 449.7	\$ 16.7	96.4%	86.0	19.4%
6-30-07	437.2	420.3	16.9	96.1%	77.8	21.7%
6-30-06	402.0	390.3	11.7	97.1%	71.7	16.3%
6-30-05	366.2	361.4	4.8	98.7%	67.9	7.1%
6-30-04	321.2	326.6	(5.4)	101.7%	67.9	(8.0%)
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.

**COUNTY OF IMPERIAL**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2008**

**Schedule of Funding Progress**  
**Required under GASB 45**  
(amounts express in millions)

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>AAL Unit Credit</u>	<u>UAAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6-30-08	\$ -	\$ 168.8	\$ 168.8	0.0%	\$ 81,001	208.4%



**COUNTY OF IMPERIAL**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2008  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 26,489	\$ 26,488	\$ 25,730	\$ (758)
Licenses and permits	3,165	3,340	2,633	(707)
Fines, Forfeitures & Penalties	4,140	4,145	8,684	4,539
Use of Money & Property	2,940	4,367	5,997	1,630
Intergovernmental Aid	83,929	85,067	82,381	(2,686)
Federal aid	42,035	42,849	44,973	2,124
Charges for Services	24,385	24,588	19,019	(5,569)
Total revenues	<u>187,083</u>	<u>190,844</u>	<u>189,417</u>	<u>(1,427)</u>
<b>Expenditures:</b>				
Current:				
General Government	26,708	28,524	22,136	6,388
Public Protection	59,437	61,674	56,977	4,697
Health & Sanitation	32,850	33,514	30,265	3,249
Public Assistance	77,434	79,165	76,611	2,554
Public Ways & Facilities	617	700	609	91
Total expenditures	<u>197,046</u>	<u>203,577</u>	<u>186,598</u>	<u>16,979</u>
Excess of revenues over expenditures	<u>(9,963)</u>	<u>(12,733)</u>	<u>2,819</u>	<u>15,552</u>
<b>Other financing sources (uses):</b>				
Transfers	-	-	-	-
Changes in Reserves	-	-	-	-
Endowment Funds	-	-	(4,437)	(4,437)
COP Bonds Uses	-	-	-	-
Proceeds of COP Bonds	-	-	-	-
Net change in fund balances	<u>(9,963)</u>	<u>(12,733)</u>	<u>(1,618)</u>	<u>11,115</u>
<b>Fund balances - beginning</b>	<u>47,992</u>	<u>47,992</u>	<u>47,992</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 38,029</u>	<u>\$ 35,259</u>	<u>\$ 46,374</u>	<u>\$ 11,115</u>

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

**County of Imperial**  
**Notes to Required Supplementary Information-**  
**Budget Comparisons**

June 30, 2008

**Budgetary Information**

In accordance with the provisions of Sections 29000-29143 of the Government Code of the State of California, commonly known as the County Budget Act, the County prepares and adopts a budget on or before August 30, for each fiscal year.

Expenditures are controlled on the object level except for fixed assets expenditures which are controlled on the sub-object level.

Encumbrances, which are commitments related to executor contracts for goods or services, are recorded for budgetary control purposes in the governmental and proprietary fund types. Encumbrance accounting is utilized to assure effective budgetary control and accountability. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are liquidated at year-end.

Amendments or transfers of appropriations between objects of expenditure within the same department or between departments within any fund must be approved by the County Executive Office.

Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning fund balances as provided for in the County Budget Act.

The budgetary comparison schedules are presented using the modified accrual basis of accounting. A reconciliation of budgetary information to GAAP information is not needed as there are no differences between the two.



**OTHER SUPPLEMENTAL  
INFORMATION**



## **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.

**Public Works 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**

**Geothermal Administration** - This budget unit funds the geothermal related activities within the County Departments. Geothermal administration encompasses reviewing geothermal applications, coordination of geothermal activities, providing information within the industry and to the general public and updating various policies and procedures as they relate to geothermal.

**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.

**Public Works Solid Waste** - This budget unit reflects the cost of the Solid Waste Disposal Program including operation, acquisition, source reduction recycling program, and Closure/Post-Closure requirements. Revenue from user fees, Joint Powers Agreement and charges will be sufficient to make the program fully self-supporting, without a contribution from the County General Fund. The Board established this Special Revenue fund to more accurately reflect the expenditures and revenues associated with the Solid Waste Disposal Program.

**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.

**Federal Asset Forfeiture** - In addition to any other fees required by law, a processing fee of eight dollars (\$8) shall be assessed for each disbursement of money collected under a writ of attachment, execution, possession, or sale,. But excluding any action by the district attorney's office for the establishment or enforcement of a child support obligation. The fee shall be collected from the judgment debtor in addition to, and in the same manner as, the money collected under the writ. All proceeds of this fee shall be deposited in a special fund in the county treasury. A separate accounting of funds deposited shall be maintained fo reach depositor, and funds deposited shall be for the exclusive use of the depositor.

Seventy percent of the moneys in the special fund shall be expended to supplement the county's cost for vehicle fleet replacement and equipment for the sheriff and the marshal. Thirty percent of the moneys in the special fund shall be expended to supplement the county's cost of vehicle and equipment maintenance for the sheriff and the marshal, and for the county's expenses in administering the funds.

No fee shall be charged where the only disbursement is the return of the judgment creditor's deposit for costs.

**BioTerrorism Preparedness** – This account was established to account for funds dedicated to the preparation of a Bio Terrorism Response plan.

**Medi-Cal/CMSP** - To separate the Medi-Cal and CMSP revenues and expenditures from our general fund. Per CEO request.

**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.

**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.

## **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, 2008  
(amounts expressed in thousands)

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 25,369	\$ 571	\$ 5,099	\$ 31,039
Cash with Fiscal Agent	2	381	-	383
Deposits with Others	59	-	-	59
Receivables (net):				
Accounts	4,214	11	-	4,225
Interest	121	7	22	150
Taxes	97	-	-	97
Loan	13,611	-	-	13,611
Due from other funds	978	1	-	979
Inventories and Prepaid Expenses	242	-	-	242
	<u>\$ 44,693</u>	<u>\$ 971</u>	<u>\$ 5,121</u>	<u>\$ 50,785</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,156	\$ 10	\$ -	\$ 1,166
Accrued Payroll	624	-	-	624
Interest Payable	16	4	-	20
Due to other funds	5,751	-	-	5,751
	<u>7,547</u>	<u>14</u>	<u>-</u>	<u>7,561</u>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Encumbrances	5,051	996	-	6,047
Inventories	242	-	-	242
Debt Service	-	-	5,121	5,121
Loan/Deposits with Others	12,781	-	-	12,781
Other	20	1	-	21
Unreserved, undesignated	19,052	(40)	-	19,012
	<u>37,146</u>	<u>957</u>	<u>5,121</u>	<u>43,224</u>
Total fund balances	<u>37,146</u>	<u>957</u>	<u>5,121</u>	<u>43,224</u>
Total liabilities and fund balances	<u>\$ 44,693</u>	<u>\$ 971</u>	<u>\$ 5,121</u>	<u>\$ 50,785</u>

**COUNTY OF IMPERIAL**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
For the Fiscal Year Ended June 30, 2008  
(amounts expressed in thousands)

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service Funds</b>	<b>Total</b>
<b>Revenues:</b>				
Taxes	\$ 2,904	\$ -	\$ -	\$ 2,904
Licenses & Permits	1,386	-	-	1,386
Fines, Forfeitures & Penalties	1,814	217	-	2,031
Use of Money & Property	502	100	66	668
State Aid	33,813	-	-	33,813
Federal Aid	8,599	2,126	-	10,725
Charges for Services	13,922	2,930	-	16,852
Sale of Fixed Assets	-	-	-	-
Other Revenues	8	(1)	5,066	5,073
<b>Total Revenues</b>	<b>62,948</b>	<b>5,372</b>	<b>5,132</b>	<b>73,452</b>
<b>Expenditures:</b>				
Current:				
General Government	375	4,519	4,990	9,884
Public Protection	16,052	-	-	16,052
Health & Sanitation	8,308	-	-	8,308
Public Assistance	21,328	-	-	21,328
Public Ways & Facilities	14,004	-	-	14,004
Education	-	-	-	-
<b>Total expenditures</b>	<b>60,067</b>	<b>4,519</b>	<b>4,990</b>	<b>69,576</b>
<b>Other Financing Sources (Uses):</b>				
Changes in Reserves	4,175	381	-	4,556
Transfers In (Out)	(89)	5	-	(84)
<b>Total Other Financing Sources (Uses)</b>	<b>4,086</b>	<b>386</b>	<b>-</b>	<b>4,472</b>
Net change in fund balances	6,967	1,239	142	8,348
<b>Fund balances - beginning</b>	<b>30,179</b>	<b>(282)</b>	<b>4,979</b>	<b>34,876</b>
<b>Fund balances - ending</b>	<b>\$ 37,146</b>	<b>\$ 957</b>	<b>\$ 5,121</b>	<b>\$ 43,224</b>

**COUNTY OF IMPERIAL**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
June 30, 2008  
(amounts expressed in thousands)

	<b>Library</b>	<b>Fire Protection</b>	<b>Public Works Roads</b>	<b>State/ Federal Jail Improvements</b>	<b>Criminal Justice Facilities</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 562,870	\$ 641,143	\$ 5,990,666	\$ 1,548,480	\$ 3,279,893
Cash with Fiscal Agent	-	-	-	-	-
Deposits with Others	-	-	-	-	-
Receivables (net):					
Accounts	-	-	234	-	46,304
Interest	2,983	-	25,537	7,591	15,636
Taxes	8,172	89,145	-	-	-
Loan	-	-	889,146	-	-
Due from other funds	-	4,557	505,968	-	182
Inventories and Prepaid Expenses	-	-	242,063	-	-
<b>Total assets</b>	<b>\$ 574,025</b>	<b>\$ 734,845</b>	<b>\$ 7,653,614</b>	<b>\$ 1,556,071</b>	<b>\$ 3,342,015</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,351	\$ 194,723	\$ 173,357	\$ 869	\$ -
Accrued Payroll	11,520	92,384	162,465	-	-
Interest Payable	-	-	-	-	-
Due to other funds	2,699	8,573	27,884	20,084	4,340
<b>Total Liabilities</b>	<b>15,570</b>	<b>295,680</b>	<b>363,706</b>	<b>20,953</b>	<b>4,340</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	3,196	483,745	2,388,812	157,736	-
Inventories	-	-	242,063	-	-
Debt Service	-	-	-	-	-
Loan/Deposits with Others	-	-	-	-	-
Other	-	-	100	-	-
Unreserved, undesignated	555,259	(44,580)	4,658,933	1,377,382	3,337,675
<b>Total fund balances</b>	<b>558,455</b>	<b>439,165</b>	<b>7,289,908</b>	<b>1,535,118</b>	<b>3,337,675</b>
<b>Total liabilities and fund balances</b>	<b>\$ 574,025</b>	<b>\$ 734,845</b>	<b>\$ 7,653,614</b>	<b>\$ 1,556,071</b>	<b>\$ 3,342,015</b>

**COUNTY OF IMPERIAL**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
June 30, 2008  
(amounts expressed in thousands)

	<b>Geothermal Admin.</b>	<b>Serv. Authority Freeway Emerg.</b>	<b>Federal Asset Forfeiture</b>	<b>AB443 Local Law Enforcement</b>	<b>Bio- Terrorism Prepard</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,083,113	\$ 848,861	\$ 1,029,972	\$ 1,645,851	\$ 319,692
Cash with Fiscal Agent	-	-	-	-	-
Deposits with Others	-	-	-	-	-
Receivables (net):					
Accounts	-	-	-	-	-
Interest	5,369	4,149	5,442	8,438	935
Taxes	-	-	-	-	-
Loan	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories and Prepaid Expenses	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,088,482</b>	<b>\$ 853,010</b>	<b>\$ 1,035,414</b>	<b>\$ 1,654,289</b>	<b>\$ 320,627</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 86	\$ 5,505	\$ 211	\$ -	\$ 22,359
Accrued Payroll	1,782	-	-	7,590	-
Interest Payable	-	-	-	-	-
Due to other funds	-	208	1,395	-	130,306
<b>Total Liabilities</b>	<b>1,868</b>	<b>5,713</b>	<b>1,606</b>	<b>7,590</b>	<b>152,665</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	110	-	8,588	101,941	191,182
Inventories	-	-	-	-	-
Debt Service	-	-	-	-	-
Loan/Deposits with Others	-	-	-	-	-
Other	-	-	-	-	-
Unreserved, undesignated	1,086,504	847,297	1,025,220	1,544,758	(23,220)
<b>Total fund balances</b>	<b>1,086,614</b>	<b>847,297</b>	<b>1,033,808</b>	<b>1,646,699</b>	<b>167,962</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,088,482</b>	<b>\$ 853,010</b>	<b>\$ 1,035,414</b>	<b>\$ 1,654,289</b>	<b>\$ 320,627</b>

**COUNTY OF IMPERIAL**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
June 30, 2008  
(amounts expressed in thousands)

	<b>Medi-Cal/ CMSP Fund</b>	<b>ICCED Funds</b>	<b>Other Special Revenue Funds</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,158,826	\$ (415,393)	\$ 4,673,579	\$ 25,367,553
Cash with Fiscal Agent	-	-	2,546	2,546
Deposits with Others	-	49,407	9,787	59,194
Receivables (net):				
Accounts	-	674,624	3,492,617	4,213,779
Interest	12,435	2,320	29,930	120,765
Taxes	-	-	-	97,317
Loan	-	12,722,286	-	13,611,432
Due from other funds	-	8,060	459,309	978,076
Inventories and Prepaid Expenses	-	-	-	242,063
	<u>\$ 4,171,261</u>	<u>\$ 13,041,304</u>	<u>\$ 8,667,768</u>	<u>\$ 44,692,725</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 11,319	\$ 745,810	\$ 1,155,590
Accrued Payroll	-	-	347,542	623,283
Interest Payable	-	561	15,227	15,788
Due to other funds	1,736,674	19,856	3,798,845	5,750,864
	<u>1,736,674</u>	<u>31,736</u>	<u>4,907,424</u>	<u>7,545,525</u>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Encumbrances	-	-	1,716,102	5,051,412
Inventories	-	-	-	242,063
Debt Service	-	-	-	-
Loan/Deposits with Others	-	12,771,694	9,787	12,781,481
Other	-	-	20,125	20,225
Unreserved, undesignated	2,434,587	237,874	2,014,330	19,052,019
	<u>2,434,587</u>	<u>13,009,568</u>	<u>3,760,344</u>	<u>37,147,200</u>
Total liabilities and fund balances	<u>\$ 4,171,261</u>	<u>\$ 13,041,304</u>	<u>\$ 8,667,768</u>	<u>\$ 44,692,725</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, 2008  
(amounts expressed in thousands)

	<u>Library</u>	<u>Fire Protection</u>	<u>Public Works Roads</u>	<u>State/ Federal Jail Improvements</u>
<b>Revenues:</b>				
Taxes	\$ 156	\$ 2,748	\$ -	\$ -
Licenses & Permits	-	-	185	-
Fines, Forfeitures & Penalties	-	-	-	(69)
Use of Money & Property	16	-	92	36
Intergovernmental	55	100	13,765	30
Federal Aid	-	-	-	526
Charges for Services	59	1,502	2,319	-
Sale of Fixed Assets	-	-	-	-
Other Revenues	-	4	1	-
Total Revenues	<u>286</u>	<u>4,354</u>	<u>16,362</u>	<u>523</u>
<b>Expenditures:</b>				
Current:				
General Government	-	-	-	-
Public Protection	-	5,168	-	169
Health & Sanitation	-	-	-	-
Public Assistance	634	-	-	-
Public Ways & Facilities	-	-	13,732	-
Total expenditures	<u>634</u>	<u>5,168</u>	<u>13,732</u>	<u>169</u>
<b>Other Financing Sources (Uses):</b>				
Changes in Reserves	-	-	(53)	-
Transfers In (Out)	-	-	-	(92)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(53)</u>	<u>(92)</u>
Net change in fund balances	(348)	(814)	2,577	262
<b>Fund balances - beginning</b>	<u>906</u>	<u>1,254</u>	<u>4,713</u>	<u>1,273</u>
<b>Fund balances - ending</b>	<u>\$ 558</u>	<u>\$ 440</u>	<u>\$ 7,290</u>	<u>\$ 1,535</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, 2008  
(amounts expressed in thousands)

	<b>Criminal Justice Facilities</b>	<b>Geothermal Admin.</b>	<b>Serv. Authority Freeway Emerg.</b>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-
Fines, Forfeitures & Penalties	785	-	-
Use of Money & Property	74	37	20
Intergovernmental	(2)	-	132
Federal Aid	-	120	-
Charges for Services	-	-	-
Sale of Fixed Assets	-	-	-
Other Revenues	-	-	-
Total Revenues	<u>857</u>	<u>157</u>	<u>152</u>
<b>Expenditures:</b>			
Current:			
General Government	-	-	-
Public Protection	149	-	-
Health & Sanitation	-	-	-
Public Assistance	-	551	-
Public Ways & Facilities	-	-	74
Total expenditures	<u>149</u>	<u>551</u>	<u>74</u>
<b>Other Financing Sources (Uses):</b>			
Changes in Reserves	-	-	-
Transfers In (Out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	708	(394)	78
<b>Fund balances - beginning</b>	<u>2,630</u>	<u>1,480</u>	<u>769</u>
<b>Fund balances - ending</b>	<u>\$ 3,338</u>	<u>\$ 1,086</u>	<u>\$ 847</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, 2008  
(amounts expressed in thousands)

	<u>Federal Asset Forfeiture</u>	<u>AB443 Local Law Enforcement</u>	<u>Bio Terror Preparedness</u>	<u>Medi-Cal CMSP Fund</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-
Fines, Forfeitures & Penalties	793	-	-	-
Use of Money & Property	23	37	7	45
Intergovernmental	-	500	677	7,494
Federal Aid	-	-	-	-
Charges for Services	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Other Revenues	-	-	-	-
Total Revenues	<u>816</u>	<u>537</u>	<u>684</u>	<u>7,539</u>
<b>Expenditures:</b>				
Current:				
General Government	-	-	-	-
Public Protection	402	215	803	-
Health & Sanitation	-	-	-	-
Public Assistance	-	-	-	5,752
Public Ways & Facilities	-	-	-	-
Total expenditures	<u>402</u>	<u>215</u>	<u>803</u>	<u>5,752</u>
<b>Other Financing Sources (Uses):</b>				
Changes in Reserves	-	-	-	-
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	414	322	(119)	1,787
<b>Fund balances - beginning</b>	<u>619</u>	<u>1,325</u>	<u>287</u>	<u>648</u>
<b>Fund balances - ending</b>	<u>\$ 1,033</u>	<u>\$ 1,647</u>	<u>\$ 168</u>	<u>\$ 2,435</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, 2008  
(amounts expressed in thousands)

	<u>ICCED Funds</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ 2,904
Licenses & Permits	-	1,201	1,386
Fines, Forfeitures & Penalties	-	305	1,814
Use of Money & Property	12	103	502
Intergovernmental	2,112	8,950	33,813
Federal Aid	70	7,883	8,599
Charges for Services	488	9,554	13,922
Sale of Fixed Assets	-	-	-
Other Revenues	-	3	8
Total Revenues	<u>2,682</u>	<u>27,999</u>	<u>62,948</u>
<b>Expenditures:</b>			
Current:			
General Government	-	375	375
Public Protection	-	9,146	16,052
Health & Sanitation	-	8,308	8,308
Public Assistance	2,988	11,403	21,328
Public Ways & Facilities	-	198	14,004
Total expenditures	<u>2,988</u>	<u>29,430</u>	<u>60,067</u>
<b>Other Financing Sources (Uses):</b>			
Changes in Reserves	4,239	(11)	4,175
Transfers In (Out)	9	(6)	(89)
Total Other Financing Sources (Uses)	<u>4,248</u>	<u>(17)</u>	<u>4,086</u>
Net change in fund balances	3,942	(1,448)	6,967
<b>Fund balances - beginning</b>	<u>9,067</u>	<u>5,208</u>	<u>30,179</u>
<b>Fund balances - ending</b>	<u>\$ 13,009</u>	<u>\$ 3,760</u>	<u>\$ 37,146</u>

**COUNTY OF IMPERIAL**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Library**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 676	\$ 676	\$ 156	\$ (520)
Fines, Forfeitures and Penalties	1	1	-	(1)
Use of Money & Property	15	15	16	1
Intergovernmental Revenue	48	75	55	(20)
Charges for Services	4	4	59	55
Other Revenues	-	-	-	-
	<u>744</u>	<u>771</u>	<u>286</u>	<u>(485)</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
Education:				
Salaries and Benefits	455	461	446	15
Services and Supplies	224	262	168	94
Other Charges	12	2	2	-
Capital Outlay	12	19	12	7
Other Financing	(12)	(12)	-	(12)
Intra Fund Transfers	-	-	6	(6)
Contribution Non-County	-	-	-	-
	<u>691</u>	<u>732</u>	<u>634</u>	<u>98</u>
<b>Total expenditures</b>				
<b>Other Financing Sources:</b>				
Changes in Reserves	-	-	-	-
Transfers In (Out)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>				
Excess of revenues over expenditures	<u>53</u>	<u>39</u>	<u>(348)</u>	<u>(583)</u>
<b>Fund balances - beginning</b>	<u>906</u>	<u>906</u>	<u>906</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 959</u>	<u>\$ 945</u>	<u>\$ 558</u>	<u>\$ (583)</u>

**COUNTY OF IMPERIAL**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Fire Protecton**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ 2,720	\$ 2,720	\$ 2,748	\$ 28
Use of Money & Property	-	-	-	-
Intergovernmental Revenues	164	164	100	(64)
Charges for Services	1,407	1,407	1,502	95
Other Revenues	-	-	4	4
Sale of Fixed Assets	-	-	-	-
Total revenues	<u>4,291</u>	<u>4,291</u>	<u>4,354</u>	<u>63</u>
<b>Expenditures:</b>				
Public Protection:				
Salaries and Benefits	3,103	2,988	2,952	36
Services and Supplies	1,323	1,573	1,377	196
Other Charges	118	142	120	22
Capital Outlay	394	1,286	959	327
Other Financing	(406)	(415)	(228)	(187)
Intra Fund Transfers	(52)	(52)	(12)	(40)
Inter Fund Transfers	-	-	-	-
Contingenecies	2	-	-	-
Total expenditures	<u>4,482</u>	<u>5,522</u>	<u>5,168</u>	<u>354</u>
<b>Other Financing Sources:</b>				
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>(191)</u>	<u>(1,231)</u>	<u>(814)</u>	<u>(417)</u>
<b>Fund balances - beginning</b>	<u>1,254</u>	<u>1,254</u>	<u>1,254</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,063</u>	<u>\$ 23</u>	<u>\$ 440</u>	<u>\$ (417)</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, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses & Permits	\$ 250	\$ 250	\$ 185	\$ (65)
Use of Money & Property	50	50	92	42
Intergovernmental Revenue	13,665	19,690	13,765	(5,925)
Charges for Current Services	1,723	1,723	2,319	596
Other Revenues	-	-	1	1
Sale of Fixed Assets	-	-	-	-
Total revenues	<u>15,688</u>	<u>21,713</u>	<u>16,362</u>	<u>(5,351)</u>
<b>Expenditures:</b>				
Public Ways & Facilities:				
Salaries and Benefits	7,150	7,150	5,592	1,558
Services and Supplies	9,371	15,583	7,642	7,941
Other Charges	1,049	1,004	624	380
Capital Outlay	2,176	3,412	707	2,705
Other Financing	-	(15)	(793)	778
Intra Fund Transfers	-	(98)	-	(98)
Inter Fund Transfers	120	121	(40)	161
Contingencies	100	-	-	-
Total expenditures	<u>19,966</u>	<u>27,157</u>	<u>13,732</u>	<u>13,425</u>
<b>Other Financing Sources:</b>				
Changes in Reserves	-	-	(53)	53
Transfers In (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(53)</u>	<u>-</u>
Excess of revenues over expenditures	<u>(4,278)</u>	<u>(5,444)</u>	<u>2,577</u>	<u>(8,021)</u>
<b>Fund balances - beginning</b>	<u>4,713</u>	<u>4,713</u>	<u>4,713</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 435</u>	<u>\$ (731)</u>	<u>\$ 7,290</u>	<u>\$ (8,021)</u>

**COUNTY OF IMPERIAL**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**State/Federal Jail Improvements**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of Money & Property	\$ 23	\$ 23	\$ 36	\$ 13
Fines, Forfeitures and Penalties	-	-	(69)	(69)
Intergovernmental Revenue	55	55	30	(25)
Federal aid	416	416	526	110
Changes for Services	-	-	-	-
Total revenues	<u>494</u>	<u>494</u>	<u>523</u>	<u>29</u>
<b>Expenditures:</b>				
Public Protection:				
Services and Supplies	270	270	164	106
Capital Outlay	-	166	97	69
Intra Fund Transfers	-	(150)	(92)	(58)
Inter Fund Transfers	52	52	-	52
Total expenditures	<u>322</u>	<u>338</u>	<u>169</u>	<u>169</u>
<b>Other Financing Sources:</b>				
Transfers In (Out)	-	-	(92)	92
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(92)</u>	<u>92</u>
Excess of revenues over expenditures	<u>172</u>	<u>156</u>	<u>262</u>	<u>(106)</u>
<b>Fund balances - beginning</b>	<u>1,273</u>	<u>1,273</u>	<u>1,273</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,445</u>	<u>\$ 1,429</u>	<u>\$ 1,535</u>	<u>\$ (106)</u>

**COUNTY OF IMPERIAL**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Criminal Justice Facilities**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, Forfeitures & Penalties	\$ 700	\$ 700	\$ 785	\$ 85
Use of Money & Property	42	42	74	32
Intergovernmental Revenues	-	-	(2)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	742	742	857	115
<b>Expenditures:</b>				
Public Protection:				
Services and Supplies	1	1	1	-
Other Charges	148	148	148	-
Capital Assets	-	-	-	-
Interfund Transfers	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	149	149	149	-
<b>Other Financing Sources:</b>				
Transfers In (Out)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	593	593	708	(115)
<b>Fund balances - beginning</b>	<hr/>	<hr/>	<hr/>	<hr/>
	2,630	2,630	2,630	-
<b>Fund balances - ending</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 3,223	\$ 3,223	\$ 3,338	\$ (115)

**COUNTY OF IMPERIAL**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Geothermal Administration**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of Money & Property	\$ 40	\$ 40	\$ 37	\$ (3)
Federal Revenues	50	50	120	70
Charges for Services	1	1	-	(1)
Total revenues	<u>91</u>	<u>91</u>	<u>157</u>	<u>66</u>
<b>Expenditures:</b>				
Public Assistance:				
Salaries & Benefits	45	45	68	(23)
Services and Supplies	19	19	87	(68)
Other Charges	-	-	-	-
Other Financing	761	1,171	260	911
Intra-Fund Transfers	-	(410)	136	(546)
Total expenditures	<u>825</u>	<u>825</u>	<u>551</u>	<u>274</u>
<b>Other Financing Sources:</b>				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>(734)</u>	<u>(734)</u>	<u>(394)</u>	<u>(340)</u>
<b>Fund balances - beginning</b>	<u>1,480</u>	<u>1,480</u>	<u>1,480</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 746</u>	<u>\$ 746</u>	<u>\$ 1,086</u>	<u>\$ (340)</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, 2008**  
(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Use of Money & Property	\$ 17	\$ 17	\$ 20	\$ 3
Intergovernmental Revenue	122	122	132	10
Charges for Services	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	139	139	152	13
<b>Expenditures:</b>				
Public Ways & Facilities:				
Services and Supplies	76	321	74	247
Intra Fund Transfers	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	76	321	74	247
<b>Other Financing Sources:</b>				
Transfers In (Out)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	63	(182)	78	(260)
<b>Fund balances - beginning</b>	<hr/>	<hr/>	<hr/>	<hr/>
	769	769	769	-
<b>Fund balances - ending</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 832	\$ 587	\$ 847	\$ (260)



**COUNTY OF IMPERIAL**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**Federal Asset Forfeiture**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Use of Money & Property	\$ 10	\$ 10	\$ 23	\$ 13
Fines, Forfeitures & Penalties	289	289	793	504
Charges for Services	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	299	299	816	517
<b>Expenditures:</b>				
Public Protection:				
Services and Supplies	105	139	85	54
Capital Outlay	-	295	176	119
Other Financing	-	-	-	-
Intra Fund Transfers	-	(303)	141	(444)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	105	131	402	(271)
<b>Other Financing Sources:</b>				
Transfers In (Out)	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-	-
Excess of revenues over expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	194	168	414	(246)
<b>Fund balances - beginning</b>	<hr/>	<hr/>	<hr/>	<hr/>
	619	619	619	-
<b>Fund balances - ending</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 813	\$ 787	\$ 1,033	\$ (246)

**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, 2008**  
(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Use of Money & Property	\$ 25	\$ 25	\$ 37	\$ 12
Intergovernmental Revenue	500	500	500	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	525	525	537	12
<b>Expenditures:</b>				
Public Protection:				
Salaries and Benefits	311	311	175	136
Services and Supplies	7	7	6	1
Capital Outlay	-	136	34	102
Intra Fund Transfers	-	(136)	-	(136)
Total expenditures	<hr/> 318	<hr/> 318	<hr/> 215	<hr/> 103
<b>Other Financing Sources:</b>				
Transfers In (Out)	<hr/> -	<hr/> -	<hr/> -	<hr/> -
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	207	207	322	(115)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances - beginning</b>	1,325	1,325	1,325	-
<b>Fund balances - ending</b>	<u>\$ 1,532</u>	<u>\$ 1,532</u>	<u>\$ 1,647</u>	<u>\$ (115)</u>

**COUNTY OF IMPERIAL**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Bio Terrorism Preparedness**  
Year Ended June 30, 2008  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of Money & Property	\$ -	\$ -	\$ 7	\$ 7
Intergovernmental Revenue	-	670	677	7
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	670	684	14
<b>Expenditures:</b>				
Public Protection:				
Salaries and Benefits	-	273	1	272
Services and Supplies	-	555	372	183
Other Charges	-	-	-	-
Capital Outlay	-	206	106	100
Intra Fund Transfers	-	-	324	(324)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	1,034	803	231
Excess of revenues over expenditures	-	(364)	(119)	245
<b>Other financing sources (uses):</b>				
Transfers In (Out)	-	-	-	-
Net change in fund balances	-	(364)	(119)	245
<b>Fund balances - beginning</b>	<hr/>	<hr/>	<hr/>	<hr/>
	287	287	287	-
<b>Fund balances - ending</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 287	\$ (77)	\$ 168	\$ 245

**COUNTY OF IMPERIAL**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Medi-Cal CMSP Fund**  
Year Ended June 30, 2008  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of Money & Property	\$ -	\$ -	\$ 45	\$ 45
Intergovernmental Revenue	6,527	6,527	7,494	967
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	6,527	6,527	7,539	1,012
<b>Expenditures:</b>				
Public Protection:				
Salaries and Benefits	-	-	-	-
Services and Supplies	-	-	-	-
Other Charges	6,527	6,527	5,752	775
Capital Outlay	-	-	-	-
Inter Fund Transfers	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	6,527	6,527	5,752	775
Excess of revenues over expenditures	-	-	1,787	1,787
<b>Other financing sources (uses):</b>				
Transfers In (Out)	-	-	-	-
Net change in fund balances	-	-	1,787	1,787
<b>Fund balances - beginning</b>	<hr/>	<hr/>	<hr/>	<hr/>
	648	648	648	-
<b>Fund balances - ending</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 648	\$ 648	\$ 2,435	\$ 1,787

**COUNTY OF IMPERIAL**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**ICCED Funds**  
Year Ended June 30, 2008  
(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Use of Money & Property	\$ -	\$ -	\$ 12	\$ 12
Intergovernmental Revenue	1,713	4,228	2,112	(2,116)
Federal aid	150	150	70	(80)
Charges for Services	140	236	488	252
Other Revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,003	4,614	2,682	(1,932)
<b>Expenditures:</b>				
Public Assistance:				
Salaries and Benefits	-	-	-	-
Services and Supplies	2,558	5,214	2,188	3,026
Other Charges	-	-	-	-
Capital Outlay	-	-	800	(800)
Intra Fund Transfers	-	-	-	-
Inter Fund Transfers	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,558	5,214	2,988	2,226
Excess of revenues over expenditures	(555)	(600)	(306)	294
<b>Other financing sources (uses):</b>				
Changes in Reserves	-	-	4,239	(4,239)
Transfers In (Out)	-	-	9	(9)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(555)	(600)	3,942	(3,954)
<b>Fund balances - beginning</b>	<hr/>	<hr/>	<hr/>	<hr/>
	9,067	9,067	9,067	-
<b>Fund balances - ending</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 8,512	\$ 8,467	\$ 13,009	\$ (3,954)

**COUNTY OF IMPERIAL**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Other Special Revenue Funds**  
Year Ended June 30, 2008  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses & Permits	\$ 967	\$ 1,067	\$ 1,201	\$ (134)
Fines, Forfeitures & Penalties	85	85	305	(220)
Use of Money & Property	74	80	103	(23)
Intergovernmental Revenue	9,185	13,686	8,950	4,736
Federal aid	8,767	9,264	7,883	1,381
Charges for Services	10,078	10,079	9,554	525
Sale of Fixed Assets	-	-	-	-
Other Revenues	-	-	3	(3)
Total revenues	<u>29,156</u>	<u>34,261</u>	<u>27,999</u>	<u>6,262</u>
<b>Expenditures:</b>				
Current:				
General Government	565	565	375	190
Public Protection	10,179	12,625	9,146	3,479
Health & Sanitation	7,751	8,176	8,308	(132)
Public Assistance	11,191	16,441	11,403	5,038
Public Ways & Facilities	952	952	198	754
Total expenditures	<u>30,638</u>	<u>38,759</u>	<u>29,430</u>	<u>9,329</u>
Excess of revenues over expenditures	<u>(1,482)</u>	<u>(4,498)</u>	<u>(1,431)</u>	<u>(3,067)</u>
<b>Other financing sources (uses):</b>				
Changes in Reserves	-	-	(11)	11
Transfers In (Out)	-	-	(6)	6
Net change in fund balances	<u>(1,482)</u>	<u>(4,498)</u>	<u>(1,448)</u>	<u>(3,050)</u>
<b>Fund balances - beginning</b>	<u>5,208</u>	<u>5,208</u>	<u>5,208</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 3,726</u>	<u>\$ 710</u>	<u>\$ 3,760</u>	<u>\$ (3,050)</u>

## **Internal Service Funds**

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

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

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

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

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

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

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

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

## **Internal Service Funds**

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

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

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

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

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

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

**Workers Comp Court Tail Claims** – This fund was established to track workers compensation claims for court employees prior to the Courts separation from the County.



**COUNTY OF IMPERIAL**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
June 30, 2008  
(amounts expressed in thousands)

	<u>Garage Operating</u>	<u>Central Dupl.</u>	<u>Central. Mail System</u>	<u>Flood Control</u>	<u>Comm. Services</u>
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 2,447	\$ 117	\$ (314)	\$ 171	\$ 416
Receivables (net):					
Accounts	-	-	-	-	-
Interest	12	-	-	1	2
Due from Other Funds	260	-	137	-	5
Inventories and Prepaid Expenses	33	-	37	-	-
Total Current Assets	<u>2,752</u>	<u>117</u>	<u>(140)</u>	<u>172</u>	<u>423</u>
Noncurrent Assets:					
Land	23				
Construction in progress	-	-	-	-	-
Structures & Improvements	163	-	-	-	-
Vehicles	6,401	-	-	-	-
Equipment	189	-	139	-	808
Accumulated Depreciation	(4,105)	-	(103)	-	(735)
Total Noncurrent Assets	<u>2,671</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>73</u>
Total Assets	<u>\$ 5,423</u>	<u>\$ 117</u>	<u>\$ (104)</u>	<u>\$ 172</u>	<u>\$ 496</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Claims Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	93	-	-	-	-
Interest Payable	-	-	-	-	-
Accrued Payroll	20	-	-	-	-
Due to Other Funds	1	-	-	-	17
Current portion of compensated absences	12	-	-	-	-
Capital Lease Obligations-					
Current Portion	-	-	-	-	-
Total Current Liabilities	<u>126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>
Long Term Liabilities:					
Compensated Absences	57	-	-	-	-
Capital Lease Obligations-					
Net of Current Portion	-	-	-	-	-
Total Noncurrent Liabilities	<u>57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>
<b>NET ASSETS:</b>					
Invested in Capital Assets, net of related debt	2,671	-	36	-	73
Restricted	2,238	-	-	-	321
Unrestricted	331	117	(140)	172	85
Total Net Assets	<u>\$ 5,240</u>	<u>\$ 117</u>	<u>\$ (104)</u>	<u>\$ 172</u>	<u>\$ 479</u>

**COUNTY OF IMPERIAL**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
June 30, 2008  
(amounts expressed in thousands)

	<u>Liability Insurance</u>	<u>Workers' Comp. Benefits</u>	<u>Unemp. Insurance</u>	<u>Medical Plan</u>	<u>Dental/ Vision Plan</u>
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 5,088	\$ 16,756	\$ 1,058	\$ 14,125	\$ 1,017
Receivables (net):				-	-
Accounts	-	-	-	-	-
Interest	23	80	5	70	5
Due from Other Funds	42	-	-	-	-
Inventories and Prepaid Expenses	-	-	-	-	-
Total Current Assets	<u>5,153</u>	<u>16,836</u>	<u>1,063</u>	<u>14,195</u>	<u>1,022</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>\$ 5,153</u>	<u>\$ 16,836</u>	<u>\$ 1,063</u>	<u>\$ 14,195</u>	<u>\$ 1,022</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Claims Payable	\$ 1,211	\$ 5,659	\$ -	\$ 1,837	\$ 44
Accounts Payable	35	8	-	319	41
Interest Payable	-	-	-	-	-
Accrued Payroll	-	-	-	-	-
Due to Other Funds	37	35	11	43	10
Current portion of compensated absences	-	-	-	-	-
Capital Lease Obligations- Current Portion	-	-	-	-	-
Total Current Liabilities	<u>1,283</u>	<u>5,702</u>	<u>11</u>	<u>2,199</u>	<u>95</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>1,283</u>	<u>5,702</u>	<u>11</u>	<u>2,199</u>	<u>95</u>
<b>NET ASSETS:</b>					
Invested in Capital Assets, net of related debt	-	-	-	-	-
Restricted	(1,211)	(5,659)	-	(1,837)	(44)
Unrestricted	5,081	16,793	1,052	13,833	971
Total Net Assets	<u>\$ 3,870</u>	<u>\$ 11,134</u>	<u>\$ 1,052</u>	<u>\$ 11,996</u>	<u>\$ 927</u>

**COUNTY OF IMPERIAL**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
June 30, 2008  
(amounts expressed in thousands)

	<u>Medical Malpractice</u>	<u>Auto</u>	<u>Information Systems</u>	<u>Workers Comp Court Tail Claims</u>	<u>Total</u>
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 1,002	\$ 3,074	\$ (110)	\$ 275	\$ 45,122
Receivables (net):					
Accounts	-	-	-	-	-
Interest	5	15	-	2	220
Due from Other Funds	-	-	368	-	812
Inventories and Prepaid Expenses	-	-	-	-	70
Total Current Assets	<u>1,007</u>	<u>3,089</u>	<u>258</u>	<u>277</u>	<u>46,224</u>
Noncurrent Assets:					
Land					23
Construction in progress	-	-	-	-	-
Structures & Improvements	-	-	-	-	163
Vehicles	-	-	-	-	6,401
Equipment	-	-	658	-	1,794
Accumulated Depreciation	-	-	(658)	-	(5,601)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,780</u>
Total Assets	<u>\$ 1,007</u>	<u>\$ 3,089</u>	<u>\$ 258</u>	<u>\$ 277</u>	<u>\$ 49,004</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Claims Payable	\$ -	\$ -	\$ -	\$ -	\$ 8,751
Accounts Payable	-	-	-	-	496
Interest Payable	-	-	-	-	-
Accrued Payroll	-	-	44	-	64
Due to Other Funds	3	13	5	-	175
Current portion of compensated absences	-	-	4	-	16
Capital Lease Obligations- Current Portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>3</u>	<u>13</u>	<u>53</u>	<u>-</u>	<u>9,502</u>
Long Term Liabilities:					
Compensated Absences	-	-	82	-	139
Capital Lease Obligations- Net of Current Portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>139</u>
Total Liabilities	<u>3</u>	<u>13</u>	<u>135</u>	<u>-</u>	<u>9,641</u>
<b>NET ASSETS:</b>					
Invested in Capital Assets, net of related debt	-	-	-	-	2,780
Restricted	-	25	(81)	-	(6,248)
Unrestricted	<u>1,004</u>	<u>3,051</u>	<u>204</u>	<u>277</u>	<u>42,831</u>
Total Net Assets	<u>\$ 1,004</u>	<u>\$ 3,076</u>	<u>\$ 123</u>	<u>\$ 277</u>	<u>\$ 39,363</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, 2008  
(amounts expressed in thousands)

	<b>Garage Operating</b>	<b>Central Duplicating</b>	<b>Centralized Mail System</b>	<b>Flood Control</b>	<b>Comm. Services</b>
<b>Operating Revenues:</b>					
Charges for Services	\$ 3,149	\$ -	\$ 604	\$ -	\$ 174
Other Revenues	1	-	-	-	-
Total Operating Revenues	<u>3,150</u>	<u>-</u>	<u>604</u>	<u>-</u>	<u>174</u>
<b>Operating Expenses:</b>					
Salaries and Benefits	462	-	34	-	1
Services and Supplies	1,735	-	605	43	112
Depreciation	989	-	9	-	29
Total Operating Expenses	<u>3,186</u>	<u>-</u>	<u>648</u>	<u>43</u>	<u>142</u>
Operating Income (Loss)	<u>(36)</u>	<u>-</u>	<u>(44)</u>	<u>(43)</u>	<u>32</u>
<b>Non-operating Revenues (Expenses):</b>					
Gain (Loss) on Sale of Fixed Assets	(32)	-	8	-	(62)
Changes in Designated Reserve	-	-	-	-	-
Interest - Income	69	3	-	5	10
Total Non-Operating Revenues	<u>37</u>	<u>3</u>	<u>8</u>	<u>5</u>	<u>(52)</u>
Net Income (Loss) before Transfers	<u>1</u>	<u>3</u>	<u>(36)</u>	<u>(38)</u>	<u>(20)</u>
Transfers in (out):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>1</u>	<u>3</u>	<u>(36)</u>	<u>(38)</u>	<u>(20)</u>
Net Assets - Beginning	<u>5,239</u>	<u>114</u>	<u>(68)</u>	<u>210</u>	<u>499</u>
Net Assets - Ending	<u>\$ 5,240</u>	<u>\$ 117</u>	<u>\$ (104)</u>	<u>\$ 172</u>	<u>\$ 479</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, 2008  
(amounts expressed in thousands)

	<b>Liability Insurance</b>	<b>Workers' Compensation Benefits</b>	<b>Unemployment Insurance</b>	<b>Medical Plan</b>	<b>Dental/ Vision Plan</b>
<b>Operating Revenues:</b>					
Charges for Services	\$ 2,064	\$ 5,552	\$ 501	\$ 18,409	\$ 999
Other Revenues	27	-	-	13	15
Total Operating Revenues	<u>2,091</u>	<u>5,552</u>	<u>501</u>	<u>18,422</u>	<u>1,014</u>
<b>Operating Expenses:</b>					
Salaries and Benefits	-	-	-	-	-
Services and Supplies	1,829	5,028	287	15,967	1,209
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>1,829</u>	<u>5,028</u>	<u>287</u>	<u>15,967</u>	<u>1,209</u>
Operating Income (Loss)	<u>262</u>	<u>524</u>	<u>214</u>	<u>2,455</u>	<u>(195)</u>
<b>Non-operating Revenues (Expenses):</b>					
Gain (Loss) on Sale of Fixed Assets	-	-	-	-	-
Changes in Designated Reserve	-	-	-	-	-
Interest - Income	106	393	23	321	29
Total Non-Operating Revenues	<u>106</u>	<u>393</u>	<u>23</u>	<u>321</u>	<u>29</u>
Net Income (Loss) before Transfers	<u>368</u>	<u>917</u>	<u>237</u>	<u>2,776</u>	<u>(166)</u>
Transfers in (out):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>368</u>	<u>917</u>	<u>237</u>	<u>2,776</u>	<u>(166)</u>
Net Assets - Beginning	<u>3,502</u>	<u>10,217</u>	<u>815</u>	<u>9,220</u>	<u>1,093</u>
Net Assets - Ending	<u>\$ 3,870</u>	<u>\$ 11,134</u>	<u>\$ 1,052</u>	<u>\$ 11,996</u>	<u>\$ 927</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, 2008  
(amounts expressed in thousands)

	<b>Medical Malpractice</b>	<b>Auto</b>	<b>Information Systems</b>	<b>Workers Comp Court Tail Claims</b>	<b>Total</b>
<b>Operating Revenues:</b>					
Charges for Services	\$ 152	\$ 307	\$ 1,633	\$ -	\$ 33,544
Other Revenues	-	-	-	-	56
Total Operating Revenues	<u>152</u>	<u>307</u>	<u>1,633</u>	<u>-</u>	<u>33,600</u>
<b>Operating Expenses:</b>					
Salaries and Benefits	-	-	1,478	-	1,975
Services and Supplies	129	162	102	-	27,208
Depreciation	-	-	-	-	1,027
Total Operating Expenses	<u>129</u>	<u>162</u>	<u>1,580</u>	<u>-</u>	<u>30,210</u>
Operating Income (Loss)	<u>23</u>	<u>145</u>	<u>53</u>	<u>-</u>	<u>3,390</u>
<b>Non-operating Revenues (Expenses):</b>					
Gain (Loss) on Sale of Fixed Assets	-	-	-	-	(86)
Changes in Designated Reserve	-	-	-	-	-
Interest - Income	24	74	(2)	7	1,062
Total Non-Operating Revenues	<u>24</u>	<u>74</u>	<u>(2)</u>	<u>7</u>	<u>976</u>
Net Income (Loss) before Transfers	<u>47</u>	<u>219</u>	<u>51</u>	<u>7</u>	<u>4,366</u>
Transfers in (out):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>47</u>	<u>219</u>	<u>51</u>	<u>7</u>	<u>4,366</u>
Net Assets - Beginning	<u>957</u>	<u>2,857</u>	<u>72</u>	<u>270</u>	<u>34,997</u>
Net Assets - Ending	<u>\$ 1,004</u>	<u>\$ 3,076</u>	<u>\$ 123</u>	<u>\$ 277</u>	<u>\$ 39,363</u>

**COUNTY OF IMPERIAL**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Fiscal Year Ended June 30, 2008  
(amounts expressed in thousands)

	<b>Garage Operating</b>	<b>Central Duplicating</b>	<b>Centralized Mail System</b>
<b>Cash flows from operating activities:</b>			
Cash received from users	\$ 3,150	\$ -	\$ 604
Cash received from operating activities	38	-	-
Cash paid to suppliers	(1,735)	-	(605)
Cash paid to employees	(462)	-	(34)
Cash paid for operating activities	-	-	(55)
Net cash provided by operating activities	<u>991</u>	<u>-</u>	<u>(90)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Net cash provided by (used) in non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(1,174)	-	-
Proceeds from sale of equipment	(32)	-	8
Net cash used by capital and related financing activities	<u>(1,206)</u>	<u>-</u>	<u>8</u>
<b>Cash flows from investing activities:</b>			
Interest received	69	3	-
Net increase in cash and cash equivalents	(146)	3	(82)
<b>Cash and cash equivalents - beginning</b>	<u>2,593</u>	<u>114</u>	<u>(232)</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 2,447</u>	<u>\$ 117</u>	<u>\$ (314)</u>
Reconciliation of operating income (loss) to net cash			
Provided by operating activities:			
Operating Income (Loss)	\$ (36)	\$ -	\$ (44)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	989	-	9
Decrease (Increase) in accounts receivable	-	-	50
Decrease (Increase) in interest receivable	6	-	-
Decrease (Increase) in prepaid expenses	13	-	(6)
Decrease (Increase) in due from other funds	(10)	-	(96)
Increase (Decrease) in accounts payable	20	-	-
Increase (Decrease) in accrued liabilities	3	-	(1)
Increase (Decrease) in due to other funds	(6)	-	-
Increase (Decrease) in insurance loss expense	-	-	-
Increase (Decrease) in compensated absences	12	-	(2)
Total adjustments	<u>1,027</u>	<u>-</u>	<u>(46)</u>
Net cash provided by operating activities	<u>\$ 991</u>	<u>\$ -</u>	<u>\$ (90)</u>

**COUNTY OF IMPERIAL**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Fiscal Year Ended June 30, 2008  
(amounts expressed in thousands)

	<b>Flood Control</b>	<b>Comm. Services</b>	<b>Liability Insurance</b>
<b>Cash flows from operating activities:</b>			
Cash received from users	\$ -	\$ 174	\$ 2,091
Cash received from operating activities	1	-	27
Cash paid to suppliers	(43)	(112)	(1,829)
Cash paid to employees	-	(1)	-
Cash paid for operating activities	-	(37)	-
Net cash provided by operating activities	<u>(42)</u>	<u>24</u>	<u>289</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Net cash provided by (used) in non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	-	-	-
Proceeds from sale of equipment	-	(87)	-
Net cash used by capital and related financing activities	<u>-</u>	<u>(87)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Interest received	<u>5</u>	<u>10</u>	<u>106</u>
Net increase in cash and cash equivalents	(37)	(53)	395
<b>Cash and cash equivalents - beginning</b>	<u>208</u>	<u>469</u>	<u>4,693</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 171</u>	<u>\$ 416</u>	<u>\$ 5,088</u>
Reconciliation of operating income (loss) to net cash			
Provided by operating activities:			
Operating Income (Loss)	\$ (43)	\$ 32	\$ 262
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	29	-
Decrease (Increase) in accounts receivable	-	-	-
Decrease (Increase) in interest receivable	1	1	9
Decrease (Increase) in prepaid expenses	-	-	-
Decrease (Increase) in due from other funds	-	(4)	-
Increase (Decrease) in accounts payable	-	(28)	8
Increase (Decrease) in accrued liabilities	-	-	-
Increase (Decrease) in due to other funds	-	(6)	37
Increase (Decrease) in insurance loss expense	-	-	(27)
Increase (Decrease) in compensated absences	-	-	-
Total adjustments	<u>1</u>	<u>(8)</u>	<u>27</u>
Net cash provided by operating activities	<u>\$ (42)</u>	<u>\$ 24</u>	<u>\$ 289</u>



**COUNTY OF IMPERIAL**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Fiscal Year Ended June 30, 2008  
(amounts expressed in thousands)

	<b>Workers'</b>		
	<b>Compensation</b>	<b>Unemployment</b>	<b>Medical</b>
	<b>Benefits</b>	<b>Insurance</b>	<b>Plan</b>
<b>Cash flows from operating activities:</b>			
Cash received from users	\$ 5,552	\$ 501	\$ 18,421
Cash received from operating activities	1,016	12	654
Cash paid to suppliers	(5,028)	(287)	(15,967)
Cash paid to employees	-	-	-
Cash paid for operating activities	-	-	-
Net cash provided by operating activities	<u>1,540</u>	<u>226</u>	<u>3,108</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Net cash provided by (used) in non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	-	-	-
Proceeds from sale of equipment	-	-	-
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Interest received	393	23	322
Net increase in cash and cash equivalents	1,933	249	3,430
<b>Cash and cash equivalents - beginning</b>	<u>14,823</u>	<u>809</u>	<u>10,695</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 16,756</u>	<u>\$ 1,058</u>	<u>\$ 14,125</u>
Reconciliation of operating income (loss) to net cash			
Provided by operating activities:			
Operating Income (Loss)	\$ 524	\$ 214	\$ 2,455
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	-	-
Decrease (Increase) in accounts receivable	-	-	-
Decrease (Increase) in interest receivable	27	1	15
Decrease (Increase) in prepaid expenses	-	-	-
Decrease (Increase) in due from other funds	-	-	-
Increase (Decrease) in accounts payable	(2)	-	286
Increase (Decrease) in accrued liabilities	-	-	-
Increase (Decrease) in due to other funds	35	11	43
Increase (Decrease) in insurance loss expense	956	-	309
Increase (Decrease) in compensated absences	-	-	-
Total adjustments	<u>1,016</u>	<u>12</u>	<u>653</u>
Net cash provided by operating activities	<u>\$ 1,540</u>	<u>\$ 226</u>	<u>\$ 3,108</u>

**COUNTY OF IMPERIAL**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Fiscal Year Ended June 30, 2008  
(amounts expressed in thousands)

	<b>Dental/ Vision Plan</b>	<b>Medical Malpractice</b>	<b>Auto</b>
<b>Cash flows from operating activities:</b>			
Cash received from users	\$ 1,014	\$ 152	\$ 307
Cash received from operating activities	33	5	19
Cash paid to suppliers	(1,209)	(129)	(162)
Cash paid to employees	-	-	-
Cash paid for operating activities	-	-	-
Net cash provided by operating activities	<u>(162)</u>	<u>28</u>	<u>164</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Net cash provided by (used) in non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	-	-	-
Proceeds from sale of equipment	-	-	-
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Interest received	29	24	74
Net increase in cash and cash equivalents	(133)	52	238
<b>Cash and cash equivalents - beginning</b>	<u>1,150</u>	<u>950</u>	<u>2,836</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 1,017</u>	<u>\$ 1,002</u>	<u>\$ 3,074</u>
Reconciliation of operating income (loss) to net cash			
Provided by operating activities:			
Operating Income (Loss)	\$ (195)	\$ 23	\$ 145
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	-	-
Decrease (Increase) in accounts receivable	-	-	-
Decrease (Increase) in interest receivable	3	2	6
Decrease (Increase) in prepaid expenses	-	-	-
Decrease (Increase) in due from other funds	4	-	-
Increase (Decrease) in accounts payable	30	-	-
Increase (Decrease) in accrued liabilities	-	-	-
Increase (Decrease) in due to other funds	10	3	13
Increase (Decrease) in insurance loss expense	(14)	-	-
Increase (Decrease) in compensated absences	-	-	-
Total adjustments	<u>33</u>	<u>5</u>	<u>19</u>
Net cash provided by operating activities	<u>\$ (162)</u>	<u>\$ 28</u>	<u>\$ 164</u>

**COUNTY OF IMPERIAL**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Fiscal Year Ended June 30, 2008  
(amounts expressed in thousands)

	<b>Information Systems</b>	<b>Workers Comp Court Tail Claims</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from users	\$ 1,633	\$ -	\$ 33,599
Cash received from operating activities	-	-	1,805
Cash paid to suppliers	(102)	-	(27,208)
Cash paid to employees	(1,478)	-	(1,975)
Cash paid for operating activities	(4)	-	(96)
Net cash provided by operating activities	<u>49</u>	<u>-</u>	<u>6,125</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Net cash provided by (used) in non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	-	-	(1,174)
Proceeds from sale of equipment	-	-	(111)
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,285)</u>
<b>Cash flows from investing activities:</b>			
Interest received	(2)	7	1,063
Net increase in cash and cash equivalents	47	7	5,903
<b>Cash and cash equivalents - beginning</b>	<u>(157)</u>	<u>268</u>	<u>39,219</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ (110)</u>	<u>\$ 275</u>	<u>\$ 45,122</u>
Reconciliation of operating income (loss) to net cash			
Provided by operating activities:			
Operating Income (Loss)	\$ 53	\$ -	\$ 3,390
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	-	1,027
Decrease (Increase) in accounts receivable	-	-	50
Decrease (Increase) in interest receivable	-	-	71
Decrease (Increase) in prepaid expenses	-	-	7
Decrease (Increase) in due from other funds	(8)	-	(114)
Increase (Decrease) in accounts payable	(3)	-	311
Increase (Decrease) in accrued liabilities	4	-	6
Increase (Decrease) in due to other funds	(1)	-	139
Increase (Decrease) in insurance loss expense	-	-	1,224
Increase (Decrease) in compensated absences	4	-	14
Total adjustments	<u>(4)</u>	<u>-</u>	<u>2,735</u>
Net cash provided by operating activities	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ 6,125</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, 2008**  
(amounts expressed in thousands)

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Governmental fund capital assets:

Land	\$	4,060
Construction in progress		8,119
Infrastructure		79,435
Structures and Improvements		58,934
Vehicles		3,549
Furniture and Equipment		<u>34,732</u>
Total governmental funds capital assets	\$	<u><u>188,829</u></u>

Investments in governmental funds capital assets by source:

General Fund	\$	159,726
Special Revenue Funds		26,356
Capital Projects		<u>2,747</u>
Total governmental funds capital assets	\$	<u><u>188,829</u></u>

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

**COUNTY OF IMPERIAL**  
**Capital Assets Used in the Operation of Government Funds**  
**Schedule by Function and Activity\***  
**June 30, 2008**  
(amounts expressed in thousands)

	Land	Construction in Progress	Infrastructure	Structures & Improvements	Vehicles	Furniture & Equipment	Total
General Government	\$ 3,936	\$ 8,119	\$ 79,435	\$ 37,046	\$ 15	\$ 2,487	\$ 131,038
Public Protection	15	-	-	18,881	1,526	14,886	35,308
Public Ways & Facilities	38	-	-	806	975	9,321	11,140
Health & Sanitation	14	-	-	2,080	575	4,700	7,369
Public Assistance	-	-	-	-	441	3,212	3,653
Education	57	-	-	121	17	126	321
Total government funds capital assets	<u>\$ 4,060</u>	<u>\$ 8,119</u>	<u>\$ 79,435</u>	<u>\$ 58,934</u>	<u>\$ 3,549</u>	<u>\$ 34,732</u>	<u>\$ 188,829</u>

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



**COUNTY OF IMPERIAL**  
**Capital Assets Used in the Operation of Government Funds**  
**Schedule of Changes By Function and Activity\***  
**June 30, 2008**

(amounts expressed in thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
General Government	\$ 123,749	14,590	7,301	131,038
Public Protection	33,196	3,040	928	35,308
Public Ways and Facilities	10,134	1,039	34	11,139
Health and Sanitation	7,247	166	44	7,369
Public Assistance	3,154	575	75	3,654
Education	321	-	-	321
Total governmental funds capital assets	<u>177,801</u>	<u>19,410</u>	<u>8,382</u>	<u>188,829</u>

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





## **SINGLE AUDIT SECTION**

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





**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS 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 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, 2008, which collectively comprise the County of Imperial's basic financial statements and have issued our report thereon dated March 25, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Imperial's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Imperial's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Imperial's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Imperial's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Imperial's financial statements that is more than inconsequential will not be prevented or detected by the County of Imperial's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Imperial's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Supervisors, 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 25, 2009



**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, 2008. County of Imperial, California's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County of Imperial, California's management. Our responsibility is to express an opinion on County of Imperial, California's compliance based on our audit.

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

In our opinion, 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, 2008.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Imperial, California's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Imperial, California as of and for the year ended June 30, 2008, and have issued our report thereon dated March 25, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County of Imperial's basic financial statements. 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 basic 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 basic financial statements taken as a whole.

This report is intended for the information of the Board of Supervisors, 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 25, 2009



**COUNTY OF IMPERIAL, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass-Through Grantor/ Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</u>
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>			
Economic Development - Planning Asst.	11.302	07-86-06098	\$ 50,000
		Subtotal 11.302	<u>50,000</u>
Defense Logistics Agency-PTAC	12.002	SP48000-04-2-0352	<u>79,474</u>
		Subtotal 12.002	<u>79,474</u>
<b>TOTAL DEPARTMENT OF COMMERCE</b>			<b><u><u>129,474</u></u></b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Housing and Community Development			
** Community Development Block Grants			
CDBG Heber Family Apartments	14.228	03-HOME-0699	26,617
CDBG Freeze Grant	14.228	07-FREZ-2834	168,912
CDBG Rental New Constr. Project	14.228	04-HOME-0730	269,382
CDBG Workforce Housing Reward	14.228	04-WFH-0777	256,903
CDBG Home Buyer & Housing Rehb	14.228	04-STBG-1975	197,416
CDBG Planning & Technical	14.228	05-PTAA-1450	36,006
CDBG Colonia Projects	14.228	05-STBG-1546	64,880
CDBG Home Buyer & Housing Rehb	14.228	06-STBG-2506	7,148
Home First Time Homebuyers	14.228	05-HOME-2145	<u>391,820</u>
			<u>1,419,084</u>
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b><u><u>1,419,084</u></u></b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
Passed Through State Department of Employment Development:			
**One Stop Career Center Initiative	17.257	Not Available	<u>3,538,286</u>
		Subtotal 17.257	<u>3,538,286</u>
**Workforce Investment Act	17.258	Not Available	<u>1,354,088</u>
		Subtotal 17.258	<u>1,354,088</u>
<b>TOTAL DEPARTMENT OF LABOR</b>			<b><u><u>4,892,374</u></u></b>

**COUNTY OF IMPERIAL, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass-Through Grantor/ Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed Through State Department of Transportation:			
Highway Planning & Construction: Resurface Various County Roads	20.205	STPLH5958	<u>1,968,401</u>
		Subtotal 20.205	<u>1,968,401</u>
Rehabilitate Airport/Runway	20.106	03-06-0109-21	1,130,316
Rehabilitate Airport	20.106	DTFA08-03-C-21677	39,969
Airport Erosion	20.106	DTFA08-04-C-21821	16,718
Airport Security	20.106	HST501-04-A-LEF0041	<u>59,734</u>
		Subtotal 20.106	<u>1,246,737</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b><u><u>3,215,138</u></u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed Through State Department of Food and Agriculture:			
Crop Disaster Program-Light Brwn Apple Moth	10.073	06-0824	17,921
Crop Disaster Program-Glassy Winged Sharpshtr	10.073	07-0150-1	<u>196,093</u>
		Subtotal 10.073	<u>214,014</u>
Passed Through State Department of Social Services:			
**Food Stamps	10.551	Not Available	<u>26,118,802</u>
		Subtotal 10.551	<u>26,118,802</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b><u><u>26,332,816</u></u></b>

**COUNTY OF IMPERIAL, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass-Through Grantor/ Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</u>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Passed Through State Office of Emergency Services:			
Emergency Assistance Mgmt.	97.042	2007-6	<u>69,056</u>
		Subtotal 97.042	<u>69,056</u>
<b>TOTAL EMERGENCY MANAGEMENT AGENCY</b>			<b><u>69,056</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Passed Through State Office of Criminal Justice:			
Victim/Witness Natl Child Alliance	16.547	VW06200130V0CA	<u>71,719</u>
		Subtotal 16.547	<u>71,719</u>
Edward Byrne Memorial Formula Grant	16.579	2007-DJ-BX-0760	35,750
Office of Criminal Justice Planning Special Prosecutions Unit	16.579	DC 04170130	<u>159,107</u>
		Subtotal 16.579	<u>194,857</u>
OCJP VAWVP	16.588	VV 04060130	<u>1,678</u>
		Subtotal 16.588	<u>1,678</u>
Passed Through State Office of Criminal Justice (cont):			
H.I.D.T.A. Grant - Sheriff	16.0	2007/2008	1,132,727
H.I.D.T.A. Grant - DA	16.0	I8PSCP501Z	<u>446,781</u>
		Subtotal 16.0	<u>1,579,508</u>
Southwest Border Protection Initiative	16.0	2008-BW-BX-07D03610	<u>172,420</u>
		Subtotal Southwest Border	<u>172,420</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b><u>2,020,182</u></b>

**COUNTY OF IMPERIAL, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass-Through Grantor/ Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</u>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>			
Border Environment Cooperation Comm.	66.034	TAA-06-012	20,900
Border Environment Cooperation Comm.	66.034	TAA-06-026	24,000
Border Environment Cooperation Comm.	66.034	TAA-07-003	63,000
CAA Special Purpose Activities -Air Quality	66.034	XA-99936801-0	<u>100,000</u>
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>		Total	<b><u>207,900</u></b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed Through State Department of Health Services:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	95-117L2006-07	<u>119,090</u>
		Subtotal 93.116	<u>119,090</u>
AIDS Master Grant Case Management	93.917	047-35350	44,865
I.C. Ryan White CARE Consortia	93.917	03-75905	<u>55,364</u>
		Subtotal 93.917	<u>100,229</u>
Maternal and Child Health Service Block Grant:			
MCH Coordinator/PH Nutritionist/AFLP	93.994	200713	<u>162,580</u>
		Subtotal 93.994	<u>162,580</u>
Passed Through State Department of Health Services:			
Medi-Cal Admin. (MAA)	93.0	02-25129	1,095,232
Childhood Lead Poisoning	93.0	05-45137	18,442
California Children Service (CCS)	93.0	200613	172,209
Targeted Case Management	93.0	00-9492	201,236
Child Health Disb. (CHDP)	93.0	Imperial 13 FY 2007-08	<u>187,557</u>
		Subtotal 93.0	<u>1,674,676</u>
Bioterrorism Preparedness	93.889	06-13-03-IMP	<u>24,217</u>
		Subtotal 93.889	<u>24,217</u>
Total State Dept. of Health			<u>2,080,792</u>

**COUNTY OF IMPERIAL, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Grant/Pass-Through Grantor/ Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</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	SAMHSA SFY 2007-08	<u>355,042</u>
		Subtotal 93.958	<u>355,042</u>
Stewart B. McKinney/Homeless	93.150	MH 1772 B	<u>49,963</u>
		Subtotal 93.150	<u>49,963</u>
Club Live	93.959	FFY 2008	3,000
Friday Night Live	93.959	FFY 2008	3,000
SAPT	93.959	SCC 13(07/08)	<u>1,040,564</u>
		Subtotal 93.959	<u>1,046,564</u>
Federal Medi-Cal	93.778	SCC 13(07/08)	<u>368,646</u>
		Subtotal 93.778	<u>368,646</u>
Total State Dept. of Alcohol & Drug Programs			<u>1,820,215</u>
Passed Through State Department of Social Services:			
**Child Support Enforcement	93.563	Not Available	<u>3,708,109</u>
		Subtotal 93.563	<u>3,708,109</u>
**TANF Temporary Need	93.558	Not Available	17,455,933
**Asst. Payments-Maint. Assist.	93.558	Not Available	<u>14,630,275</u>
		Subtotal 93.558	<u>32,086,208</u>
Total State Dept. of Social Services			<u>35,794,317</u>

**COUNTY OF IMPERIAL, CALIFORNIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grant/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Program Expenditures
Passed Through State Department Office of Aging:			
Title VII-B Elder Abuse Prev.	93.041	AP-0708-24	<u>2,867</u>
		Subtotal 93.041	<u>2,867</u>
Title VII-A Ombudsman	93.042	AP-0708-24	<u>18,084</u>
		Subtotal 93.042	<u>18,084</u>
Title III D - Disease Prevention	93.043	AP-0708-24	<u>12,657</u>
		Subtotal 93.043	<u>12,657</u>
Title III B - Support Services Senior Centers	93.044	AP-0708-24	<u>185,903</u>
		Subtotal 93.044	<u>185,903</u>
Title III C-1 & C-2	93.045	AP-0708-24	<u>404,246</u>
		Subtotal 93.045	<u>404,246</u>
Title III E Family Caregiver Service	93.052	AP-0708-24	<u>88,129</u>
		Subtotal 93.052	<u>88,129</u>
NSIP Meal Subsidiary III	93.053	AP-0708-24	<u>60,753</u>
		Subtotal 93.053	<u>60,753</u>
Total Passes Through State Dept. of Aging			<u>772,639</u> *
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b><u>40,467,963</u></b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b><u>\$ 78,753,987</u></b>
* Footnote: Direct Funding State Department Office of Aging:			
			<b>State Funds</b>
Title VII-B Elder Abuse Prev.	93.041	AP-0708-24	128
Title VII-A Ombudsman	93.042	AP-0708-24	991
Title III D - Disease Prevention	93.043	AP-0708-24	546
Title III B - Support Services Senior Centers	93.044	AP-0708-24	25,641
Title III C-1 & C-2	93.045	AP-0708-24	122,299
Community Based Service Programs		AP-0708-24	386,444
Special Deposit Fund		AP-0708-24	<u>2,798</u>
Total State Dept. of Aging		Total State Funds	<u>538,847</u>

COUNTY OF IMPERIAL, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2008

SECTION I – SUMMARY OF AUDITORS' RESULTS

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ yes  X  no

Significant deficiencies identified not considered to be material weaknesses? \_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_ yes  X  no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified? \_\_\_ yes  X  no

Significant deficiencies identified not considered to be material weaknesses? \_\_\_ yes  X  none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_\_ yes  X  no

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$2,362,620

Auditee qualified as low-risk auditee?  X  yes \_\_\_ no

**COUNTY OF IMPERIAL, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2008

PROGRAM

FINDING/NONCOMPLIANCE

QUESTIONED  
COSTS

**There are no current year findings.**



**COUNTY OF IMPERIAL, CALIFORNIA**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2008

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, 2008

**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.

**Note 2. Loans Receivable**

The following are loans receivable by the County of Imperial, California, relating to the described federal program as of June 30, 2008:

	<b><u>Federal CFDA Number</u></b>	<b><u>Amount</u></b>
Passed through State Department of Housing And Community Development:		
State block grant 1992	14.228	\$ 125,999
State block grant 1994	14.228	98,250
State block grant 1996	14.228	276,137
State block grant 1998	14.228	187,563
State block grant 2002	14.228	392,743
State block grant 2004	14.228	519,686
State block grant program income	14.228	<u>557,036</u>
		<u>2,158,424</u>
Home First-Time Homebuyer Program 2000	14.228	374,616
Home First-Time Homebuyer Program 2002	14.228	2,333,137
Home First-Time Homebuyer Program 2005	14.228	695,888
Home New Rental Construction Project 2003	14.228	3,502,000
Home New Rental Construction Project 2004	14.228	<u>3,502,000</u>
		<u>10,407,641</u>
Total passed through State Department of Housing And Community Development:		<u>\$12,566,065</u>
USDA Small Business Revolving Loan Fund		<u>\$ 85,238</u>