

El Dorado Irrigation District
Placerville, California

2004 Comprehensive Annual Financial Report

For the Year Ended December 31, 2004



El Dorado Irrigation District
2890 Mosquito Road, Placerville, CA 95667
(530) 622-4513 / www.eid.org

Prepared by the Finance
and Management Services Department



El Dorado Irrigation District

Table of Contents

2004 Comprehensive Annual Financial Report

INTRODUCTORY SECTION

| | |
|---|----|
| Letter of Transmittal | 1 |
| Profile of the District | 1 |
| Factors Affecting Financial Condition | 4 |
| Major Initiatives..... | 7 |
| Independent Audit | 8 |
| Awards | 8 |
| Government Finance Officers Association Award..... | 10 |
| California Society of Municipal Finance Officers Award..... | 11 |
| Organization Chart..... | 12 |
| Directors and District Officials..... | 13 |
| Acknowledgments | 14 |

FINANCIAL SECTION

| | |
|--|----|
| Independent Auditor's Report | 15 |
| Management's Discussion and Analysis | 17 |
| Balance Sheets | 27 |
| Statements of Revenues, Expenses and Changes in Net Assets | 29 |
| Statements of Cash Flows..... | 30 |
| Notes to the Basic Financial Statements (The notes are considered an integral and essential part of adequate disclosure and fair presentation of this report) | 33 |

SUPPLEMENTAL SCHEDULES

| | |
|---|----|
| Combining Balance Sheets | 49 |
| Combining Schedule of Revenues, Expenses and Changes in Net Assets..... | 51 |
| Combined Schedule of Revenues, Expenses and Changes in Net Assets Budget and Actual | 52 |

Table of Contents

2004 Comprehensive Annual Financial Report

STATISTICAL SECTION

| | |
|--|----|
| Adjusted Budget for the Fiscal Years ended December 31, 2001, 2002, 2003, and 2004 | 53 |
| 2004 5-Year Capital Improvement Program Budget..... | 54 |
| Total Actual Revenue by Source 1995 – 2004 | 56 |
| Revenue Graphs: Years 1995 – 2004 | 57 |
| Total Actual Expenses by Function 2001 – 2004..... | 59 |
| Total Actual Expenses by Function 1995 – 2000..... | 60 |
| Expense Graphs: Years 1995 – 2004..... | 61 |
| Continuing Disclosure Requirements (SEC Rule 15c2-12) | 63 |
| Water Customer Accounts For Fiscal Year Ended December 31, 2004 | 64 |
| Wastewater Customer Accounts For Fiscal Year Ended December 31, 2004 | 65 |
| Summary of Net Revenue and Debt Service Coverage – All Debt..... | 66 |
| Debt Capacity | 67 |
| Debt Service Coverage Revenue Certificates of Participation | |
| Series 2003A, 2003B, 2004A and 2004B Water and Wastewater..... | 69 |
| El Dorado County Secured Assessed Valuation and Tax Collection Record | 70 |
| El Dorado Irrigation District Major Taxpayers Fiscal Year 2004 - 2005..... | 71 |
| Voter Approved Debt Tax Levy Net of Overlapping Debt | 72 |
| Special Assessment District Collections | 73 |
| Total Tax Burden All Overlapping Governments Per \$100 of Assessed Valuation | 74 |
| Demographics and Statistical Summary: Water, Wastewater and Recreation | 75 |
| Average Daily Flow of District Wastewater Facilities..... | 78 |
| Annual District Water Allocations and Actual Deliveries | 78 |
| Water Supply and Demand Data | 79 |
| District Growth History of Newly Purchased Equivalent Dwelling Units (EDUs) | 80 |
| Building Permit Valuations for EID Service Area | 81 |
| New Construction Finals for EID Service Area | 81 |

Table of Contents
2004 Comprehensive Annual Financial Report

STATISTICAL SECTION *(Continued)*

| | |
|--|----|
| Population | 82 |
| Civilian Labor Force Employment and Unemployment | 83 |
| El Dorado County Major Employers | 84 |
| El Dorado County Employment by Industry | 84 |
| Top Ten Customers: Water and Wastewater | 85 |
| Residential Rate Increases 1995 – 2004 | 86 |
| Water Rates..... | 87 |
| Recycled and Wastewater Rates | 92 |
| Surcharges for 2004..... | 93 |
| Facility Capacity Charges..... | 95 |



El Dorado Irrigation District is located in Placerville, California



June 2, 2005

Honorable President and Members of the Board of Directors, Customers and Interested Parties of the El Dorado Irrigation District:

We are pleased to present to you the El Dorado Irrigation District's (EID or District) Comprehensive Annual Financial Report (CAFR) of the fiscal year ending December 31, 2004. This is the third year the District's CAFR has been prepared using the new financial reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The District's financial statements have been independently audited by Richardson & Company's licensed Certified Public Accountants. While the independent auditors have expressed their opinion that the District's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP), the responsibility for the accuracy, completeness and presentation of the information contained in this report rests with the District. To the best of our knowledge and belief, this report is accurate in all material respects. Based on the findings and results of the audit, the auditors have identified the District as fiscally sound and a low-risk auditee.

The CAFR is presented in three sections: introductory, financial, and statistical. The Introductory Section includes this transmittal letter, a profile of the District, and factors affecting its financial condition. The Financial Section includes the Independent Auditor's Report, MD&A, Basic Financial Statements, including all District funds, and the Supplemental Schedules. The Statistical Section includes specific financial and demographic information about the District's operations and El Dorado County, presented in a multi-year format.

Profile of the District

EID is an irrigation special district organized in 1925 under the Irrigation District Act (Water Code §§20500, et seq.) and authorizing statutes (Water Code §§22975, et seq.). Its original purpose was to provide domestic water to the City of Placerville and

irrigation water to local farmers. Under existing law, this agency provides water, wastewater, recycled water, hydroelectric, and recreation services within its service area to approximately 100,000 customers.

EID also owns and operates a 21 megawatt hydroelectric generation project licensed by the Federal Energy Regulatory Commission (FERC Project 184) which consists of 4 reservoirs (Echo Lake, Lake Aloha, Caples Lake, and Silver Lake), dams, and approximately 23 miles of flumes, canals, siphons, and tunnels located through the Sierra Nevada Mountains east of Placerville in the Counties of El Dorado, Alpine, and Amador.

Location

The District is located in El Dorado County on the Western slope of the Sierra Nevada Mountains, midway between the cities of Sacramento and South Lake Tahoe along the Highway 50 corridor. It is bounded by Sacramento County to the west and the town of Strawberry to the east. The community of El Dorado Hills is the western-most community served by the contiguous water system and Pollock Pines is the eastern-most. The area north of Coloma and Lotus establishes the northern-most service area. The largely agrarian communities of Pleasant Valley and South Shingle Springs establish the southern-most service area. The City of Placerville is located in the central part of the District and receives water from the District on a wholesale basis.

Historical Perspective and Source of Supply

Following many years of hard work by early Boards and committed staff to develop additional water supplies, the United States Bureau of Reclamation (USBR) authorized the Sly Park Unit under the American River Act of October 14, 1949 to augment the original water delivery system. The original system was a ditch conveyance system. The Sly Park Unit included the construction of Sly Park Dam and Reservoir, Camp Creek Diversion Dam and Tunnel, and conduits and canals used to convey, treat, and store water delivered from Sly Park's Jenkinson Lake. The project was completed in 1955, as a detached unit of the Central Valley Project. The Sly Park Unit was operated under contract by EID from 1955 until the District purchased the Sly Park Unit from the USBR on December 23, 2003. The average yield of this project is 23,000 acre-feet annually.

Project 184 Forebay, located in Pollock Pines, is another main source of water dating back to pre-1914 water rights that now provide the District up to 15,080 acre feet annually. The District's other main source of water supply is at Folsom Reservoir, where the District currently has two U.S. Bureau of Reclamation water service contracts, totaling 7,550 acre feet, serving the El Dorado Hills community.

Future water supply sources include the relocation of three of the District's historic ditch and Weber Reservoir supplies, a new water right of 17,000 acre feet awarded by the State Water Resources Control Board, and half of a new County Water

Agency – USBR water service contract. All supplies would be taken at Folsom Reservoir. It is expected that the first two sources will be available for diversion in 2006.

Today, the District provides municipal and industrial water (both retail and wholesale), irrigation water, wastewater treatment and reclamation, recreation, and hydroelectric services. As such, EID is one of the few California districts that provide the full complement of water-related services. Included in the District are the communities of Cameron Park, Camino, Diamond Springs, El Dorado, El Dorado Hills, Placerville, Pollock Pines, Shingle Springs, Rescue, and many smaller communities.

System Description

The District's contiguous service area spans 220 square miles and ranges from 500 feet at the Sacramento County line to over 4,000 feet in elevation in the eastern part of the District. The system requires 181 pressure-regulating zones to operate reliably. The water system operates over 1,229 miles of pipe, 37 miles of ditches, 6 treatment plants, 36 storage reservoirs and 38 pumping stations. In addition, the wastewater system operates 60 lift stations, 377 miles of pipe, and 5 treatment facilities. The El Dorado Hills and the Deer Creek wastewater treatment facilities now produce Title 22 recycled water which is used at golf courses and on front and back yard landscapes in single family homes within selected communities within the District. EID's recycled water program is entering its third decade, and is considered a leader in the recycled water industry in California.

The District also owns and operates Sly Park Recreation Area at its main reservoir, Jenkinson Lake. Popular for both day visits and overnight camping, the park includes 600 surface acres for water activities, 10 picnic areas, 9 miles of shoreline, 2 boat ramps, and 166 individual campsites. Group camping areas include: 5 adult, 2 youth, 1 handicapped and 1 equestrian. There are also 9 miles of hiking and equestrian trails, and a Native American/historical museum that includes a self-guided, 1/2-mile trail for those who enjoy nature and wildlife viewing.

Governance

The District's governing body, the Board of Directors, is composed of five members who are elected by geographical areas, called districts, and serve four-year staggered terms. Each Director must be a resident of the district he or she represents, and is elected by citizens within that district. The Board chooses a President and Vice-President from among its members annually. The District operates under a Board-Manager form of government. The General Manager is appointed by the Board, and administers the daily affairs of the District and carries out policies of the Board of Directors.

El Dorado Irrigation District has a wide range of powers to finance, construct, and operate facilities for the transportation, treatment, and distribution of raw and treated water, wastewater, recycled water, and hydroelectricity, as well as recreation. It has full

authority to set rates for services without review of any governmental unit and is accountable only to its electors.

Factors Affecting Financial Condition

Population

In the last two decades the Sacramento/San Joaquin Valley basin has seen overall population growth and prosperity. This growth has spilled over into the neighboring foothill communities, including the Western El Dorado County region served by EID. In the last ten years, from 1995 to 2004, El Dorado County's population has increased by 16.8% to 168,100. During the same period, the population of the State of California increased by 14.3 %.

Economic Growth

The long-run regional outlook shows a continued growing trend. The Sacramento Area Council of Governments (SACOG) projects that El Dorado County, excluding the Tahoe Basin, will add 41,075 housing units between January 1, 1997 and July 1, 2020, an increase of 86.8%. Almost half of this growth will occur in the El Dorado Hills area. Single-family building permits in EID's service area have averaged 1,167 per year from 1998 to 2004, with an increase to 1,566 in 2004.

Employment

El Dorado County residents employed within the District's service area work in a variety of industries including: government, retail trade, construction, private healthcare and education, manufacturing, agriculture, professional business, and leisure and hospitality. The largest employers in El Dorado County are in the public service, healthcare, data processing, and trade industries; with approximately 58% of the county's employed civilian labor force working in El Dorado County.

Most El Dorado County residents are within commuting distance of the greater Sacramento metropolitan area. Traditionally dependent on the defense industry and State government for employment, the Sacramento region has diversified into computer technology, financial services, healthcare, and biotechnology.

Overall, the county, state and national unemployment rate has decreased compared to 2003. The 2004 average unemployment rate for El Dorado County was 4.8%; compared to 6.2% for the State of California and 5.5% for the United States.

El Dorado County General Plan

While the long-term regional forecast shows a continued demand for housing, the El Dorado County General Plan was challenged by growth control advocates, environmental groups, and other entities for many years, causing a delay in adoption and

implementation of the General Plan. In February 1999, the Superior Court of California voided the County's certification of the Environmental Impact Report (EIR) for the 1996 General Plan. The County was required to repeat portions of its environmental review and re-adopt a General Plan. In 2004, the County adopted a final General Plan and EIR and voters approved this General Plan in March 2005. However, as a result of the 1999 Superior Court decision, the new General Plan and EIR must be reviewed and approved by the Court before becoming effective. Court action is expected in June 2005 on this matter.

District master plans are consistent with the latest General Plan which does not change existing infrastructure development plans for the District.

Measure Y

In November 1998, voters approved the Measure Y Traffic Control Initiative, which had since slowed the formation of new subdivisions. The new General Plan incorporates the Measure Y policies and therefore future development in El Dorado County is expected to be governed by Measure Y.

Property Tax Revenue

The District's service area encompasses approximately 220 square miles. Although the total secured assessed valuation of the properties within the District's service area increased 9% in 2004 to \$3.5 billion, property tax revenues dropped from \$6.6 million to \$2.1 million as a result of the State shift of property taxes from special districts to school districts as a partial solution for the State's budget deficit. It was originally believed that this shift would only reduce our property taxes by 40%; however, ultimately the State was able to take 100% of our property taxes based on our property tax revenues in 2001, the base year for the computations of this shift. The shift is said to only be in effect through calendar years 2004 and 2005 and hopes are that our property tax revenues will be fully restored in 2006. The District allocates 100% of annual property tax revenues received toward operations.

Long-term Financial Planning

In 2003, the District undertook the development and implementation of a multi-faceted comprehensive financing plan (CFP) that incorporated a water and wastewater rate analysis, a study of facility capacity charges (FCCs), and a financing plan for the funding of the District's five-year, \$276 million capital improvement program (CIP). The Board adopted a schedule of water and wastewater rate increases over six years and a recommended FCC increase on October 6, 2003. These rates became effective on January 1, 2004 and will continue on January 1 of successive years through 2009. In anticipation of the loss of 40% of our property tax revenues due the ERAF shift, the District also raised water and wastewater rates effective September 1, 2004. These rate increases will be removed in 2008. However, in 2005, to offset the *total* loss of the remainder of the property taxes, the Board adopted a 4.3% surcharge on water customers

effective April 1, 2005 through April 1, 2008. In September 2004, a task force was formed to review the FCC charges and the new rates resulting from the taskforce recommendations were adopted by the Board on April 4, 2005.

In 2004, the District issued refunding debt in the form of both auction rate and fixed rate certificates of participation to refinance the 1996 revenue bonds, 1999 revenue bonds and the LaSalle bank bridge loan. Favorable interest rates enabled the District to save approximately \$3 million on these refunding issues.

The two-year operating budget and the five-year capital improvement plan serve as the foundation for the District's financial planning and control. Budgets are adopted on a basis consistent with Governmental Generally Accepted Accounting Principles (GAAP). Budgetary controls are set at the department level and maintained to ensure compliance with the budget approved by the Board of Directors. Department directors have the discretion to transfer appropriations between activities within their departments. Two consenting departments can transfer appropriations between their departments. The General Manager has the ability to approve CIP budget increases and overall appropriations and transfers up to \$50,000 and can approve construction change orders up to \$100,000. Budget transfers and overall budget appropriation increases greater than \$50,000 require Board approval through the budget amendment process.

Internal Controls

The District is responsible for establishing and maintaining an internal control structure designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Cash Management

The District's cash is invested in securities allowable under the California State Government Code and in compliance with the District's Investment Policy, which focuses on the goals of safety, liquidity, and yield and seeks to minimize credit and market risks but maintain a competitive market yield. Interest rates have risen since mid-2004 and the District's overall portfolio yield for 2004 was 2.45%.

Debt Management

The District manages its debt to ensure high quality credit; access to credit markets; financial flexibility; and the lowest overall long-term cost of debt in compliance with the District's Debt Management Policy. EID's general philosophy on debt is to utilize pay-as-you-go funds for minor construction projects and to utilize debt issuances

for major long-term construction projects. This enables future users to share in the costs without overburdening existing ratepayers.

The District has specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the El Dorado Irrigation District Financing Corporation 2003A and 2003B Certificates of Participation; the El Dorado Irrigation District 2003 General Obligation Bonds, and the El Dorado Irrigation District 2004A and 2004B Certificates of Participation. The required continuing disclosure items and their locations within the CAFR can be found on Page 65.

Risk Management

As part of a continuing effort to reduce costs, the District's risk management is a combination of self-insurance and commercial insurance in excess of the self-insurance amounts. The self-insurance level for general liability and personal injury is \$25,000 per occurrence and for property damage and inland marine is \$100,000 per occurrence. The District is also self-insured for employee dental and vision claims. A major requirement of the District's competitive property insurance program requires the insurer to cover the extensive flume and conveyance system of Project 184. The District is continually evaluating its insurance programs and competitively bids the liability and property program every three years.

Major Initiatives

- G In 1999, the District took possession of FERC Project 184 following four years working under an operating agreement with Pacific Gas and Electric Company, the previous owner. Due to damage sustained in the 1997 floods, the project was unable to generate power at the time of possession and costly repairs continued throughout 2003. During 2003 the district undertook an aggressive rebuilding plan to the water conveyance system. The rebuilding and restoration of the project was a significant undertaking for the District and included rebuilding the powerhouse and replacing a substantial part of the conveyance system. A setback occurred in September of 2002 when an integral part of the conveyance system, the Mill to Bull Creek Tunnel, was determined to be misaligned at the initial hole-through. Following additional design and repair of the tunnel, the powerhouse was commissioned and generation of power commenced in November, 2003. The District has been operating this project successfully since its start up in November 2003 and throughout 2004. Since the rebuilding of the water conveyance system the District has reduced the water losses normally experienced from leakage from 16 cfs to 6 cfs today.

- G A 1998 compliance order issued by the State Department of Health Services initiated a multi-million dollar program to convert the District's open reservoir system, a part of the water distribution system, to a covered reservoir system. This included replacing the open reservoirs with above or below ground tanks, constructing

concrete covers, or abandoning some as needed. This program continued through 2004 and was completed in April 2005.

- G In response to the new security requirements imposed by the Federal Government following the 9/11 attacks, EID completed a district-wide vulnerability assessment in December 2003. This effort included an evaluation of the existing security systems, computer systems, threats to, and physical vulnerabilities of, critical District facilities. The effort also included use of this information to quantify the risk posed to each facility in order to meet the new Federal Vulnerability Assessment requirement and to develop an appropriate emergency response plan. Implementation of the recommendations that followed from this assessment continued through 2004.

Independent Audit

The Government Code requires an annual audit of the District's financial records by a Certified Public Accountant. Through a competitive bid process, the District selected Richardson & Company as our independent auditor. In addition to meeting the District's Code requirements, the audit also complies with the Federal Single Audit Act, Office of Management and Budget Circular A-133 requirements. The auditor's report on the District's financial statements and supplemental schedules is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) once again recognized the District for the quality of its Comprehensive Annual Financial Report issued for the 2003 year. This is the eighth consecutive year that the District has received this prestigious national award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to specific program standards. Such reports must satisfy both generally accepted accounting principles and accepted legal requirements.


The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District was also recognized by the California Society of Municipal Finance Officers and awarded "Outstanding Financial Reporting" for 2003. This award is also valid for one year, and the District will submit the current CAFR for consideration.

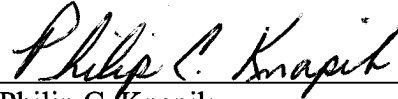
The preparation of this report required the exceptional services and dedicated efforts of the entire Finance Department. We would like to express our appreciation to all the members of the District staff who assisted and contributed to the preparation of this report.

We would also like to thank each member of the Board of Directors for their continuous leadership and support that ultimately made the preparation of this report possible.

Respectfully submitted,



Ane D. Deister
General Manager



Philip C. Knapik
Director of Finance & Management Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

El Dorado Irrigation District,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 2003-2004

Presented to the

El Dorado Irrigation District

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2005

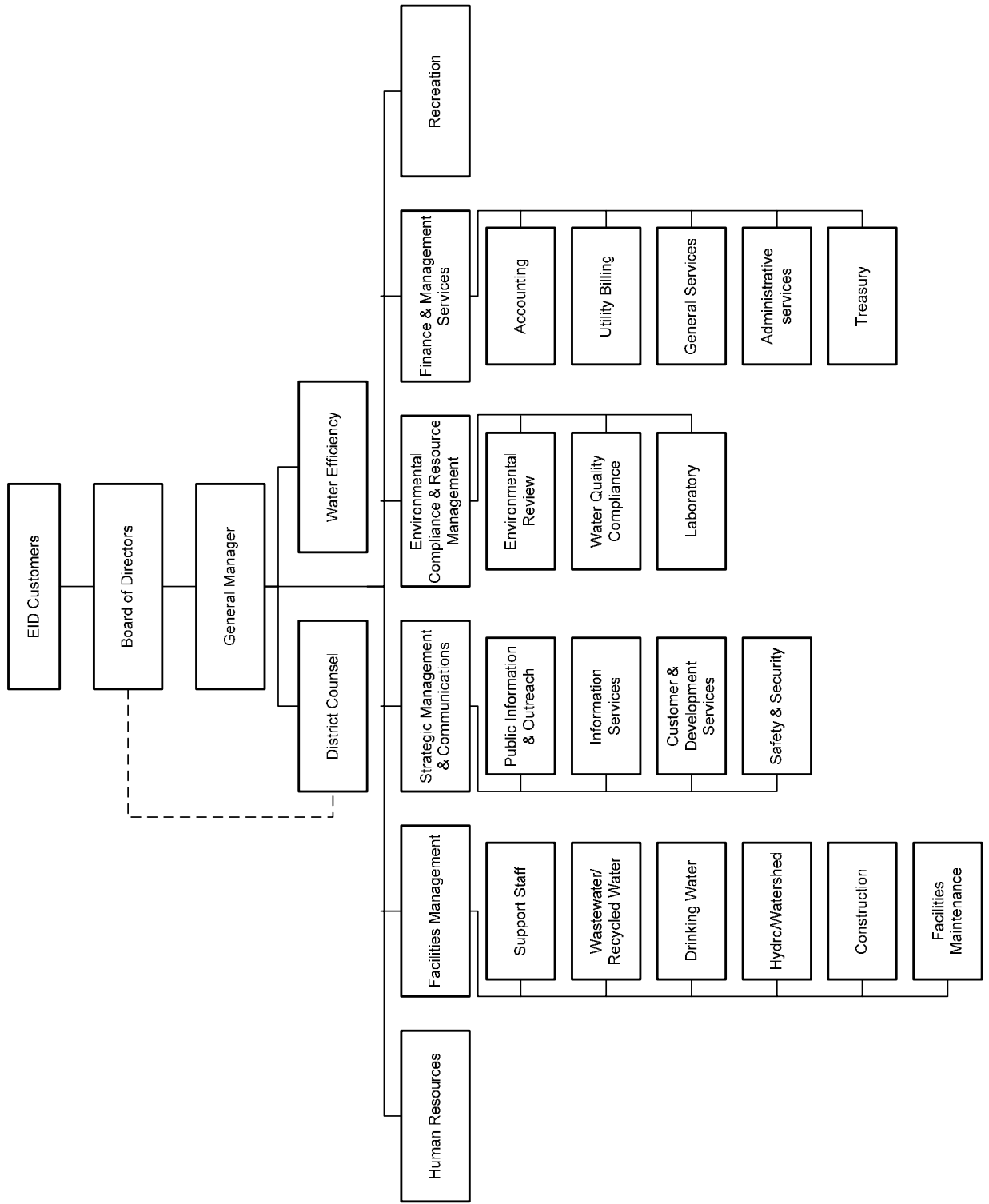
Sandra J. Schmidt

Sandra Schmidt, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



El Dorado Irrigation District Organization Chart



EL DORADO IRRIGATION DISTRICT
Placerville, California

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
YEAR ENDED DECEMBER 31, 2004



BOARD OF DIRECTORS

District 1 – George Osborne
District 2 – John Fraser, President
District 3 – Bill George
District 4 – George Wheeldon
District 5 – Harry Norris, Vice President

DISTRICT OFFICIALS

Ane D. Deister, General Manager
Thomas D. Cumpston, General Counsel
Philip C. Knapik, Director of Finance and Management Services
David E. Powell, Director of Facilities Management
Michael Dugan, Director of Human Resources
Don Pearson, Director of Recreation
David Witter, Director of Water Policy and Special Projects
Deanne Kloepfer, Director of Strategic Management and Communication
Steve Setoodeh, Director of Environmental Compliance and Resource Management

EL DORADO IRRIGATION DISTRICT
Placerville, California

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
YEAR ENDED DECEMBER 31, 2004



| |
|-----------------|
| ACKNOWLEDGMENTS |
|-----------------|

Prepared by the EID Finance and Management Services Department

Phil Knapik, Director of Finance and Management Services

Gary Buzby, Deputy Treasurer

Janet Pollard, Accounting Manager

Minda Bila, Administrative Analyst Finance

*Special thanks to Robbie Creamer for his
technical assistance designing the cover.*

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Dorado Irrigation District
Placerville, California

We have audited the accompanying basic financial statements of the El Dorado Irrigation District (the District) as of December 31, 2004 and 2003 and for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2004 and 2003 and the results of its operations and cash flows for the years 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 under separate cover, our report dated April 12, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statement but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedules listed in the table of contents is presented for the purposes of additional analysis 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 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Directors
El Dorado Irrigation District

The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. Such additional information 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.

Richardson & Company

April 12, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the El Dorado Irrigation District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2004. This information is presented in conjunction with the audited financial statements and their accompanying notes.

FINANCIAL HIGHLIGHTS

The District's total net assets increased by \$8.5 million. In the prior year, the comparable increase was \$36.4 million primarily as a result of the significant capital contributions. Operating revenues increased by \$4.4 million to \$28.7 million, but operating expenses increased by \$5.3 million (excluding depreciation) to \$45.6 million. In 2003 these increases were \$.6 million for operating revenues and \$1.5 million for operating expenses over 2002. Non-operating revenues were \$.8 million less than non-operating expenses in 2004; whereas, non-operating revenues exceed non-operating expenses by \$4.5 million in 2003 and by \$5.2 million in 2002. The decrease in non-operating revenues is primarily the result of the decline in property tax revenues resulting from the State tax shift of property taxes from special districts to school districts. Also, interest expense increased by \$3.4 million in 2004 as a result of the additional debt issued to finance capital improvements. Facility capacity charges and developer contributions were both lower than the prior year by \$3.4 million and \$2.5 million, respectively. In the prior year, these items were both higher by \$3.8 million and \$10.2 million, respectively, as a result of expanding growth of construction within the District.

In 2004, the District issued both fixed rate and adjustable rate Revenue Certificates of Participation to refund the 1996 and 1999 Revenue Bonds and the LaSalle Bank bridge loan. Lower interest rates on the new debt made this refinancing economically attractive. In the prior year the District issued fixed rate and adjustable rate Revenue Certificates of Participation totaling \$169.8 million to finance the capital improvement program. At the end of 2004, \$92.6 of the proceeds is unspent and is included in Restricted Cash on the balance sheet. The District's hydroelectric Project 184 came online in late 2003 and generated revenues of \$.3 million in 2003 and \$2.2 million in 2004.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis, the Basic Financial Statements, and optional Supplementary Information.

The required financial statements are the Balance Sheets at December 31, 2004 and 2003, the Statements of Revenues, Expenses and Changes in Net Assets for the years ended December 31, 2004 and 2003, and the Statements of Cash Flows for the years ended December 31, 2004 and 2003.

The financial statements, except for the cash flow statements, are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments. The cash flow statements are an exception because those statements show the receipt and payment of cash for operating, non-capital, capital and related financing, and investing activities.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities. The *Balance Sheet* includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in assets and obligations to District creditors as liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the *Statements of Revenues, Expenses, and Changes in Net Assets*. These statements measure the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its rates, fees, capacity and other charges. The District's profitability and credit worthiness can also be determined from these statements. They are prepared using the accrual basis of accounting by recognizing revenues in the period they are earned and expenses in the period they are incurred without regard to the period of cash receipt or payment.

The final required financial statement is the *Statements of Cash Flows*. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period as well as net changes in cash resulting from operations, investing, and financing activities. The statements explain where cash came from and where cash was used and the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

Has the financial condition of the District improved or deteriorated as a result of last year's operations? The Balance Sheets and the Statements of Revenues, Expenses and Changes in Net Assets are used to attempt to answer this question. These two statements report the net assets and the changes in them. Net assets may be a useful indicator over time as to the District's financial position. But, there may be other non-economic factors that could cause a change in the District's financial situation.

NET ASSETS

Net assets increased \$8.5 million to \$361.4 million in 2004. In the prior year, net assets increased \$36.4 million due to strongly increased developer contributions and the contribution resulting from the purchase of Sly Park. Net assets invested in capital assets, net of related debt, increased by \$17.4 million to \$278.7 million resulting from expenditures net of debt for capital assets. Net assets restricted for debt service decreased by \$3.4 million resulting from a release of debt-related restrictions due to the pay down of debt. Unrestricted net assets decreased \$6.6 million to \$40.7 million; whereas, in the prior year this item has increased by \$13.2 million.

Capital assets increased by \$46.8 million to \$443.0 million as a result of the capital improvement program in the current year. Capital assets increased \$56.1 million in the prior year. Current assets declined by \$61.7 million as a result of the draws made on the unspent portion of the bond proceeds and the purchase of \$22.1 million of investments. In the prior year, current assets and long term liabilities both increased substantially as a result of the issuance of the 2003 Revenue Certificates of Participation. The issuance of the 2004 Revenue Certificates of Participation were a refunding issue and did not increase long-term liabilities. A summary of the District's Balance Sheets is presented in Table A-1.

Table A-1
Condensed Balance Sheets
(in millions of dollars)

| | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|---|-------------------|-------------------|-------------------|
| Current Assets | \$144.1 | \$205.8 | \$73.3 |
| Long-Term Assets | 55.7 | 33.4 | 26.9 |
| Capital assets | 443.0 | 396.2 | 340.1 |
| Total Assets | \$642.8 | \$635.4 | \$440.3 |
| | | | |
| Current Liabilities | \$20.4 | \$20.0 | \$18.2 |
| Long-Term Liabilities | 261.0 | 262.5 | 105.6 |
| Total Liabilities | \$281.4 | \$282.5 | \$123.8 |
| | | | |
| Invested in Capital Assets, Net of Related Debt | \$278.7 | \$261.3 | \$233.3 |
| Restricted Net Assets | 42.0 | 44.2 | 49.0 |
| Unrestricted Net Assets | 40.7 | 47.4 | 34.2 |
| Total Net Assets | \$361.4 | \$352.9 | \$316.5 |

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Balance Sheet shows assets, liabilities and net assets at a specific point in time; whereas, the Statements of Revenues, Expenses and Changes in Net Assets show the results of operations for the year. Total revenues increased slightly by \$.9 million to \$37.2 million. Total revenues would have been at least \$5.2 million higher had not the State shifted property tax revenues from special districts to school districts. This shift is expected to be in place for two years. Total expenses increased by \$7.8 million to \$54.8 from higher personnel and interest costs. Net loss before capital contributions increased by \$6.9 million to \$17.6 million, primarily due to the \$5.3 million increase in operating expenses while total revenues remained relatively flat. In the prior year, net loss before capital contributions increased by \$1.6 million to \$10.7 million, primarily due to an increase of \$1.0 million in operating expenses while revenues remained flat. Capital contributions declined in 2004 by \$21.0 as a result of declines of \$3.4 million in facility capacity charges and \$2.5 million in developer contributions. In the prior year, capital contributions increased by \$29.2 million as the result of an increase in facility capacity charges, developer contributions and the contribution of \$15.2 million resulting from the acquisition of Sly Park from the United States Bureau of Reclamation. Ending net assets total \$361.4 million, an increase of \$8.5 million over the prior year.

On the Statement of Revenues, Expenses and Changes in Net Assets, the non-operating revenues and expenses are listed together. On the condensed statement below, operating and non-operating revenues and expenses are shown together, as follows:

Table A-2
Condensed Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended
(in millions of dollars)

| | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|---------------------------------------|-------------------|-------------------|-------------------|
| Operating Revenues | \$28.7 | \$24.3 | \$23.7 |
| Non-operating Revenues | 8.5 | 12.0 | 13.0 |
| Total Revenues | \$37.2 | \$36.3 | \$36.7 |
| Operating Expenses | \$35.7 | \$30.4 | \$29.4 |
| Depreciation | 9.8 | 9.1 | 8.6 |
| Non-operating Expenses | 9.3 | 7.5 | 7.8 |
| Total Expenses | \$54.8 | \$47.0 | \$45.8 |
| Net Loss Before Capital Contributions | (\$17.6) | (\$10.7) | (\$9.1) |
| Capital Contributions | 26.1 | 47.1 | 17.9 |
| Change in Net Assets | \$8.5 | \$36.4 | \$8.8 |
| Beginning Net Assets | 352.9 | 316.5 | 307.7 |
| Total Net Assets | \$361.4 | \$352.9 | \$316.5 |

Significant items of operating revenues and expenses are as follows:

Table A-3
Operating Revenues
For the Years Ended
(in millions of dollars)

| | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|----------------------------|-------------------|-------------------|-------------------|
| Water Sales & Service | \$14.9 | \$13.4 | \$13.7 |
| Wastewater Sales & Service | 10.9 | 10.0 | 9.4 |
| Recreational Revenues | 0.7 | 0.6 | 0.6 |
| Hydroelectric Revenues | 2.2 | 0.3 | 0.0 |
| Total Revenues | \$28.7 | \$24.3 | \$23.7 |

Table A-4
Operating Expenses Excluding Depreciation
For the Years Ended
(in millions of dollars)

| | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|--|-------------------|-------------------|-------------------|
| Departmental Expenses | | | |
| Office of the General Manager | \$2.8 | \$2.1 | \$2.1 |
| Strategic Management and Communication | 5.2 | 4.1 | 2.4 |
| Human Resources | 0.6 | 0.5 | 0.3 |
| Environmental Compliance and Resource Management | 0.8 | 0.7 | 0.3 |
| Finance and Management Services | 3.1 | 2.1 | 2.4 |
| Facilities Management | 17.6 | 15.5 | 15.8 |
| Recreation | 1.1 | 0.8 | 0.7 |
| Hydroelectric | 3.5 | 2.9 | 3.4 |
| Other Operating Expenses | | | |
| Developer Reimbursed Expenses | 1.0 | 1.7 | 2.0 |
| Total Operating Expenses Excluding Depreciation | \$35.7 | \$30.4 | \$29.4 |

Operating expenses, excluding depreciation, increased by \$5.3 million from \$30.4 million to \$35.7 million, or 17%, primarily due to increased salaries resulting from newly added positions, increased pay scales and other employee benefits. The increase in operating expenses in the prior year was \$1.0 million due to increased electricity costs and hydroelectric/FEMA related legal costs.

Operating revenues compared to operating expenses, excluding depreciation, are as follows:

Table A-5
Operating Revenues vs Operating Expenses Excluding Depreciation
For the Years Ended
(in millions of dollars)

| | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|---|-------------------|-------------------|-------------------|
| Operating Revenues | \$28.7 | \$24.3 | \$23.7 |
| Operating Expenses | 35.7 | 30.4 | 29.4 |
| Net Operating Loss Excluding Depreciation | (\$7.0) | (\$6.1) | (\$5.7) |

Significant items of non-operating revenues and expenses are as follows:

Table A-6
Non-operating Revenues
For the Years Ended
(in millions of dollars)

| | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|------------------------------|-------------------|-------------------|-------------------|
| Surcharges | \$1.6 | \$1.7 | \$1.8 |
| Voter-approved taxes | 0.1 | 0.9 | 0.7 |
| Property Taxes | 2.1 | 6.6 | 5.7 |
| Interest Income | 3.8 | 2.2 | 3.7 |
| Other Income | 0.9 | 0.6 | 0.4 |
| Flood Damage Reimbursements | 0.0 | 0.0 | 0.7 |
| Total Non-operating Revenues | \$8.5 | \$12.0 | \$13.0 |

Total non-operating revenues decreased by \$3.5 million principally due to the loss of property tax revenues. Because of State budget problems, property taxes normally paid to the District for a two year period will instead be shifted to school districts to help balance the State budget. This shift caused property tax revenues to decline by \$5.2 million in 2004. Higher current rates and the earnings on the proceeds of the 2003 Revenue Certificates of Participation for a full year caused interest income to increase by \$1.6 million over the prior year. Flood damage reimbursements declined by \$.7 million in the prior year due to slower review of claims by State and Federal agencies. In the prior year, property taxes increased by \$.9 million due to increases in assessed values.

Table A-7
Non-operating Expenses
For the Years Ended
(in millions of dollars)

| | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|------------------------------|-------------------|-------------------|-------------------|
| Flood Damage Expenses | \$0.1 | \$0.9 | \$1.9 |
| Other Expenses | 0.5 | 1.3 | 1.1 |
| Interest Expense | 8.7 | 5.3 | 4.8 |
| Total Non-operating Expenses | \$9.3 | \$7.5 | \$7.8 |

In prior years, the District was able to rely on the excess of non-operating revenues over non-operating expenses to partially fund operations; however, in the current year non-operating expenses exceed non-operating revenues by \$.8 million. Non-operating revenues decreased because of the loss of property tax revenues and non-operating expenses increased by \$1.8 million due to the increase in interest expense resulting from the 2003 financing for the capital improvement program.

Table A-8
Non-operating Revenues vs Expenses
For the Years Ended
(in millions of dollars)

| | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|----------------------------|-------------------|-------------------|-------------------|
| Non-operating Revenues | \$8.5 | \$12.0 | \$13.0 |
| Non-operating Expenses | (9.3) | (7.5) | (7.8) |
| Net Non-operating Revenues | (\$0.8) | \$4.5 | \$5.2 |

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets, net of accumulated depreciation, increased by \$46.8 million to \$443.0 million. This encompasses a broad range of infrastructure, including water and wastewater plants in service, reclaimed water facility, construction in progress, and also other assets such as vehicles, equipment, office equipment and furniture. The increase in net capital assets is mainly due to improvements to the general plant, water and wastewater systems and to construction in progress associated with the 2004 expenditures in the District's five-year capital improvement program to cover current and future growth resulting from the heavy private development in El Dorado Hills. In the prior year, capital assets increased by \$56.1 million. Detail of the District's capital assets follows:

Table A-9
Capital Assets, Net
(in millions of dollars)

| | <u>12/31/2004</u> | <u>12/31/2003</u> | <u>12/31/2002</u> |
|--|-------------------|-------------------|-------------------|
| Capital Assets Not Being Depreciated | | | |
| Land | \$5.3 | \$5.3 | \$5.3 |
| Construction in Progress | 124.9 | 91.1 | 60.9 |
| Total Capital Assets Not Being Depreciated | \$130.2 | \$96.4 | \$66.2 |
| Capital Assets Being Depreciated | | | |
| Water Plant in Service | \$231.4 | \$222.8 | \$201.7 |
| Wastewater Plant in Service | 152.3 | 146.5 | 136.7 |
| Future Use Facilities | 21.7 | 22.3 | 22.3 |
| General Plant | 27.0 | 24.2 | 20.7 |
| Reclaimed Water Facility | 13.4 | 7.4 | 7.2 |
| Electric Power Plant | 0.1 | 0.1 | 0.1 |
| Total Capital Assets Being Depreciated | \$445.9 | \$423.3 | \$388.7 |
| Less Accumulated Depreciation | 133.1 | 123.5 | 114.8 |
| Net Capital Assets | \$443.0 | \$396.2 | \$340.1 |

The District has capital project commitments outstanding of \$30.6 at December 31, 2004 and \$20.2 million at December 31, 2003. Additional information about the capital assets can be found in Note C to the financial statements.

LONG-TERM DEBT

At the end of 2004, the District had \$259.3 million in long-term debt. In 2004, the District refinanced the 1996 Revenue Bonds, the 1999 Revenue Bonds and the LaSalle Bank Bridge loan via the issuance of Revenue Certificates of Participation. In the prior year, the District issued \$169.8 of Revenue Certificates of Participation to fund the District's five-year capital improvement program. Also, in the prior year the District issued \$6.1 million of General Obligation bonds to finance the remainder of the Sly Park purchase. The payments on the 2003 General Obligation bonds are reimbursed via voter-approved property taxes. An analysis of the activity in the District's outstanding debt for the year is as follows:

Table A-10
Debt Analysis
For the year ended December 31, 2004
(in millions of dollars)

| | <u>Balance</u> <u>1/1/2004</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>12/31/2004</u> |
|---|-----------------------------------|------------------|-------------------|-------------------------------------|
| State of California Loans | 3.2 | | 0.1 | 3.1 |
| County of El Dorado Note | 1.5 | | | 1.5 |
| Revenue Bonds | 68.9 | | 68.9 | 0.0 |
| LaSalle Bank Bridge Loan | 15.0 | | 15.0 | 0.0 |
| Revenue Certificates of Participation 2003A | 74.0 | | | 74.0 |
| Revenue Certificates of Participation 2003B | 91.8 | | | 91.8 |
| 2003 General Obligation Bonds | 6.0 | | 0.4 | 5.6 |
| Revenue Certificates of Participation 2004A | | 75.4 | | 75.4 |
| Revenue Certificates of Participation 2004B | | 8.3 | | 8.3 |
| Motor Vehicle Leases | 0.3 | | 0.2 | 0.1 |
| Unamortized Premiums and Discounts | 2.6 | 5.9 | | 8.5 |
| Unamortized Deferred Amount on Refunding | | | 7.1 | (7.1) |
| Arbitrage Liability | 0.1 | | | 0.1 |
| Total Debt | <u>\$263.4</u> | <u>\$89.6</u> | <u>\$91.7</u> | <u>\$261.3</u> |
| Less Current Portion | <u>2.8</u> | | | <u>2.0</u> |
| Long-term Debt | <u>\$260.6</u> | | | <u>\$259.3</u> |

The District maintains a Standard & Poors rating of A- for its revenue bonds and for the revenue certificates of participation. Additional information on the District's long-term debt can be found in Note D of the financial statements.

Table A-11
Cost of Capital
(in millions of dollars)

| | <u>Debt balance</u> | <u>Average</u> <u>coupon rate</u> |
|---------------------------|---------------------|--------------------------------------|
| State of California Loans | 3.1 | 2.32% |
| 2003A Revenue COPs | 74.0 | 3% to 5.25% |
| 2003B Revenue COPs | 91.8 | Varies * |
| 2004A Revenue COPs | 75.4 | 2.5% to 5.0% |
| 2004B Revenue COPs | 8.3 | Varies * |

* The effective interest rate on the 2003B Revenue COPs was 1.50% at December 31, 2004 and .95% at December 31, 2003. The interest rate on the 2004B Revenue COPs will be 2.95% until February 15, 2006 and be subject to auction rates thereafter.

ECONOMIC FACTORS AND RATES

In 2004 the District continued the work on the manifold projects that comprise the capital improvement program. This program includes water treatment plant upgrades and storage in El Dorado Hills, wastewater projects totaling \$89 million, and seasonal water storage projects for the reclaimed system for service reliability and regulatory required projects, such as the Federal requirement to line and cover all the reservoirs. Many of these projects are a result of growth, especially in El Dorado Hills. The Board adopted a 4.3% surcharge on water customers effective April 1, 2005 through April 1, 2008 to offset the loss of property tax revenues. Interest rates have been rising and this will produce additional expense on our variable rate debt: however, our interest revenues will also rise. Also, late in 2004, the District began to reconsider and re-study the facility capacity charges.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances for the El Dorado Irrigation District. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Director of Finance and Management Services, 2890 Mosquito Road, Placerville CA 95667.

EL DORADO IRRIGATION DISTRICT

BALANCE SHEETS

December 31, 2004 and 2003

| ASSETS | <u>2004</u> | <u>2003</u> |
|---|--|--|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 30,225,005 | \$ 47,445,497 |
| Accounts Receivable, Net | 3,718,722 | 3,457,626 |
| Due from Other Governmental Agencies | 715,422 | 769,253 |
| Interest Receivable | 837,703 | 834,386 |
| Taxes Receivable | 1,846,192 | 7,087,046 |
| Inventory | 327,163 | 339,198 |
| Prepaid Expenses and Other Current Assets | 199,468 | 261,482 |
| Restricted Cash and Cash Equivalents | <u>106,248,022</u> | <u>145,594,307</u> |
| Total Current Assets | 144,117,697 | 205,788,795 |
| Long-Term Assets | | |
| Investments | 51,644,965 | 29,475,945 |
| Deferred Bond Costs | 3,969,290 | 3,894,122 |
| Notes Receivable | 91,018 | 95,132 |
| Capital Assets | | |
| Water Plant In Service | 231,792,576 | 223,225,118 |
| Wastewater Plant In Service | 152,691,587 | 146,851,443 |
| Future Use Facilities | 25,719,559 | 26,255,991 |
| General Plant | 27,425,569 | 24,745,037 |
| Reclaimed Water Facility | 13,392,585 | 7,360,627 |
| Electric Power Plant | 121,893 | 121,893 |
| Construction In Progress | 124,902,399 | 91,073,796 |
| Accumulated Depreciation | <u>(133,067,673)</u> | <u>(123,481,892)</u> |
| Capital Assets, Net | <u>442,978,495</u> | <u>396,152,013</u> |
| Total Assets | <u><u>\$642,801,465</u></u> | <u><u>\$635,406,007</u></u> |

| LIABILITIES AND NET ASSETS | <u>2004</u> | <u>2003</u> |
|---|-----------------------------|-----------------------------|
| Current Liabilities | | |
| Accounts Payable | \$ 8,219,344 | \$ 7,564,600 |
| Deposits | 523,791 | 528,395 |
| Accrued Compensated Absences | 920,818 | 745,331 |
| Accrued Payroll and Benefits Payable | 787,386 | 648,713 |
| Deferred Revenue | 5,492,653 | 5,787,672 |
| Current Contracts, Bonds and Leases Payable | 2,031,935 | 2,792,032 |
| Accrued Interest Payable | <u>2,358,987</u> | <u>1,939,821</u> |
| Total Current Liabilities | 20,334,914 | 20,006,564 |
| Long-Term Liabilities | | |
| Contracts, Bonds and Leases Payable | 259,278,616 | 260,614,735 |
| Reserve for Claims and Claims Expenses | 833,000 | 833,000 |
| Other Liabilities | <u>930,000</u> | <u>1,023,000</u> |
| Total Long-Term Liabilities | <u>261,041,616</u> | <u>262,470,735</u> |
| Total Liabilities | 281,376,530 | 282,477,299 |
| Net Assets | | |
| Invested in Capital Assets, Net of Related Debt | 278,723,476 | 261,340,004 |
| Restricted for New Facilities | 34,052,143 | 32,893,487 |
| Restricted for Debt Service | 7,957,208 | 11,356,043 |
| Unrestricted | <u>40,692,108</u> | <u>47,339,174</u> |
| Total Net Assets | <u>361,424,935</u> | <u>352,928,708</u> |
| Total Liabilities and Net Assets | <u><u>\$642,801,465</u></u> | <u><u>\$635,406,007</u></u> |

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

EL DORADO IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the years ended December 31, 2004 and 2003

| | 2004 | 2003 |
|--|-----------------------|-----------------------|
| Operating Revenues | | |
| Water Sales | \$ 13,479,756 | \$ 11,438,075 |
| Water Services | 1,449,506 | 1,945,136 |
| Reclaimed Water Reimbursements/Sales | 492,421 | 381,599 |
| Wastewater Sales | 10,369,268 | 9,511,727 |
| Wastewater Services | 72,474 | 150,555 |
| Recreation Fees | 668,574 | 607,144 |
| Hydroelectric Sales | 2,176,370 | 273,314 |
| Total Operating Revenues | <u>28,708,369</u> | <u>24,307,550</u> |
| Operating Expenses | | |
| Office of the General Manager | 2,799,308 | 2,103,585 |
| Strategic Management and Communications | 5,179,964 | 4,085,197 |
| Human Resources | 601,835 | 485,140 |
| Environmental Compliance and Resource Management | 766,842 | 688,377 |
| Finance and Management Services | 3,138,514 | 2,126,694 |
| Facilities Management | 17,629,255 | 15,459,723 |
| Recreation | 1,116,661 | 807,683 |
| Hydroelectric | 3,484,616 | 2,929,147 |
| Developer Reimbursed Expenses | 1,026,606 | 1,681,625 |
| Depreciation and Amortization | 9,821,568 | 9,086,235 |
| Total Operating Expenses | <u>45,565,169</u> | <u>39,453,406</u> |
| Net Loss From Operations | (16,856,800) | (15,145,856) |
| Nonoperating Revenues (Expenses) | | |
| Surcharges | 1,604,137 | 1,713,431 |
| Voter - Approved Taxes | 146,604 | 948,940 |
| Property Taxes | 2,124,301 | 6,557,126 |
| Interest Income | 3,758,980 | 2,163,720 |
| Flood Damage Expenses | (52,651) | (978,254) |
| Other Income | 863,031 | 644,346 |
| Other Expenses | (484,318) | (1,269,477) |
| Interest Expense | (8,723,281) | (5,333,118) |
| Flood Damage Reimbursements | | 13,983 |
| Total Nonoperating Revenues (Expenses) | <u>(763,197)</u> | <u>4,460,697</u> |
| Net Loss Before Capital Contributions | (17,619,997) | (10,685,159) |
| Capital Contributions | | |
| Facility Capacity Charges | 9,387,129 | 12,774,680 |
| Developer Contributions | 16,729,095 | 19,174,599 |
| Sly Park Capital Contribution | | 15,173,195 |
| Total Capital Contributions | <u>26,116,224</u> | <u>47,122,474</u> |
| Change in Net Assets | 8,496,227 | 36,437,315 |
| Net Assets, Beginning of Year | <u>352,928,708</u> | <u>316,491,393</u> |
| Net Assets, End of Year | <u>\$ 361,424,935</u> | <u>\$ 352,928,708</u> |

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

EL DORADO IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2004 and 2003

| | 2004 | 2003 |
|---|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Receipts From Customers | \$ 27,968,407 | \$ 23,880,971 |
| Cash Paid to Suppliers for Goods and Services | (17,672,685) | (15,883,544) |
| Cash Paid to Employees for Services | (17,216,472) | (14,191,703) |
| Cash Paid for Claims and Judgments | (441,460) | (512,483) |
| Other Operating Revenue | 916,862 | 656,698 |
| NET CASH USED FOR OPERATING ACTIVITIES | (6,445,348) | (6,050,061) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Surcharges Received | 1,783,380 | 1,705,252 |
| Property Taxes Received | 7,511,759 | 6,676,088 |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | 9,295,139 | 8,381,340 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of Property and Equipment | (39,683,168) | (30,305,962) |
| Principal Payments on Long-Term Debt | (2,711,350) | (17,067,883) |
| Proceeds From Issuance of Debt | 88,806,751 | 176,215,641 |
| Issuance Costs Paid | (1,086,804) | (3,409,001) |
| Interest Payments on Long-Term Debt | (8,411,314) | (5,362,987) |
| Facility Capacity Charges Received | 9,387,129 | 12,774,680 |
| Paid to Trustee to Defeasement Debt | (87,308,569) | (2,425,000) |
| NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES | (41,007,325) | 130,419,488 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds From Maturities and Calls of Investments | 19,496,294 | 36,996,304 |
| Purchases of Investments | (42,000,000) | (41,000,000) |
| Interest Received on Investments | 4,090,349 | 2,612,453 |
| Payments on Notes Receivable | 4,114 | 3,884 |
| NET CASH USED BY INVESTING ACTIVITIES | (18,409,243) | (1,387,359) |
| (DECREASE) INCREASE IN CASH | (56,566,777) | 131,363,408 |
| Cash and Cash Equivalents at Beginning of Year | 193,039,804 | 61,676,396 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 136,473,027 | \$ 193,039,804 |

EL DORADO IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended December 31, 2004 and 2003

| | 2004 | 2003 |
|--|-----------------------|-----------------------|
| RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES: | | |
| Net Loss From Operations | \$ (16,856,800) | \$ (15,145,856) |
| Adjustments to Reconcile Net Loss From Operations to Net Cash Used for Operating Activities: | | |
| Depreciation and Amortization | 9,821,568 | 9,086,235 |
| Flood Damage Expenses | (52,651) | (978,254) |
| Other Income/Expenses | 378,713 | (625,131) |
| Changes in Operating Assets and Liabilities: | | |
| Accounts Receivable | (440,339) | (570,975) |
| Due from Other Governmental Agencies | 53,831 | 12,352 |
| Inventory | 12,035 | (38,255) |
| Prepaid Expenses and Other Current Assets | 62,014 | 237,743 |
| Accounts Payable | 654,744 | 1,977,558 |
| Deposits | (4,604) | 49,914 |
| Accrued Compensated Absences | 175,487 | 172,146 |
| Accrued Payroll and Benefits Payable | 138,673 | 54,980 |
| Deferred Revenue | (295,019) | 94,482 |
| Other Liabilities | (93,000) | (377,000) |
| NET CASH USED FOR OPERATING ACTIVITIES | \$ (6,445,348) | \$ (6,050,061) |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | |
| Receipt of Contributed Assets | \$ 16,729,095 | \$ 34,347,794 |
| Change in Fair Value of Investments | \$ 321,861 | \$ 376,205 |
| Liability to U.S. Government Cancelled | | \$ 15,173,195 |

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



EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004 and 2003

NOTE A--REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the El Dorado Irrigation District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As allowed by the GASB, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989. The more significant of the District's accounting policies are described below.

Reporting Entity: The District was organized on October 5, 1925 under the Irrigation District Act and authorizing statutes. The District is governed by a five member Board of Directors elected by the voters within the District for staggered, four year terms, every two years. The District provides municipal and industrial water (both retail and wholesale), irrigation water, wastewater treatment and reclamation and recreation services in El Dorado County. Hydroelectric services consist of power generated at Akin Powerhouse, which is sold to a power broker at market rates. As required by GAAP, the accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

The District has created the El Dorado Public Agency Financing Authority to provide assistance to the District in the issuance of debt. Although legally separate from the District, the Authority is reported as if it were part of the primary government because it shares a common Board of Directors with the District and its sole purpose is to provide financing to the District under the debt issuance documents of the District. Debt issued by the Authority is reflected as debt of the District in these financial statements. The Authority has no other transactions and does not issue separate financial statements.

Basis of Presentation: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net assets represent the amounts available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the District are included on the balance sheet. Net assets are segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as deferred revenues until earned. Earned but unbilled sewer and water services are accrued as revenue. Water and sewer lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized as improvements other than buildings.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE A--REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Principles: The District adopts an annual budget in December each year. The budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The department heads can approve transfers within their own departmental operations budget. Budget transfers between two departments require the approval of the respective department heads. The General Manager may approve the transfer of appropriations from one department to another and transfers of \$50,000 or less from the District's contingency fund. All other transfers must be approved by the Board of Directors. The Board may approve additional appropriations throughout the year as well.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable: Accounts receivable arise from billings to customers for water and sewer usage and certain improvements made to customers' property. Uncollectible amounts from individual customers are not significant.

Due from Other Agencies: Due from other agencies represents reimbursements due from the Federal Emergency Management Agency and State of California Office of Emergency Services for flood damage repairs.

Capital Assets: Capital assets are recorded at historical cost. Donated assets are valued at estimated fair value on the date received. Depreciation is calculated using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Life</u> |
|-----------------------------|---------------------------|
| Facilities and improvements | 30-50 years |
| Buildings and structures | 40 years |
| Equipment and furniture | 5-10 years |

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with a cost of more than \$1,000. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement.

Inventory: Inventories are stated at the lower of average cost or market. Inventories consist of parts and supplies.

Bond Discounts and Issuance Costs: Bond discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond discounts. Issuance costs are reported as deferred charges.

Property Taxes: The District receives property taxes from El Dorado County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the levy year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE A--REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill. Under this program the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

The District experienced a reduction in its property tax revenue due to the State of California's Education Revenue Augmentation Fund (ERAF) in 2004. The District is anticipating an additional reduction of its property tax revenue of approximately \$5,225,000 in 2005.

Compensated Absences: The District's policy allows employees to accumulate earned but unused vacation and other forms of leave which will be paid to employees upon separation from the District's service, subject to a vesting policy. The cost of vacation is recorded in the period accrued. Unused sick leave at retirement is applied to California Public Employees' Retirement System service credits for retirement purposes.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including restricted assets, and all pooled deposits and investments in the Local Agency Investment Fund, which are available upon demand.

Reserve for Claims and Claims Expenses: The District is self-insured for the per-occurrence deductible for personal injury, general liability, property, fire, employee dishonesty, forgery, alteration, theft, disappearance, destruction and computer fraud claims. The District is also self-insured for all dental and vision claims. The District accrues the estimated costs of the self-insured portion of claims in the period in which the amount of the estimated loss is determinable.

Recent Accounting Pronouncements: In March 2003, the GASB issued Statement No. 40 "*Deposit and Investment Risk Disclosures*," which updates the custodial credit risk disclosure requirements of Statement No. 3 and establishes additional disclosure requirements addressing other common risks of deposits and investments. This Statement is effective for the District beginning in 2005. The District is currently assessing the new Statement.

In November 2003, the GASB issued Statement No. 42 "*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*," which establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries. This Statement is effective for the District beginning in 2005. The District has not yet determined the financial statement impact of adopting the new Statement.

Reclassifications: Certain reclassifications have been made to the 2003 financial statements to conform to the current presentation. These reclassifications had no effect on previously reported change in net assets.

NOTE B--CASH AND INVESTMENTS

California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. During the year ended December 31, 2004, the District's permissible investments included the following instruments:

- Local Agency Investment Fund (LAIF)
- California Asset Management Trust (CAMP)
- U.S. Treasury Issues
- Government agency obligations
- Bankers acceptances

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE B--CASH AND INVESTMENTS (Continued)

- High grade commercial paper
- Medium term corporate notes
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Mutual funds
- Collateralized negotiable investments
- Monies held by a trustee or fiscal agent

The District complied with the provisions of State statutes pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

The District's cash and cash equivalents consisted of the following as of December 31:

| | <u>2004</u> | <u>2003</u> |
|---|-----------------------|-----------------------|
| Unrestricted cash and equivalents | | |
| Investment in Local Agency Investment Fund (LAIF) | \$ 26,062,810 | \$ 39,084,428 |
| Investment in CAMP | 2,516,430 | 9,767,337 |
| Deposits in financial institutions | 1,642,095 | (1,409,938) |
| Cash on hand | <u>3,670</u> | <u>3,670</u> |
| | 30,225,005 | 47,445,497 |
| Restricted cash and equivalents | | |
| Investment in LAIF | 4,467,237 | 4,410,834 |
| Money market mutual funds | 1,224,904 | 5,131,575 |
| Guaranteed investment agreements | | 6,221,859 |
| Deposits in financial institutions | 1,235,282 | 1,235,281 |
| Collateralized investment agreements | 92,588,296 | 128,594,758 |
| Government investment contract | <u>6,732,303</u> | |
| | <u>106,248,022</u> | <u>145,594,307</u> |
| Total cash and cash equivalents | <u>\$ 136,473,027</u> | <u>\$ 193,039,804</u> |

At December 31, 2004, the carrying amount of the District's deposits was \$2,877,377 and the balances in financial institutions were \$3,922,924. Of the balance in financial institutions, \$212,838 was covered by federal depository insurance and \$3,710,086 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies. State law requires that the market value of the common pool of collateral be equal to or greater than 110% of all public deposits with the pledging financial institution if governmental securities are used, or 150% if mortgages are used, as collateral. The collateral is not held by, or in the name of, the District. At December 31, 2003, the carrying amount of the District's deposits was \$(174,657) and the balances in financial institutions were \$1,933,158. Of the balances in financial institutions, \$211,194 was covered by federal depository insurance and \$1,721,964 was collateralized, but the collateral was not held by, or in the name of, the District.

The collateralized investment agreements were covered by collateral held by the pledging bank's trust department in the District's name. These collateralized investment agreements are considered credit risk category 2, which are uninsured or unregistered, with securities held by counterparty's trust department or agent in the District's name. The guaranteed investment agreements and government investment contract is considered credit risk category 3, which are uninsured and unregistered with securities held by counterparty's trust department or agent, but not in the District's name.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE B--CASH AND INVESTMENTS (Continued)

The District's investments in money market mutual funds, CAMP and LAIF are stated at fair value and are not subject to categorization under GASB Statement No. 3. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total amount invested by all public agencies in LAIF is \$53,456,097,182 managed by the State Treasurer. Of that amount, 97.4 percent is invested in non-derivative financial products and 2.6 percent in derivative financial products and structured financial instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

CAMP is a Joint Powers Authority formed to provide professional investment management services and allows the participants to combine the use of a money market portfolio with an individually managed portfolio. The money market portfolio offers daily liquidity and is rated Aam by Standard and Poors. To maintain the Aam rating, the portfolio weighted average maturity may not exceed 70 days.

Included in restricted cash are balances maintained for the repayment of the 2004 Refunding Revenue Certificates of Participation and the 2003 Revenue Certificates of Participation, balances maintained for capital projects as authorized by the revenue bonds and the Revenue Certificates of Participation, a certificate of deposit assigned to the U.S. Forest Service to guarantee performance under a Special Use Permit, and a certificate of deposit assigned to the City of Placerville for a guarantee of performance for certain offsite improvements. The following are the components of restricted cash:

| | <u>2004</u> | <u>2003</u> |
|---|----------------------|----------------------|
| Restricted for repayment of debt service and capital projects | \$103,788,056 | \$143,264,713 |
| Restricted for Safe Drinking Water Projects | 1,224,685 | 1,094,313 |
| Assigned to U.S. Forest Service | 1,000,000 | 1,000,000 |
| Assigned to City of Placerville | <u>235,281</u> | <u>235,281</u> |
| | <u>\$106,248,022</u> | <u>\$145,594,307</u> |

Carrying values of investment securities at December 31, 2004 and 2003 are summarized as follows:

| | <u>2004</u> | <u>2003</u> |
|-----------------------------------|----------------------|----------------------|
| U.S. Government agency securities | \$ 50,621,625 | \$ 28,407,135 |
| Corporate bonds | <u>1,023,340</u> | <u>1,068,810</u> |
| Total investments | <u>\$ 51,644,965</u> | <u>\$ 29,475,945</u> |

The District's investments are stated at fair value and are categorized to give an indication of the level of credit risk assumed by the District at December 31, 2004 and 2003. The U.S. Government agency securities and corporate bonds are insured or registered, or the related securities are held by the District or its agent in the District's name and thus are credit risk Category 1 as defined by the GASB.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE C--CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2004 and 2003 are as follows:

| | Balance, January 1, 2004 | Additions | Transfers | Balance December 31, 2004 |
|---|--------------------------------|----------------------|--------------------|---------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,306,862 | | | \$ 5,306,862 |
| Construction in progress | 91,073,796 | \$ 38,631,525 | \$ (4,802,922) | 124,902,399 |
| Total capital assets not being depreciated: | <u>96,380,658</u> | <u>38,631,525</u> | <u>(4,802,922)</u> | <u>130,209,261</u> |
| Capital assets being depreciated | | | | |
| Water plant in service | 222,821,066 | 6,889,153 | 1,618,255 | 231,328,474 |
| Wastewater plant in service | 146,454,369 | 4,203,385 | 1,636,759 | 152,294,513 |
| Future use facilities | 22,274,853 | | (536,432) | 21,738,421 |
| General plant | 24,220,439 | 675,990 | 2,084,340 | 26,980,769 |
| Reclaimed water facility | 7,360,627 | 6,012,210 | | 13,372,837 |
| Electric power plant | 121,893 | | | 121,893 |
| Total capital assets being depreciated | <u>423,253,247</u> | <u>17,780,738</u> | <u>4,802,922</u> | <u>445,836,907</u> |
| Less accumulated depreciation for: | | | | |
| Water plant in service | \$ (64,845,173) | \$ (4,128,643) | \$ 6,447,742 | \$ (62,526,074) |
| Wastewater plant in service | (34,596,236) | (3,556,219) | 90,971 | (38,061,484) |
| Future use facilities | (18,627,000) | | | (18,627,000) |
| General plant | (3,534,037) | (1,559,599) | (6,447,742) | (11,541,378) |
| Reclaimed water facility | (1,826,351) | (338,273) | (94,149) | (2,258,773) |
| Electric power plant | (53,095) | (3,047) | 3,178 | (52,964) |
| Total accumulated depreciation | <u>(123,481,892)</u> | <u>(9,585,781)</u> | <u></u> | <u>(133,067,673)</u> |
| Total capital assets being depreciated, net | <u>299,771,355</u> | <u>8,194,957</u> | <u>4,802,922</u> | <u>312,769,234</u> |
| Capital assets, net | <u>\$ 396,152,013</u> | <u>\$ 46,826,482</u> | <u>\$ -</u> | <u>\$ 442,978,495</u> |
| | | | | |
| | Balance January 1, 2003 | Additions | Transfers | Balance December 31, 2003 |
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,306,862 | | | \$ 5,306,862 |
| Construction in progress | 60,882,107 | \$ 32,201,979 | \$ (2,010,300) | 91,073,796 |
| Total capital assets not being depreciated | <u>66,188,969</u> | <u>32,201,989</u> | <u>(2,010,300)</u> | <u>96,380,658</u> |
| Capital assets being depreciated: | | | | |
| Water plant in service | 201,773,636 | 20,451,924 | 595,506 | 222,821,066 |
| Wastewater plant in service | 136,703,587 | 9,834,781 | (83,999) | 146,454,369 |
| Future use facilities | 22,274,853 | | | 22,274,853 |
| General plant | 20,694,899 | 2,026,747 | 1,498,793 | 24,220,439 |
| Reclaimed water facility | 7,222,312 | 138,315 | | 7,360,627 |
| Electric power plant | 121,893 | | | 121,893 |
| Total capital assets being depreciated | <u>388,791,180</u> | <u>32,451,767</u> | <u>2,010,300</u> | <u>423,253,247</u> |

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE C--CAPITAL ASSETS (Continued)

| | Balance January 1, 2003 | Additions | Transfers | Balance December 31, 2003 |
|---|-------------------------------|----------------------|---------------------|---------------------------------|
| Less accumulated depreciation for: | | | | |
| Water plant in service | \$ (61,050,999) | \$ (3,794,174) | | \$ (64,845,173) |
| Wastewater plant | (31,094,953) | (3,501,283) | | (34,596,236) |
| Future use facilities | (18,627,000) | | | (18,627,000) |
| General plant | (2,410,276) | (1,123,761) | | (3,534,037) |
| Reclaimed water facility | (1,586,485) | (239,866) | | (1,826,351) |
| Electric power plant | (48,392) | (4,703) | | (53,095) |
| Total accumulated depreciation | <u>(114,818,105)</u> | <u>(8,663,787)</u> | | <u>(123,481,892)</u> |
| Total capital assets being depreciated, net | <u>273,973,075</u> | <u>23,787,980</u> | <u>\$ 2,010,300</u> | <u>299,771,355</u> |
| Capital assets, net | <u>\$ 340,162,044</u> | <u>\$ 55,989,969</u> | <u>\$ -</u> | <u>\$ 396,152,013</u> |

NOTE D--CONTRACTS, BONDS AND LEASES PAYABLE

Contracts, bonds and leases payable consist of the following at December 31, 2004 and 2003:

State of California Loans: In March 2000, the State of California Department of Water Resources issued to the District four Safe Water Drinking Loans in the aggregate amount of approximately \$4,843,500, of which \$3,095,635 was drawn down as of December 31, 2004. Interest rate is 2.32%. Semi-annual principal and interest payments of \$101,198 are due January 1, and July 1, through January 1, 2024.

County of El Dorado Note: On February 6, 1996, the District purchased the Texas Hill property from the County under an installment purchase agreement, which called for five annual payments of \$500,000 commencing September 1, 1996. An additional payment of \$3,378,360, including an unamortized discount of \$1,845,360, is due based on an imputed interest rate of 5% when and if the District obtains construction financing for and commences construction on the Texas Hill Reservoir. In the event that the property is sold or used for any purpose that is inconsistent with the development of the Texas Hill Reservoir, any funds received must be used to fund the development of increased water supplies or increased waste water capacity for the benefit of customers or potential customers of the District, but no additional payment is due the County.

Revenue Certificates of Participation, Series 2003A: On December 11, 2003, the District issued the Revenue Certificates of Participation, Series 2003A in the amount of \$74,025,000. Proceeds from these certificates were used to prepay the District's Economic Development Administration (EDA) loan, advance refund a portion of the District's 1999 Revenue bonds, acquire facilities for the District's water and wastewater system and reimburse the District for amounts previously expended on the acquisition of certain facilities within the District's water and wastewater systems. The Certificates are payable from the District's net revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Interest rates range from 3.0% to 5.25%. Principal payments, ranging from \$2,920,000 to \$7,205,000, are payable annually on March 1, beginning March 1, 2008, and interest payments, ranging from \$180,125 to \$1,744,431, are payable semi-annually on March 1, and September 1, through March 2021.

Adjustable Rate Revenue Certificates of Participation, Series 2003B: On December 11, 2003, the District issued the Adjustable Rate Revenue Certificates of Participation, Series 2003B in the amount of \$91,800,000. Proceeds from these certificates were used to acquire certain facilities for the District's water and wastewater systems and reimburse the cost of certain facilities within the District's water and wastewater systems. The

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE D--CONTRACTS, BONDS AND LEASES PAYABLE (Continued)

certificates are payable from the District's net revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Interest rates are variable and based on weekly auction rates established by Citicorp Global Markets Inc. The interest rate at December 31, 2004 was 1.50% and at December 31, 2003 was .95%. Principal payments ranging from \$9,125,000 to \$17,725,000 are payable annually beginning on March 1, 2031 through March 1, 2036.

Refunding Revenue Certificates of Participation, Series 2004A: On September 15, 2004 the District issued the Refunding Revenue Certificates of Participation, Series 2004A in the amount of \$75,445,000. Proceeds from these certificates were used to advance refund the District's 1996 Revenue Bonds, 1999 Revenue Bonds and the LaSalle Bank Bridge Loan. The Certificates are payable from the net wastewater and water system revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Interest rates range from 2.5% to 5.0%. Principal payments ranging from \$855,000 to \$5,250,000 are payable annually on March 1, through 2025, and interest payments, ranging from \$31,469 to \$1,756,934 are payable semi-annually on March 1 and September 1, through March 1, 2025.

Adjustable Rate Revenue Certificates of Participation, Series 2004B: On July 29, 2004 the District issued the Adjustable Rate Revenue Certificates of Participation, Series 2004B in the amount of \$8,275,000. Proceeds from these certificates were used to refund a portion of the District's 1996 Revenue Bonds. The Certificates are payable from the net wastewater and water system revenues. The District is required to collect rates and charges from these facilities which will be sufficient to yield net revenues equal to 125% of the debt service payments on this issuance and all other pre-existing debt. Interest is payable at a fixed rate of 2.95% through February 15, 2006 then is variable and based on auction rates using a 7, 28 or 35 day auction period at the election of the District established by Deutsche Bank Trust Company Americas. Principal payments ranging from \$1,575,000 to \$1,750,000 are payable annually on March 1, from March 1, 2030 to March 1, 2034.

2003 General Obligation Refunding Bonds: On December 23, 2003, the District issued the 2003 General Obligation Refunding Bonds in the amount of \$6,000,000. Proceeds from these certificates were used to prepay a portion of the Sly Park Facilities Contract between the District and the United States, Department of the Interior, Bureau of Reclamation. The Bonds are to be repaid from a property tax assessment on property within the District's jurisdiction. Interest rates range from 2.0% to 4.5%. Principal payments, ranging from \$255,000 to \$455,000 are payable annually on October 1 and interest payments, ranging from \$97,869 to \$11,025 are payable semi-annually on April 1 and October 1 through April 1, 2019.

1996 Revenue Bonds: On April 1, 1996, the District issued the 1996 Revenue Bonds in the amount of \$69,415,000. Proceeds from these bonds were used to refund the District's outstanding certificates of participation and to finance the acquisition of a hydroelectric generating plant and related facilities and the costs of improvements to the District's water supply, wastewater treatment and hydroelectric facilities. The Bonds are secured by a lien on the net revenue of these facilities. The District is required to collect rates and charges from the related facilities which will be sufficient to yield net revenues equal to 115% of the debt service payments on this issuance and all pre-existing debt. Interest rates range from 4.85% to 5.6%. Principal payments, ranging from \$2,015,000 to \$4,925,000, are payable annually on February 15 and interest payments, ranging from \$67,719 to \$1,566,492, are payable semi-annually on February 15 and August 15. These Bonds were refunded in July and September 2004.

1999 Revenue Bonds: On December 3, 1999, the District issued the 1999 Revenue Bonds in the amount of \$13,685,000. Proceeds from these bonds were used to finance certain improvements to the District's sewer and water systems and other facilities, including the acquisition and construction of a new administrative headquarters. The Bonds are secured by a lien on the net revenue of these facilities. The District is required to

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE D--CONTRACTS, BONDS AND LEASES PAYABLE (Continued)

collect rates and charges from the related facilities which will be sufficient to yield net revenues equal to 115% of the debt service payments on this issuance and all pre-existing debt. Interest rates range from 4.80% to 6.375%. Principal payments, ranging from \$335,000 to \$1,035,000, are payable annually on February 15 and interest payments, ranging from \$65,981 to \$382,493, are payable semi-annually on February 15 and August 15. These Bonds were refunded in September 2004.

LaSalle Bank Bridge Loan: On October 15, 2001, the District entered into a parity installment sale agreement with LaSalle Bank National Association in the amount of \$15,000,000. The loan will be used for the District's El Dorado Project 184, which consists of the El Dorado Diversion Dam, Fish Ladder and Fish Screen, Mill Creek to Bull Creek Tunnel, El Dorado Powerhouse and Flood Improvements and other capital improvements to the District's water, wastewater and hydroelectric facilities. This loan is secured by a lien on the net revenue of this project. Interest payments are due semi-annually on February 15 and August 15, at an interest rate of 4.67%. Semi-annual principal payments of \$1,030,242 are due February 15 and August 15, beginning February 15, 2005. This loan was refunded in September 2004.

Motor Vehicles Capital Leases: The District leases various motor vehicles under capital leases which have various monthly payments through August 2005. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception. The interest rates, which are fixed or variable at the bond equivalent yield for U.S. Treasury obligations, ranged from 5.29% to 6.25% at December 31, 2004 and from 4.56% to 6.25% at December 31, 2003.

The activity of the District's contracts, bonds and leases payable during the years ended December 31, 2004 and 2003 are as follows:

| | Balance January 1, 2004 | Additions | Repayments | Balance December 31, 2004 | Due Within One Year |
|--|-------------------------------|----------------------|------------------------|---------------------------------|------------------------|
| State of California loans | \$ 3,223,974 | | \$ (128,339) | \$ 3,095,635 | \$ 131,334 |
| County of El Dorado note | 1,533,000 | | | 1,533,000 | |
| Revenue Bonds | | | | | |
| 1996 Series | 56,655,000 | | (56,655,000) | | |
| 1999 Series | 12,230,000 | | (12,230,000) | | |
| LaSalle Bank bridge loan | 15,000,000 | | (15,000,000) | | |
| Revenue Certificates of Participation | | | | | |
| 2003A Series | 74,025,000 | | | 74,025,000 | |
| 2003B Series | 91,800,000 | | | 91,800,000 | |
| 2004A Series | | \$ 75,445,000 | | 75,445,000 | 1,545,000 |
| 2004B Series | | 8,275,000 | | 8,275,000 | |
| 2003 General Obligation Bonds | 6,000,000 | | (415,000) | 5,585,000 | 255,000 |
| | <u>260,466,974</u> | <u>83,720,000</u> | <u>(84,428,339)</u> | <u>259,758,635</u> | <u>1,931,334</u> |
| Motor vehicle capital leases | <u>253,612</u> | | <u>(153,011)</u> | <u>100,601</u> | <u>100,601</u> |
| Total | 260,720,586 | <u>\$ 83,720,000</u> | <u>\$ (84,581,350)</u> | 259,859,236 | <u>\$ 2,031,935</u> |

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE D--CONTRACTS, BONDS AND LEASES PAYABLE (Continued)

| | Balance January 1, <u>2004</u> | <u>Additions</u> | <u>Repayments</u> | Balance December 31, <u>2004</u> | <u>Due Within One Year</u> |
|---|--------------------------------------|----------------------|------------------------|--|--------------------------------|
| Deferred amount on refunding | | | | \$ (7,070,926) | |
| Bond discounts | \$ (1,228,663) | | | | |
| Bond premiums | 3,869,093 | | | 8,476,490 | |
| Add: Revenue bond arbitrage liability | 45,751 | | | 45,751 | |
| Less: Current portion of long-term debt | <u>(2,792,032)</u> | | | <u>(2,031,935)</u> | |
| | <u>\$ 260,614,735</u> | | | <u>\$ 259,278,616</u> | |
| | | | | | |
| | Balance January 1, <u>2003</u> | <u>Additions</u> | <u>Repayments</u> | Balance December 31, <u>2003</u> | <u>Due Within One Year</u> |
| Liability to U.S. Government Economic Development Administration loan | \$ 12,893,834 | | \$ (12,893,834) | | |
| State of California loans | 1,758,549 | | (1,758,549) | | |
| County of El Dorado note | 2,933,841 | \$ 290,133 | | \$ 3,223,974 | \$ 209,021 |
| Revenue Bonds | 1,533,000 | | | 1,533,000 | |
| 1996 Series | 60,375,000 | | (3,720,000) | 56,655,000 | 2,015,000 |
| 1999 Series | 13,145,000 | | (915,000) | 12,230,000 | |
| LaSalle Bank bridge loan | 15,000,000 | | | 15,000,000 | |
| Revenue Certificates of Participation | | | | | |
| 2003A Series | | 74,025,000 | | 74,025,000 | |
| 2003B Series | | 91,800,000 | | 91,800,000 | |
| 2003 General Obligation Bonds | | <u>6,000,000</u> | | <u>6,000,000</u> | <u>415,000</u> |
| | 107,639,224 | 172,115,133 | (19,287,383) | 260,466,974 | 2,639,021 |
| Motor vehicle capital leases | <u>459,112</u> | | <u>(205,500)</u> | <u>253,612</u> | <u>153,011</u> |
| Total | 108,098,336 | <u>\$172,115,133</u> | <u>\$ (19,492,883)</u> | 260,720,586 | <u>\$ 2,792,032</u> |
| | | | | | |
| Bond discounts | (1,330,448) | | | (1,228,663) | |
| Bond premiums | | | | 3,869,093 | |
| Add: Revenue bond arbitrage liability | 45,751 | | | 45,751 | |
| Less: Current portion of long-term debt | <u>(3,398,796)</u> | | | <u>(2,792,032)</u> | |
| | <u>\$ 103,414,843</u> | | | <u>\$ 260,614,735</u> | |

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE D--CONTRACTS, BONDS AND LEASES PAYABLE (Continued)

The following is a schedule of maturities for contracts and bonds payable:

| Year Ended December 31, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------|-----------------------|-----------------------|-----------------------|
| 2005 | \$ 1,931,334 | \$ 8,671,445 | \$ 10,602,779 |
| 2006 | 4,289,399 | 8,823,757 | 13,113,156 |
| 2007 | 4,407,535 | 8,704,012 | 13,111,547 |
| 2008 | 7,585,744 | 8,472,603 | 16,058,347 |
| 2009 | 8,754,028 | 8,103,094 | 16,857,122 |
| 2010-2014 | 50,412,149 | 34,119,776 | 84,531,925 |
| 2015-2019 | 52,541,542 | 21,786,001 | 74,327,543 |
| 2020-2024 | 26,903,904 | 10,118,210 | 37,022,114 |
| 2025-2029 | 2,858,000 | 10,021,695 | 12,879,695 |
| 2030-2034 | 65,250,000 | 5,830,834 | 71,080,834 |
| 2035-2036 | <u>34,825,000</u> | <u>352,938</u> | <u>35,177,938</u> |
| Total | <u>\$ 259,758,635</u> | <u>\$ 125,004,365</u> | <u>\$ 384,763,000</u> |

The following is a schedule of the future minimum lease payments required under capital leases and the present value of the net minimum lease payments as of December 31, 2004:

| | |
|---|-------------------|
| Year Ended December 31, | |
| 2005 | \$ 104,605 |
| Less: Amount representing interest | <u>(4,004)</u> |
| Present value of minimum lease payments | <u>\$ 100,601</u> |

Assets under capital leases consisted of motor vehicles with a cost of \$468,980 and \$1,005,685 and accumulated depreciation of \$386,515 and \$915,944 at December 31, 2004 and 2003, respectively.

At December 31, 2004, the District was not in compliance with the provisions of the Revenue Certificates of Participation, Series 2003A, Adjustable Rate Revenue Certificates of Participation, Series 2003B and 2004B and Refunding Revenue Certificates of Participation, Series 2004A bond covenants which require water and wastewater rates and charges collected in each year to be at least equal to 125% of the debt service. Rates and charges were \$3,981,308 less than required under the covenant. The rates and charges will increase as the facilities that are being constructed with the proceeds are completed and placed into service.

Refundings: In July 2004, the District issued Adjustable Rate Revenue Certificates of Participation, Series 2004B in the amount of \$8,275,000 with an average interest rate of 3.04%, to refund \$8,275,000 of the 1996 Revenue Bonds with an average interest rate of 5.5%. In September 2004, the District issued Refunding Revenue Certificates of Participation, Series 2004A in the amount of \$75,445,000 with an average interest rate of 4.61% to fully refund the remaining \$46,370,000 of the 1996 Revenue Bonds with an average interest rate of 5.5%, \$12,230,000 of the 1999 Revenue Bonds with an average interest rate of 5.93%, and \$15,000,000 of the LaSalle Bank Bridge Loan, with an average interest rate of 4.67%. The net proceeds from these issuances plus additional sinking fund monies were deposited into an irrevocable trust to provide for all future debt service payments for the 1996 Revenue Bonds, the 1999 Revenue Bonds and the LaSalle Bank Bridge Loan. As a result, the 1996 Revenue Bonds, the 1999 Revenue Bonds and the LaSalle Bank Bridge Loan are considered defeased and the liability for this debt has been removed from the District's financial statements. At December 31, 2004, \$60,180,669 of the 1996 Revenue Bonds, \$13,923,037 of the 1999 Revenue Bonds, and \$15,379,344 of the LaSalle Bank Bridge Loan were outstanding and are considered defeased. At December 31, 2003, \$1,800,000 of the 1996 Revenue Bonds and \$625,000 of the 1999 Revenue Bonds were outstanding and were considered defeased.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE D--CONTRACTS, BONDS AND LEASES PAYABLE (Continued)

The District completed the advance refunding to reduce its total debt service payments through March 1, 2025. The net economic gain (difference between the present value of the old and new debt service payments) of the Revenue Certificates of Participation, Series 2004A was \$2,972,430 and the net economic gain of the Adjustable Rate Revenue Certificates of Participation, Series 2004B was \$566,221.

The advance refundings resulted in differences between the reacquisition price and the net carrying amount of the outstanding debt of \$7,070,926 at December 31, 2004, net of accumulated amortization. This deferred amount on refunding, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations over 20 years using the bonds outstanding method.

Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The District performed calculations of excess investment earnings on various bonds and financings and at December 31, 2004 and 2003 and accrued a liability of \$45,751 at each year-end.

NOTE E--NET ASSETS

Restrictions: Restricted net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restrictions include a reserve for debt service, which represents the portion of net assets legally restricted for debt service payments as required by the related debt covenants. Net assets restricted for new facilities represents unspent facility capacity charges, which are restricted to capital expenses by Section 66013 of the Water Code of the State of California.

Designations: Designations of unrestricted net assets are imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. At December 31, 2004 and 2003, designations included:

| | <u>2004</u> | <u>2003</u> |
|--------------------------------------|----------------------|----------------------|
| Insurance | \$ 812,531 | \$ 561,719 |
| Construction and capital replacement | 35,641,222 | 38,760,274 |
| Rate stabilization | 4,083,355 | 3,205,286 |
| USBR emergency | <u>155,000</u> | <u>155,000</u> |
| Total | <u>\$ 40,692,108</u> | <u>\$ 42,682,279</u> |

The designations are for the following:

Designated for insurance represents a portion of the retained risk, or deductible amount under the District's liability insurance policy.

Designated for construction and capital replacement represents the amount set aside for the funding of planned capital expenditures.

Designated for rate stabilization represents the amount set aside to protect the District's ratepayers from the vagaries of high cost/low revenues; it enables emergency cost-impacts to be absorbed on a one-time basis and it smoothes out high and low revenue demand years.

Designated for USBR emergency represents the amount set aside for emergency maintenance of the District's Bureau facilities.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE F--EMPLOYEES' RETIREMENT PLAN

Plan Description: The District contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. All permanent full and part time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor, based on years of service, times their highest average monthly salary over thirty-six consecutive months of employment. Copies of the PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy: Active plan members are required to contribute 7% of their annual covered salary. The District makes 50% of the contributions required of District employees on their behalf and for their account. The District pays 100% of the employee contribution for those employees designated as Executive Management. The District is required to contribute at an actuarially determined rate; the rate for January 1, 2004 to June 30, 2004 was .926% and the rate from July 1, 2004 to December 31, 2004 was 7.328%. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost: For the year ending December 31, 2004 and 2003, the District incurred annual pension cost of \$1,262,439 and \$520,682, respectively. The required contribution was determined as part of the June 30, 2001 and 2002 actuarial valuations using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary in duration of service ranging from 3.75% to 14.20% for miscellaneous members and (c) 3.75% cost of living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the plan's assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a three year period (smoothed market value). The plan's excess assets are being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2002 was 22 years.

Three-Year Trend Information for the District

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed |
|--------------------|---------------------------|-------------------------------|
| December 31, 2002 | \$ 344,174 | 100% |
| December 31, 2003 | 520,682 | 100% |
| December 31, 2004 | 1,262,439 | 100% |

Required Supplementary Information - Funded Status of Plan

| Actuarial Valuation Date | Actuarial Assets Value | Entry Age Actuarial Accrued Liability | Excess Assets (Unfunded Liability) | Funded Ratio | Covered Payroll | Excess Assets (Unfunded Liability) As a % of Covered Payroll |
|--------------------------|------------------------|---------------------------------------|------------------------------------|--------------|-----------------|--|
| June 30, 2001 | \$ 33,207,102 | \$ 27,800,215 | \$ 5,406,887 | 119.4% | \$ 8,342,846 | 64.8% |
| June 30, 2002 | 31,837,208 | 31,419,024 | 418,184 | 101.3% | 9,968,045 | 4.2% |
| June 30, 2003 | 32,279,918 | 44,498,076 | (12,218,158) | 72.5% | 13,526,987 | (90.3%) |

NOTE G--POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits, the District provides certain healthcare benefits for retired employees through PERS. Substantially all of the District's full-time employees may become eligible for those benefits if they reach normal retirement age while working for the District. At December 31, 2004, 103 retired employees and their dependents meet those eligibility requirements. The District's contributions are financed on a pay-as-you-go basis and thus the District recognizes the cost of providing those benefits by expensing the annual insurance premiums, which amounted to \$160,473 and \$135,064 for the years ended December 31, 2004 and 2003, respectively.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE H--INSURANCE

The District 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 District is self-insured up to the amounts specified below for claims related to the following:

| <u>Type of Claim</u> | <u>Self-Insured Portion (Per Occurrence)</u> |
|--|--|
| Liability (including bodily injury, property damage, employment-related practices injury, professional, wrongful acts and employee benefits) | \$ 25,000 |
| Liability-auto | None |
| Property damage and inland marine (including buildings, bridges, equipment, infrastructure and pollutant clean-up and removal) | 100,000 |

The District purchases commercial insurance for claims in excess of self-insured amounts and for all other risks of loss to a stated maximum amount. The District is self-insured for amounts in excess of these amounts. The District is also self-insured for employee dental and vision claims. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The reserve for claims and claims expense of \$833,000 reported at December 31, 2004 and 2003 is based on historical cost and/or actuarial estimates of the amounts needed to pay prior and current year claims, and to allow the accrual of estimated incurred but not reported claims and incremental claims expense. As of December 31, 2004 and 2003, the entire claims liability is reported as a long-term liability on the balance sheet. These claim estimates are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the District's claims liability amount in 2004 and 2003 were as follows:

| | <u>General Liability and Other</u> | <u>Dental and Vision</u> | <u>Total</u> |
|---|--|------------------------------|-------------------|
| Reserve for claims and claims expenses at January 1, 2003 | \$ 805,321 | \$ 27,679 | \$ 833,000 |
| Current year incurred claims and changes in estimates | 253,465 | 259,018 | 512,483 |
| Net (payments) recoveries | <u>(253,465)</u> | <u>(259,018)</u> | <u>(512,483)</u> |
| Reserve for claims and claims expenses at December 31, 2003 | 805,321 | 27,679 | 833,000 |
| Current year incurred claims and changes in estimates | \$ 160,839 | \$ 280,621 | \$ 441,460 |
| Net (payments) recoveries | <u>(160,839)</u> | <u>(280,621)</u> | <u>(441,460)</u> |
| Reserve for claims and claims expenses at December 31, 2004 | <u>\$ 805,321</u> | <u>\$ 27,679</u> | <u>\$ 833,000</u> |

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2004 and 2003

NOTE I--COMMITMENTS AND CONTINGENCIES

Litigation

The District is a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the District, such loss has been accrued in the accompanying financial statements, which totaled \$930,000 and \$1,023,000 at December 31, 2004 and 2003, respectively. The outcome of the remaining claims cannot be determined at this time.

The District is also the plaintiff in two lawsuits for breach of contract on capital projects. The outcome of the lawsuits cannot be determined at this time.

Federal and State Regulatory Issues

The District has a conditional license with the Federal Energy Regulatory Commission to operate its hydroelectric plant that was extended to October 2005. The District is working to renew this license; however, nonrenewal would have a significant impact on future District hydroelectric revenues.

Other Contingencies

The District receives funding for flood damage reimbursement that are subject to review and audit by the granting agencies. Such audits could result in a request for reimbursement for expenses disallowed under the terms and conditions of the contracts. Management is under the opinion that no material liabilities will result from such potential audits.

NOTE J--CAPITAL PROJECT COMMITMENTS

The District has the following capital project commitments outstanding as of December 31, 2004:

| | |
|---|----------------------|
| Deer Creek Wastewater Plant improvements | \$ 9,659,897 |
| Reservoir line and cover projects | 9,364,116 |
| Various flood damage repairs related contracts | 3,094,253 |
| Various other projects | 2,766,783 |
| Oak Ridge water storage tank | 2,184,534 |
| El Dorado Hills Water and Wastewater Plant improvements | 2,163,087 |
| Various Canal and Flume replacement projects | 756,164 |
| Bass Lake storage tank | 444,959 |
| Headquarters building and other improvements | 125,325 |
| Federal Energy Regulatory Commission relicensing | <u>47,292</u> |
| Total | <u>\$ 30,606,410</u> |



EL DORADO IRRIGATION DISTRICT

COMBINING BALANCE SHEET

December 31, 2004

| ASSETS | El Dorado Public Agency | | | | | | Totals |
|---|----------------------------|------------------------|-----------------------|------------------------|---------------------|----------------------|-----------------------|
| | Operating | Capital Improvement | Debt Service | Financing Authority | Recreation | Hydroelectric | |
| Current Assets | | | | | | | |
| Cash and Cash Equivalents | \$ (14,275,309) | \$ 37,598,141 | \$ 11,409,451 | | \$ 626,199 | \$ (5,133,477) | \$ 30,225,005 |
| Accounts Receivable, Net | 3,334,670 | | 312,792 | | 531 | 70,729 | 3,718,722 |
| Due from Other Governmental Agencies | | | | | | 715,422 | 715,422 |
| Interest Receivable | 582,565 | | 232,596 | \$ 22,542 | | | 837,703 |
| Taxes Receivable | 1,712,944 | | 99,327 | | 33,921 | | 1,846,192 |
| | 327,163 | | | | | | 327,163 |
| Prepaid Expenses and Other Current Assets | 188,365 | | 3,403 | 4,582 | | 3,118 | 199,468 |
| Intrafund Receivable/Payable | 26,578,083 | (19,261,153) | | | (501,930) | (6,815,000) | |
| Restricted Cash and Cash Equivalents | 1,235,281 | 4,467,237 | 100,545,504 | | | | 106,248,022 |
| Total Current Assets | <u>19,683,762</u> | <u>22,804,225</u> | <u>112,603,073</u> | <u>27,124</u> | <u>158,721</u> | <u>(11,159,208)</u> | <u>144,117,697</u> |
| Other Long-Term Assets | | | | | | | |
| Investments | 51,644,965 | | | | | | 51,644,965 |
| Deferred Bond Costs | 0 | | 3,969,290 | | | | 3,969,290 |
| Notes Receivable | 91,018 | | | | | | 91,018 |
| Capital Assets | | | | | | | |
| Water Plant In service | 229,967,878 | | | | 186,630 | 1,638,068 | 231,792,576 |
| Wastewater Plant In Service | 152,691,587 | | | | 0 | 0 | 152,691,587 |
| Future Use Facilities | 5,655,471 | | | | 0 | 20,064,088 | 25,719,559 |
| General Plant | 21,126,077 | | | | 3,337,169 | 2,962,323 | 27,425,569 |
| Reclaimed Water Facility | 13,392,585 | | | | 0 | 0 | 13,392,585 |
| Electric Power Plant | 121,893 | | | | 0 | 0 | 121,893 |
| Construction In Progress | 228,753 | 76,133,575 | | | 854,056 | 47,686,015 | 124,902,399 |
| Accumulated Depreciation | (112,796,499) | | | | (1,265,662) | (19,005,512) | (133,067,673) |
| Capital Assets, Net | <u>310,387,745</u> | <u>76,133,575</u> | | | <u>3,112,193</u> | <u>53,344,982</u> | <u>442,978,495</u> |
| Total Assets | <u>\$ 381,807,490</u> | <u>\$ 98,937,800</u> | <u>\$ 116,572,363</u> | <u>\$ 27,124</u> | <u>\$ 3,270,914</u> | <u>\$ 42,185,774</u> | <u>\$ 642,801,465</u> |

EL DORADO IRRIGATION DISTRICT

COMBINING BALANCE SHEET

December 31, 2004

| | Operating | Capital Improvement | Debt Service | El Dorado Public Agency Financing Authority | Recreation | Hydroelectric | Totals |
|---|-----------------------|------------------------|-----------------------|--|---------------------|----------------------|-----------------------|
| LIABILITIES AND NET ASSETS | | | | | | | |
| Current Liabilities | | | | | | | |
| Accounts Payable | \$ 806,487 | \$ 5,599,007 | | \$ 6,675 | \$ 32,956 | \$ 1,774,219 | \$ 8,219,344 |
| Deposits | 522,141 | | | | | 1,650 | 523,791 |
| Accrued Compensated Absences | 810,696 | | | | 37,419 | 72,703 | 920,818 |
| Accrued Payroll and Benefits Payable | 641,193 | 33,014 | | | 23,028 | 90,151 | 787,386 |
| Deferred Revenue | 5,427,300 | | | | | 65,353 | 5,492,653 |
| Current Contracts, Bonds and Leases Payable | | | \$ 2,031,935 | | | | 2,031,935 |
| Accrued Interest Payable | | | 2,358,987 | | | | 2,358,987 |
| Total Current Liabilities | <u>8,207,817</u> | <u>5,632,021</u> | <u>4,390,922</u> | <u>6,675</u> | <u>93,403</u> | <u>2,004,076</u> | <u>20,334,914</u> |
| Long-Term Liabilities | | | | | | | |
| Contracts, Bonds and Leases Payable | | | 259,278,616 | | | | 259,278,616 |
| Reserve for Claims and Claims Expenses | 833,000 | | | | | | 833,000 |
| Other Liabilities | 930,000 | | | | | | 930,000 |
| Total Long-Term Liabilities | <u>1,763,000</u> | | <u>259,278,616</u> | | | | <u>261,041,616</u> |
| Total Liabilities | <u>9,970,817</u> | <u>5,632,021</u> | <u>263,669,538</u> | <u>6,675</u> | <u>93,403</u> | <u>2,004,076</u> | <u>281,376,530</u> |
| NET ASSETS | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 310,387,740 | 80,600,813 | (168,722,256) | | 3,112,197 | 53,344,982 | 278,723,476 |
| Restricted for New Facilities | 30,662,709 | | 2,368,786 | | | 1,020,648 | 34,052,143 |
| Restricted for Debt Service | | | 6,732,303 | 1,224,905 | | | 7,957,208 |
| Unrestricted | 30,786,224 | 12,704,966 | 12,523,992 | (1,204,456) | 65,314 | (14,183,932) | 40,692,108 |
| Total Net Assets | <u>371,836,673</u> | <u>93,305,779</u> | <u>(147,097,175)</u> | <u>20,449</u> | <u>3,177,511</u> | <u>40,181,698</u> | <u>361,424,935</u> |
| Total Liabilities and Net Assets | <u>\$ 381,807,490</u> | <u>\$ 98,937,800</u> | <u>\$ 116,572,363</u> | <u>\$ 27,124</u> | <u>\$ 3,270,914</u> | <u>\$ 42,185,774</u> | <u>\$ 642,801,465</u> |

EL DORADO IRRIGATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2004

| | Operating | Capital Improvement | Debt Service | El Dorado Public Agency Financing Authority | Recreation | Hydroelectric | Totals |
|--|----------------------|------------------------|------------------------|--|---------------------|----------------------|-----------------------|
| Operating Revenues | | | | | | | |
| Water Sales | \$ 13,479,756 | | | | | | \$ 13,479,756 |
| Water Services | 1,449,506 | | | | | | 1,449,506 |
| Reclaimed Water Reimbursements/Sales | 492,421 | | | | | | 492,421 |
| Wastewater Sales | 10,369,268 | | | | | | 10,369,268 |
| Wastewater Services | 72,474 | | | | | | 72,474 |
| Recreation Fees | | | | | \$ 632,427 | \$ 36,147 | 668,574 |
| Hydroelectric Sales | | | | | | 2,176,370 | 2,176,370 |
| Total Operating Revenues | <u>25,863,425</u> | | | | <u>632,427</u> | <u>2,212,517</u> | <u>28,708,369</u> |
| Operating Expenses | | | | | | | |
| Office of the General Manager | 2,795,312 | | | | | 3,996 | 2,799,308 |
| Strategic Management and Communications | 5,124,338 | | | | | 55,626 | 5,179,964 |
| Human Resources | 601,835 | | | | | | 601,835 |
| Environmental Compliance and Resource Management | 730,749 | | | | 446 | 35,647 | 766,842 |
| Finance and Management Services | 3,127,425 | | | | 159 | 10,930 | 3,138,514 |
| Facilities Management | 17,514,339 | | | | 4,888 | 110,028 | 17,629,255 |
| Recreation | | | | | 995,662 | 120,999 | 1,116,661 |
| Hydroelectric | 125,051 | | | | | 3,359,565 | 3,484,616 |
| Developer Reimbursed Expenses | 1,026,606 | | | | | | 1,026,606 |
| Depreciation and Amortization | 9,366,284 | | \$ 235,786 | | 91,181 | 128,317 | 9,821,568 |
| Total Operating Expenses | <u>40,411,939</u> | | <u>235,786</u> | | <u>1,092,336</u> | <u>3,825,108</u> | <u>45,565,169</u> |
| Net Loss From Operations | (14,548,514) | | (235,786) | | (459,909) | (1,612,591) | (16,856,800) |
| Nonoperating Revenues (Expenses) | | | | | | | |
| Surcharges | 168,473 | | 674,126 | \$ 761,538 | | | 1,604,137 |
| Voter-Approved Taxes | | | 146,604 | | | | 146,604 |
| Property Taxes | 2,080,663 | | | | 43,638 | | 2,124,301 |
| Interest Income | 1,365,962 | | 1,778,228 | 787,231 | 10,237 | (182,678) | 3,758,980 |
| Flood Damage Expenses | | | | | | (52,651) | (52,651) |
| Other Income | 601,950 | \$ 6,104 | | | 35,871 | 219,106 | 863,031 |
| Other Expenses | (114,088) | (267,821) | 9,028 | (6,208) | (32,686) | (72,543) | (484,318) |
| Interest Expense | (1,955) | | (6,285,236) | (2,436,090) | | | (8,723,281) |
| Total Nonoperating Revenues (Expenses) | <u>4,101,005</u> | <u>(261,717)</u> | <u>(3,677,250)</u> | <u>(893,529)</u> | <u>57,060</u> | <u>(88,766)</u> | <u>(763,197)</u> |
| Net Loss Before Contributions and Transfers | (10,447,509) | (261,717) | (3,913,036) | (893,529) | (402,849) | (1,701,357) | (17,619,997) |
| Capital Contributions and Operating Transfers | | | | | | | |
| Facility Capacity Charges | 7,663,289 | | | 718,671 | | 1,005,169 | 9,387,129 |
| Developer Contributions | 16,729,095 | | | | | | 16,729,095 |
| Transfers In | 19,431,265 | 26,517,815 | | 31,853,637 | 1,000,706 | 4,762,687 | 83,566,110 |
| Transfers Out | | | (83,566,110) | | | | (83,566,110) |
| Change in Net Assets | <u>33,376,140</u> | <u>26,256,098</u> | <u>(87,479,146)</u> | <u>31,678,779</u> | <u>597,857</u> | <u>4,066,499</u> | <u>8,496,227</u> |
| Net Assets, Beginning of Year | <u>338,460,533</u> | <u>67,049,681</u> | <u>(59,618,029)</u> | <u>(31,658,330)</u> | <u>2,579,654</u> | <u>36,115,199</u> | <u>352,928,708</u> |
| Net Assets, End of Year | <u>\$371,836,673</u> | <u>\$ 93,305,779</u> | <u>\$(147,097,175)</u> | <u>\$ 20,449</u> | <u>\$ 3,177,511</u> | <u>\$ 40,181,698</u> | <u>\$ 361,424,935</u> |

EL DORADO IRRIGATION DISTRICT

**COMBINED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL**

For the year ended December 31, 2004

| | 2004 | Budget | Variance Positive (Negative) |
|---|---------------------|----------------------|------------------------------------|
| Operating Revenues | | | |
| Water Sales | \$ 13,479,756 | \$ 12,727,000 | \$ 752,756 |
| Water Services | 1,449,506 | 2,762,000 | (1,312,494) |
| Reclaimed Water Reimbursements/Sales | 492,421 | 337,000 | 155,421 |
| Wastewater Sales | 10,369,268 | 10,383,000 | (13,732) |
| Wastewater Services | 72,474 | 125,000 | (52,526) |
| Recreation Fees | 668,574 | 569,000 | 99,574 |
| Hydroelectric Sales | 2,176,370 | 2,508,000 | (331,630) |
| Total Operating Revenues | <u>28,708,369</u> | <u>29,411,000</u> | <u>(702,631)</u> |
| Operating Expenses | | | |
| Office of the General Manager | 2,799,308 | 3,121,225 | 321,917 |
| Strategic Management and Communications | 5,179,964 | 4,850,273 | (329,691) |
| Human Resources | 601,835 | 647,753 | 45,918 |
| Environmental Compliance and Resource Management | 766,842 | 1,008,950 | 242,108 |
| Finance and Management Services | 3,138,514 | 3,070,985 | (67,529) |
| Facilities Management | 17,629,255 | 18,018,621 | 389,366 |
| Recreation | 1,116,661 | 1,052,968 | (63,693) |
| Hydroelectric | 3,484,616 | 3,444,068 | (40,548) |
| Developer Reimbursed Expenses | 1,026,606 | | (1,026,606) |
| Total Operating Expenses | <u>35,743,601</u> | <u>35,214,843</u> | <u>(528,758)</u> |
| Net Loss from Operations | <u>(7,035,232)</u> | <u>(5,803,843)</u> | <u>(1,231,389)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Facility Capacity Charges | 9,387,129 | 9,270,000 | 117,129 |
| Surcharges | 1,604,137 | 2,076,000 | (471,863) |
| Voter-Approved Taxes | 146,604 | | 146,604 |
| Property Taxes | 2,124,301 | 1,914,000 | 210,301 |
| Interest Income | 3,758,980 | 2,381,323 | 1,377,657 |
| Flood Damage Expenses | (52,651) | | (52,651) |
| Other Income | 863,031 | 398,000 | 465,031 |
| Other Expenses | (484,318) | | (484,318) |
| Interest Expense | (8,723,281) | | (8,723,281) |
| Flood Damage Reimbursements | | 1,000,000 | (1,000,000) |
| Total Nonoperating Revenues (Expenses) | <u>8,623,932</u> | <u>17,039,323</u> | <u>(8,415,391)</u> |
| Excess of Budgeted Revenues over Budgeted Expenses | 1,588,700 | <u>\$ 11,235,480</u> | <u>\$ (9,646,780)</u> |
| Non-Budgeted Items | | | |
| Developer Contributions | 16,729,095 | | |
| Depreciation and Amortization | (9,821,568) | | |
| Change in Net Assets | <u>\$ 8,496,227</u> | | |

El Dorado Irrigation District
Adjusted Budget for the Fiscal Years Ended
December 31, 2001, 2002, 2003 & 2004

| | 2004 | 2003 | 2002 | 2001 |
|---|--------------------|--------------------|--------------------|---------------------|
| OPERATING REVENUES: | | | | |
| Water Sales | \$12,727,000 | \$11,569,704 | \$12,328,350 | \$11,892,850 |
| Water Services | 2,762,000 | 2,681,098 | 653,770 | 581,700 |
| Reclaimed Water Reimbursements/Sales | 337,000 | 324,569 | 334,790 | 324,050 |
| Wastewater Sales | 10,383,000 | 9,983,205 | 8,900,000 | 8,800,000 |
| Wastewater Services | 125,000 | 119,835 | 152,190 | 149,450 |
| Recreation Fees | 569,000 | 557,500 | 681,000 | 627,000 |
| Hydroelectric Sales | 2,508,000 | 200,000 | 463,904 | 341,000 |
| Total Operating Revenues | 29,411,000 | 25,435,911 | 23,514,004 | 22,716,050 |
| OPERATING EXPENSES^[1] : | | | | |
| Office of the General Manager | 3,121,225 | 2,911,135 | 2,388,699 | 2,178,226 |
| Strategic Management & Communications | 4,850,273 | 3,744,352 | 3,251,273 | 2,516,705 |
| Human Resources | 647,753 | 492,048 | 387,337 | 383,696 |
| Environ. Compliance & Resource Mgmt. | 1,008,950 | 650,955 | 362,509 | |
| Finance and Management Services | 3,070,985 | 2,869,229 | 2,178,730 | 3,410,548 |
| Facilities Management | 18,018,621 | 17,497,899 | 15,170,952 | 14,555,126 |
| Recreation | 1,052,968 | 854,678 | 652,013 | 614,254 |
| Hydroelectric | 3,444,068 | 3,834,386 | 3,049,574 | 2,564,754 |
| Developer Reimbursed Expenses | | 65,179 | | |
| Total Operating Expenses | 35,214,843 | 32,919,861 | 27,441,087 | 26,223,309 |
| Net Loss from Operations | (5,803,843) | (7,483,950) | (3,927,083) | (3,507,259) |
| NON-OPERATING REVENUE-(EXPENSE) | | | | |
| Facilities Capacity Charges | 9,270,000 | 7,777,100 | 10,325,771 | 10,070,352 |
| Surcharges [2] | 2,076,000 | 1,715,000 | 1,547,545 | 1,535,700 |
| Voter-Approved Taxes [3] | | 870,000 | 829,660 | 788,290 |
| Property Taxes | 1,914,000 | 5,467,988 | 4,849,500 | 4,575,060 |
| Interest Income | 2,381,323 | 2,300,000 | 3,000,000 | 3,200,000 |
| Flood Damage Expenses | | | | |
| Other Income | 398,000 | 379,120 | 188,690 | 174,340 |
| Interest Expenses | | | (8,068,000) | |
| Flood Damage Reimbursements | 1,000,000 | 1,800,000 | | 5,030,000 |
| Total Non-Operating Revenue (Expenses) | 17,039,323 | 20,309,208 | 12,673,166 | 25,373,742 |
| Total Income | 11,235,480 | 12,825,258 | 8,746,083 | 21,866,483 |
| DEBT SERVICE (Principal Only) | | | | |
| Federal Loans | | \$859,645 | \$791,145 | \$764,160 |
| State Loans | 128,339 | 204,254 | 283,529 | 291,449 |
| Revenue Bonds | 2,015,000 | 2,210,000 | 2,210,000 | 2,110,000 |
| Motor Vehicle Capital Leases | 153,010 | 207,986 | 207,986 | 179,853 |
| 2003 GO Bonds | 415,000 | | | |
| Total Debt Service-Principal | 2,711,349 | 3,481,885 | 3,492,660 | 3,345,462 |
| Net Income after Debt Service | \$8,524,131 | \$9,343,373 | \$5,253,423 | \$18,521,021 |

[1] Operating expenses exclude CIP offset.

[2] Represent surcharges assessed in connection with water and sewer debt.

[3] For years 2001 – 2003, voter-approved property taxes collected for payment of obligations to the U.S. Bureau of Reclamation for construction of the Sly Park Unit and EID's main distribution system. In 2004, voter-approved property taxes collected for payment of 2003 General Obligation Bonds.

2004 5-year CIP Budget

| | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|
| WATER | | | | | | |
| Reservoir Program | \$ 2,914,730 | \$ 5,800,000 | \$ 8,250,000 | \$ 6,250,000 | \$ 6,250,000 | \$ 29,464,730 |
| Reservoir A Water Treatment Plant Upg | 250,000 | 700,000 | 7,500,000 | 7,500,000 | | 15,950,000 |
| Facilities Mgmt Improvement Program | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,500,000 |
| Bass Lake Storage Tanks & Pipelines | 651,975 | | | | | 651,975 |
| Outingdale WTP Compliance | 250,000 | 750,000 | 3,100,000 | 2,400,000 | | 6,500,000 |
| Water Distribution System Improvements | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 1,250,000 |
| EDH WTP Exp to 24 MGD | 2,650,000 | 1,000,000 | 2,000,000 | 3,000,000 | | 8,650,000 |
| Expand EDH WTP 28MGD | 500,000 | 2,950,000 | 16,000,000 | 13,000,000 | | 32,450,000 |
| EDH WTP Raw Waterline | 100,000 | 100,000 | 600,000 | | | 800,000 |
| Water Master Plan | 200,000 | 200,000 | | | | 400,000 |
| Hwy 50/Latrobe Rd Interchg Realignment | 580,081 | | | | | 580,081 |
| Latrobe Road Realignment | | 250,000 | 1,500,000 | | | 1,750,000 |
| Oakridge Pump Station | 360,000 | 1,000,000 | | | | 1,360,000 |
| Baumhoff Tank Replacement | 450,000 | 443,792 | | | | 893,792 |
| Chlorine Scrubber Installations | 502,690 | | | | | 502,690 |
| Oakridge Water Storage Tank - 2 MG | 2,600,000 | 200,000 | | | | 2,800,000 |
| Promontory Tank and Pipeline | 2,100,000 | 634,979 | | | | 2,734,979 |
| Ranch Del Sol Tank Replacement | 150,000 | 350,000 | | | | 500,000 |
| SCADA Phase II | 439,633 | 100,000 | 100,000 | 100,000 | 100,000 | 839,633 |
| Silva Valley Parkway Transmission Line | 2,501,509 | 3,600,000 | 500,000 | 4,000,000 | | 10,601,509 |
| Silva Valley Pkwy/White Rock Rd Wtrline | 1,933,476 | | | | | 1,933,476 |
| Sly Park Intertie Lining | 1,000,000 | 1,000,000 | | | | 2,000,000 |
| Strawberry WTP Backwash System Upgrade | 300,000 | | | | | 300,000 |
| Vulnerability Assessments | 100,000 | 100,000 | | | | 200,000 |
| Reservoir 1 WTP Improvements | 150,000 | 500,000 | 500,000 | | | 1,150,000 |
| Folsom Lake Temperature Control Device | 1,350,000 | 2,550,000 | 5,600,000 | | | 9,500,000 |
| Monte Vista Tank Replacement | 100,000 | 500,000 | 2,000,000 | | | 2,600,000 |
| Weber Dam Selective Withdrawal | 200,000 | 300,000 | | | | 500,000 |
| Sly Park Dam Safety Program | 750,000 | | | | | 750,000 |
| Coyote Pass Water System Improvements | 250,000 | 1,250,000 | | | | 1,500,000 |
| Highway 49 Intertie Improvements | 350,000 | | | | | 350,000 |
| Pleasant Oak Main Replacement | 500,000 | 6,000,000 | 6,000,000 | | | 12,500,000 |
| Other Water Projects | 475,000 | 225,000 | 125,000 | 125,000 | 125,000 | 1,075,000 |
| Total Water | \$ 25,409,094 | \$ 31,253,771 | \$ 54,525,000 | \$ 37,125,000 | \$ 7,225,000 | \$ 155,537,865 |
| WASTEWATER | | | | | | |
| DCWWTP Phase II Expansion/Compliance | | \$ 8,900,000 | | | \$ | 8,900,000 |
| DCWWTP Collection System CAP | \$ 500,000 | | | | | 500,000 |
| DCWWTP Wtrline Replace/Rd Repave | | 600,000 | | | | 600,000 |
| DCWWTP Access Road Reconstruction | | 650,000 | | | | 650,000 |
| DC Non-Routine Capital Improvements | 270,000 | 30,000 | | | | 300,000 |
| EDHWWTP CAP | 500,000 | 300,000 | \$ 300,000 | | | 1,100,000 |
| EDHWWTP Non-Routine Capital Imp | 285,000 | 50,000 | | | | 335,000 |
| Camino Heights Disposal Upgrade | 185,000 | | | | | 185,000 |
| Mother Lode Force Main Repairs | 1,200,000 | 400,000 | 400,000 | \$ 400,000 | \$ 400,000 | 2,800,000 |
| Sewer Collection Sys & I/I Improvements | 300,000 | 200,000 | 200,000 | 200,000 | 200,000 | 1,100,000 |
| DCWWTP Regulatory Compliance | 10,000,000 | 9,000,000 | | | | 19,000,000 |
| EDHWWTP Regulatory Compliance | 770,000 | | | | | 770,000 |
| Hwy 50/Saratoga Rd Interchg Realignment | 629,944 | | | | | 629,944 |
| EDHWWTP Exp/Upgrade Phase II B | 138,590 | | | | | 138,590 |
| New York Creek L.S. Expansion | 2,319,421 | | | | | 2,319,421 |
| Contract Document Update | 150,000 | 20,000 | | | | 170,000 |
| Lift Station 'C' Gravity Force Main | 430,000 | | | | | 430,000 |
| Parallel Silva Valley Trunk Phase I | 900,000 | | | | | 900,000 |
| Parallel Silva Valley Trunk Phase II | 2,200,000 | | | | | 2,200,000 |
| Rancho Ponderosa | | 50,000 | 450,000 | | | 500,000 |
| DCWWTP Maintenance Building | 100,000 | 500,000 | | | | 600,000 |
| Other Wastewater Projects | 710,000 | 219,890 | 125,000 | 125,000 | 125,000 | 1,304,890 |
| Total Wastewater | \$ 21,587,955 | \$ 20,919,890 | \$ 1,475,000 | \$ 725,000 | \$ 725,000 | \$ 45,432,845 |
| RECYCLED WATER | | | | | | |
| Latrobe Road Realignment | \$ 50,000 | \$ 1,150,000 | | | \$ | 1,200,000 |
| DC Seasonal Recycled Wtr Storage Res | | | | | \$ 500,000 | 500,000 |
| EDH Seasonal Recycled Wtr Storage Res | 1,500,000 | 9,000,000 | \$ 9,000,000 | | | 19,500,000 |
| DCWWTP Pump Station & Pipeline to EDH | 500,000 | 2,000,000 | 2,000,000 | | | 4,500,000 |
| Total Recycled Water | \$ 2,050,000 | \$ 12,150,000 | \$ 11,000,000 | \$ - | \$ 500,000 | \$ 25,700,000 |

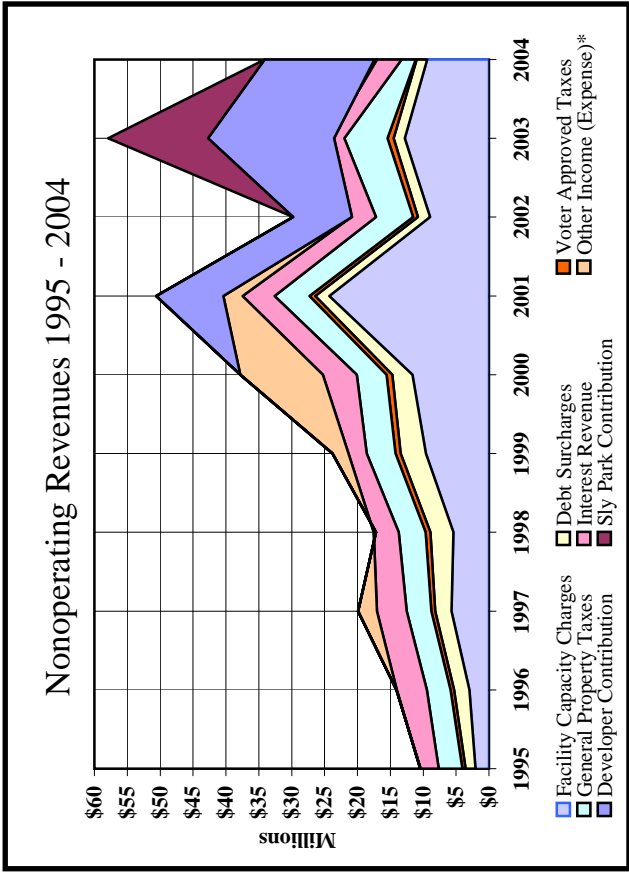
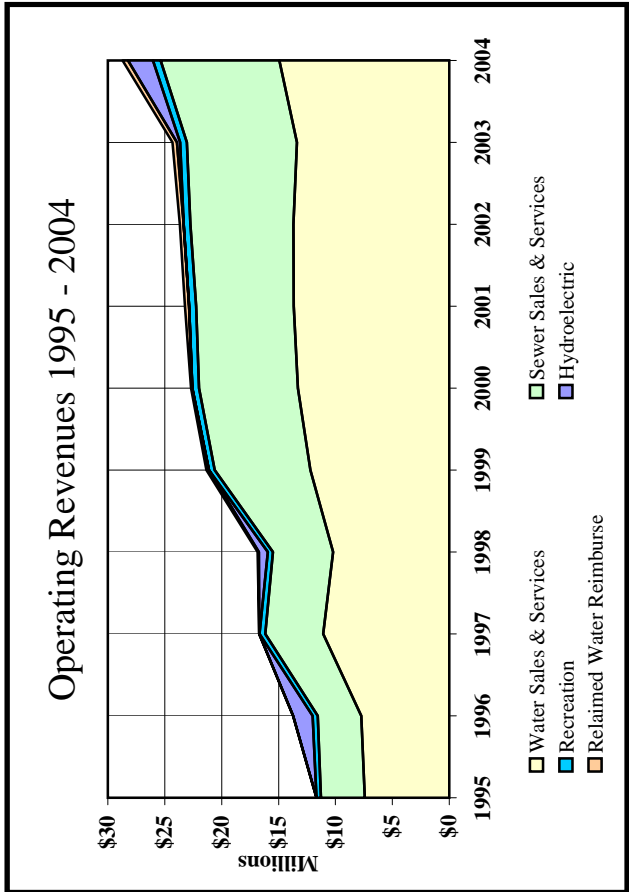
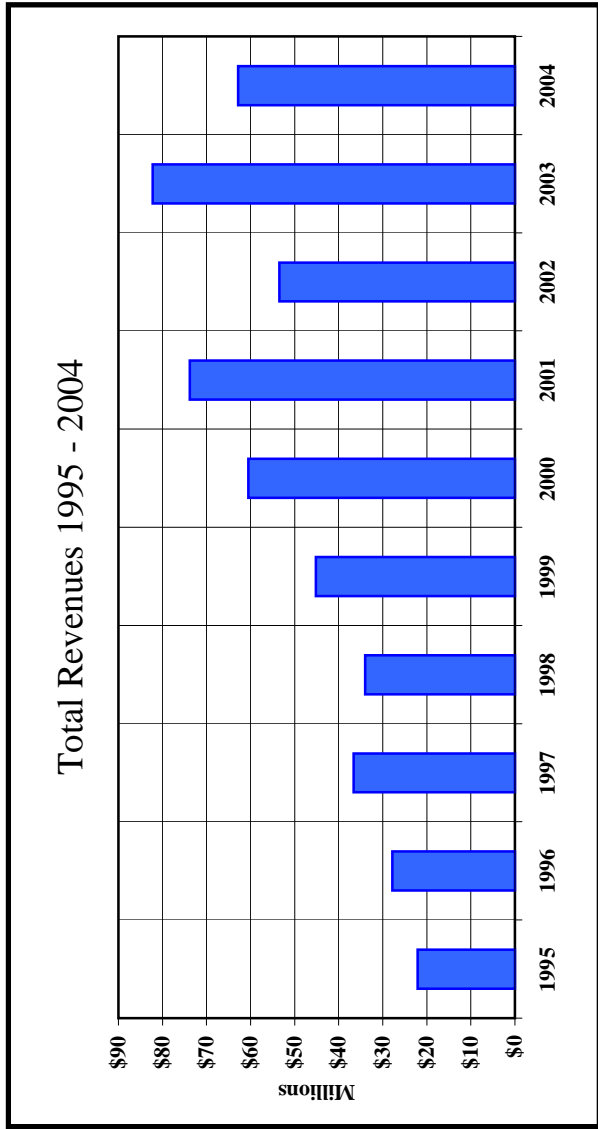
2004 5-year CIP Budget

| | 2004 | 2005 | 2006 | 2007 | 2008 | Total |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| GENERAL DISTRICT | | | | | | |
| New Headquarters Facility | \$ 1,200,000 | \$ 3,478,000 | | | \$ | 4,678,000 |
| Automated Meter Reading System | 214,500 | 292,500 | \$ 370,500 | \$ 468,000 | \$ 585,000 | 1,930,500 |
| Equipment Replacement | 467,600 | 127,000 | 57,000 | 30,000 | 30,000 | 711,600 |
| SCADA Expansion Hydro | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 250,000 |
| Laboratory Information Mgmt System | 110,000 | | | | | 110,000 |
| Headquarters Network Upgrade | 225,827 | | | | | 225,827 |
| THE & Telephone Integration | 100,300 | | | | | 100,300 |
| Vehicle Replacement | 1,018,000 | 318,000 | 318,000 | 167,750 | 132,250 | 1,954,000 |
| Water Rights for 17,000 Acre Feet | 267,574 | | | | | 267,574 |
| Road Maintenance Improvements | 108,574 | | | | | 108,574 |
| USBR Water Contract (Fasio Water) | 230,805 | | | | | 230,805 |
| Integrated document Program/ERM | 120,000 | 55,000 | | | | 175,000 |
| Other General District Projects | 775,231 | 120,148 | 33,300 | 33,300 | 33,300 | 995,279 |
| Total General District | \$ 4,888,411 | \$ 4,440,648 | \$ 828,800 | \$ 749,050 | \$ 830,550 | \$ 11,737,459 |
| RECREATION | | | | | | |
| Main Boat Launch Improvements | \$ 504,000 | | | | \$ | 504,000 |
| Water System Upgrade | 1,566,558 | | | | | 1,566,558 |
| Trail Improvements & Bridge Addition | 146,562 | | | | | 146,562 |
| Sly Park Recreational Master Plan | 470,000 | | | | | 470,000 |
| Other Recreation Projects | 247,036 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | 287,036 |
| Total Recreation | \$ 2,934,156 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 2,974,156 |
| HYDROELECTRIC | | | | | | |
| Silver Lake Dam Spillway | \$ 128,000 | \$ 110,000 | \$ 48,000 | \$ 38,000 | \$ 45,000 | \$ 369,000 |
| Caples and Silver Lake Repairs | 140,000 | 225,000 | 188,000 | 56,000 | 75,000 | 684,000 |
| Echo Conduit Replacement | 650,000 | 1,200,000 | | | | 1,850,000 |
| FERC Relicensing | 250,000 | 250,000 | 100,000 | 100,000 | 100,000 | 800,000 |
| Re-licensing Diversion Structure Upgrades | 280,000 | 500,000 | 500,000 | 250,000 | 125,000 | 1,655,000 |
| Re-licensing Recreation Upgrades | 500,000 | 500,000 | 500,000 | 500,000 | 300,000 | 2,300,000 |
| Re-licensing Related Upgrades | 1,250,000 | 1,350,000 | 1,250,000 | 1,200,000 | 1,150,000 | 6,200,000 |
| Forebay Dredging and Upgrades | 300,000 | | 180,000 | | | 480,000 |
| Mill to Bull Tunnel | 800,000 | | | | | 800,000 |
| Replace Canals and Flumes | 1,958,666 | 2,500,000 | 1,850,000 | 2,000,000 | 1,000,000 | 9,308,666 |
| Alder Reservoir Feasibility Assessment | 100,000 | 100,000 | 100,000 | | | 300,000 |
| Hazel Creek Tunnel | 1,000,000 | | | | | 1,000,000 |
| Powerhouse Upgrade | 530,000 | 480,000 | 110,000 | 180,000 | 80,000 | 1,380,000 |
| FERC Part 12 Dam Safety Evaluations | 300,000 | | | | | 300,000 |
| Lake Aloha Upgrades | 680,000 | 25,000 | 35,000 | | 250,000 | 990,000 |
| Security Enhancement | 200,000 | 75,000 | 50,000 | 25,000 | | 350,000 |
| Special Use Permit Construction | 730,000 | 310,000 | 68,000 | 70,000 | 25,000 | 1,203,000 |
| Other Hydroelectric Projects | 444,901 | 138,000 | 108,000 | 58,000 | 58,000 | 806,901 |
| Total Hydroelectric | \$ 10,241,567 | \$ 7,763,000 | \$ 5,087,000 | \$ 4,477,000 | \$ 3,208,000 | \$ 30,776,567 |
| HYDRO WATERSHED | | | | | | |
| Crawford Ditch Improvements | \$ 106,217 | \$ 30,000 | \$ 30,000 | \$ 30,000 | \$ 30,000 | \$ 226,217 |
| Main Ditch Erosion Remediation | 500,000 | 500,000 | 500,000 | | | 1,500,000 |
| Crawford Ditch CC Segment Lining | 50,000 | 75,000 | 75,000 | 75,000 | 75,000 | 350,000 |
| Main Ditch Upgrades | 150,000 | 100,000 | 100,000 | 100,000 | 100,000 | 550,000 |
| North Fork Ditch Pipe | 190,000 | 150,000 | 150,000 | 150,000 | - | 640,000 |
| Ditch System Master Plan | 86,570 | | | | | 86,570 |
| Total Hydro Watershed | \$ 1,082,787 | \$ 855,000 | \$ 855,000 | \$ 355,000 | \$ 205,000 | \$ 3,352,787 |
| TOTAL 2004 5-YR CIP | \$ 68,193,970 | \$ 77,392,309 | \$ 73,780,800 | \$ 43,441,050 | \$ 12,703,550 | \$ 275,511,679 |

Total Actual Revenue by Source 1995-2004

| Revenue Source | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|-------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Water Sales & Services | \$ 14,929,262 | \$13,383,211 | \$13,702,694 | \$13,668,356 | \$13,297,855 | \$12,202,225 | \$10,209,773 | \$11,089,042 | \$7,726,939 | \$7,427,931 |
| Wastewater Sales & Services | \$ 10,441,742 | \$9,662,282 | \$9,031,340 | \$8,568,367 | \$8,700,880 | \$8,396,107 | \$5,268,633 | \$5,084,984 | \$3,829,133 | \$3,837,561 |
| Reclaim Water Reimbursement & Sales | \$ 492,421 | \$381,599 | \$323,326 | \$359,300 | \$106,435 | \$234,304 | \$106,045 | \$ - | \$ - | \$ - |
| Recreation | \$ 668,574 | \$607,144 | \$615,901 | \$615,203 | \$590,795 | \$516,429 | \$460,905 | \$502,170 | \$441,223 | \$405,774 |
| Hydroelectric | \$ 2,176,370 | \$273,314 | \$ - | \$ - | \$ - | \$ - | \$789,542 | \$36,451 | \$1,717,509 | \$ - |
| Facility Capacity Charges | \$ 9,387,129 | \$12,774,680 | \$8,956,472 | \$24,271,660 | \$11,651,265 | \$9,582,702 | \$5,404,752 | \$5,691,123 | \$2,954,937 | \$2,054,747 |
| Surcharges | \$ 1,604,137 | \$1,713,431 | \$1,826,112 | \$2,168,455 | \$3,028,138 | \$3,848,999 | \$3,503,528 | \$2,471,779 | \$2,357,220 | \$1,477,168 |
| Voter Approved Taxes | \$ 146,604 | \$948,940 | \$736,073 | \$857,653 | \$872,161 | \$798,645 | \$714,551 | \$592,834 | \$530,160 | \$512,160 |
| Property Taxes | \$ 2,124,301 | \$6,557,126 | \$5,680,134 | \$5,306,972 | \$4,549,483 | \$4,364,904 | \$4,116,097 | \$3,774,466 | \$3,577,668 | \$3,599,549 |
| Interest Income | \$ 3,758,980 | \$2,163,720 | \$3,715,032 | \$4,870,981 | \$5,157,355 | \$2,786,610 | \$3,796,313 | \$4,492,656 | \$4,613,297 | \$2,811,719 |
| Other Income (Expense) | \$ 378,713 | (\$611,148) | (\$76,229) | \$2,910,343 | \$12,542,167 | \$2,435,997 | (\$375,486) | \$2,870,345 | \$37,299 | (\$58,042) |
| Developer Contributions | \$ 16,729,095 | \$19,174,599 | \$8,933,386 | \$10,204,092 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sly Park Capital Contributions | \$ - | \$15,173,195 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL REVENUE | \$ 62,837,328 | \$82,202,093 | \$53,444,241 | \$73,801,382 | \$60,496,534 | \$45,166,922 | \$33,994,653 | \$36,605,850 | \$27,785,385 | \$22,068,567 |

* Other Income (Expense) consists of the following: Other income, flood damage reimbursement; less other expenses.

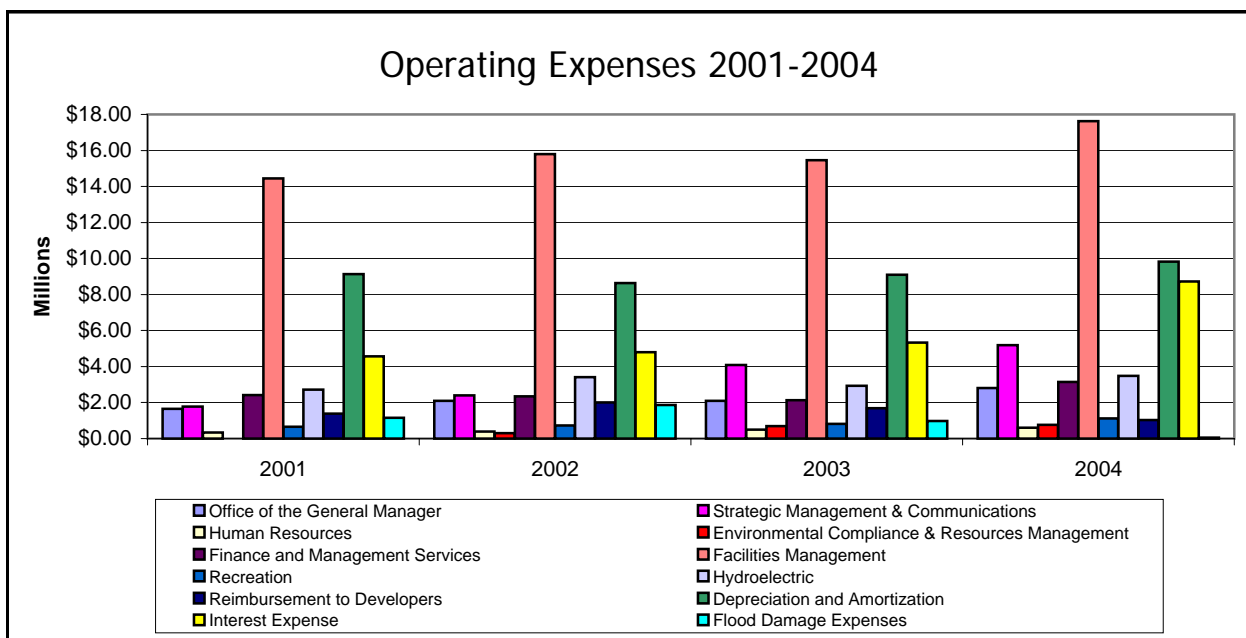




Total Actual Expenses by Function 2001-2004

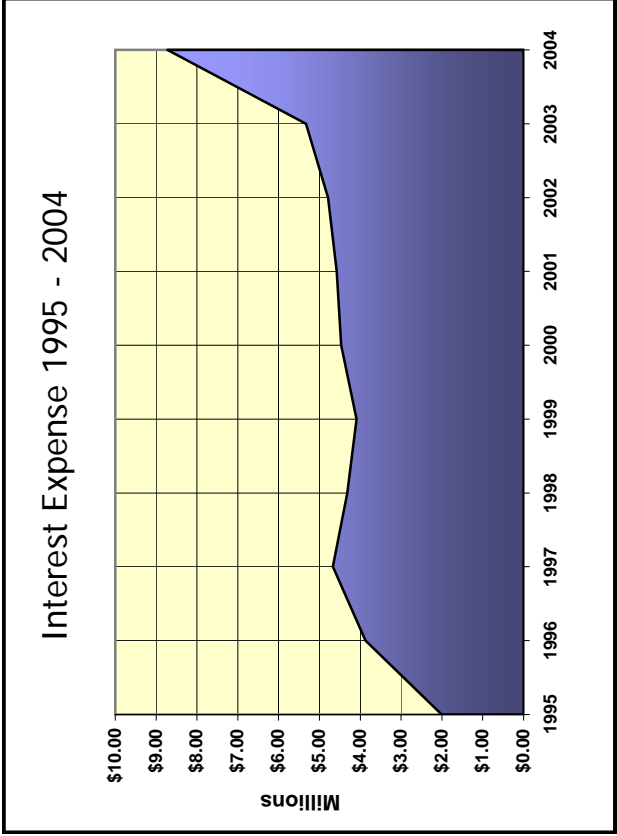
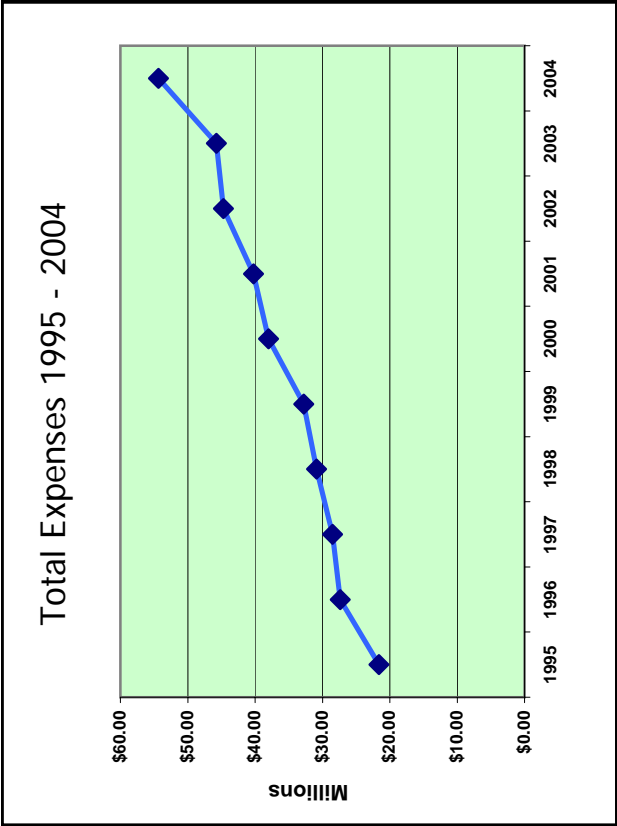
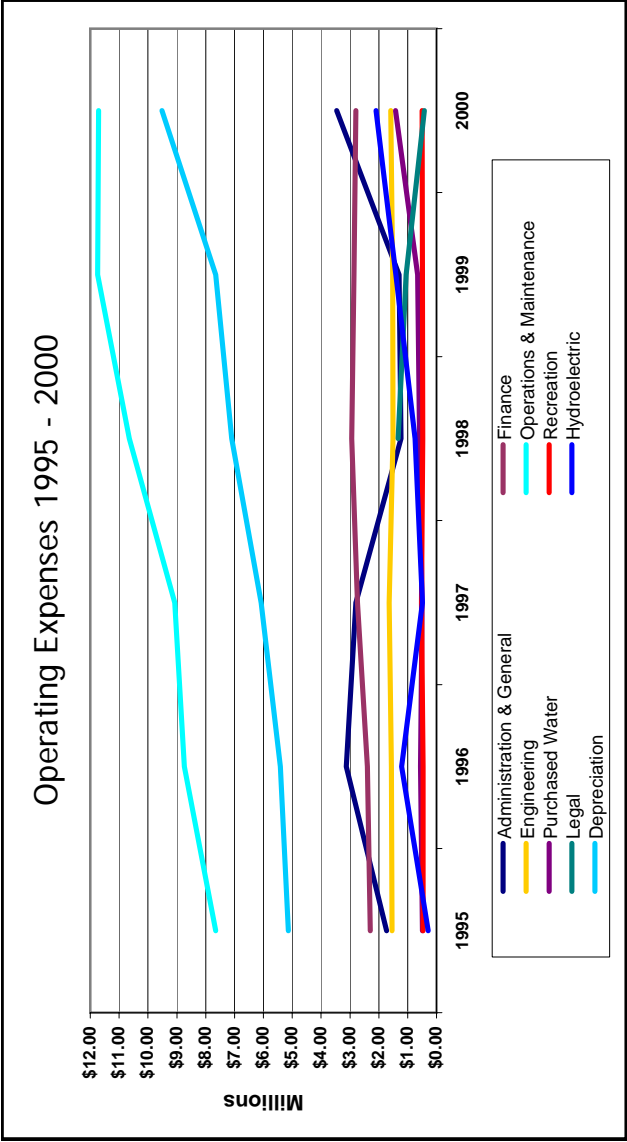
2001 Restated for
Reorg/GASB 34

| Expense Source | 2004 | 2003 | 2002 | 2001 |
|--|---------------------|---------------------|---------------------|---------------------|
| Office of the General Manager | \$2,799,308 | \$2,103,585 | \$2,086,003 | \$1,660,071 |
| Strategic Management & Communications | \$5,179,964 | \$4,085,197 | \$2,389,819 | \$1,771,204 |
| Human Resources | \$601,835 | \$485,140 | \$348,856 | \$337,242 |
| Environmental Compliance & Resource Management | \$766,842 | \$688,377 | \$307,385 | |
| Finance and Management Services | \$3,138,514 | \$2,126,694 | \$2,353,964 | \$2,418,608 |
| Facilities Management | \$17,629,255 | \$15,459,723 | \$15,794,064 | \$14,443,772 |
| Recreation | \$1,116,661 | \$807,683 | \$719,911 | \$648,716 |
| Hydroelectric | \$3,484,616 | \$2,929,147 | \$3,405,238 | \$2,711,609 |
| Developer Reimbursed Expenses | \$1,026,606 | \$1,681,625 | \$2,012,016 | \$1,392,805 |
| Depreciation and Amortization | \$9,821,568 | \$9,086,235 | \$8,627,147 | \$9,129,458 |
| Interest Expense | \$8,723,279 | \$5,333,118 | \$4,789,688 | \$4,572,793 |
| Flood Damage Expenses | \$52,651 | \$978,254 | \$1,855,210 | \$1,150,963 |
| TOTAL EXPENSE | \$54,341,099 | \$45,764,778 | \$44,689,301 | \$40,237,241 |



Total Actual Expenses by Function 1995-2000

| Expense Source | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Administration & General | \$3,460,506 | \$1,303,927 | \$1,227,012 | \$2,802,000 | \$3,130,000 | \$1,728,000 |
| Finance | \$2,796,773 | \$2,864,360 | \$2,940,271 | \$2,735,000 | \$2,399,000 | \$2,302,000 |
| Engineering | \$1,593,153 | \$1,519,994 | \$1,509,079 | \$1,637,000 | \$1,560,000 | \$1,541,000 |
| Operations & Maintenance (includes electricity) | \$11,709,093 | \$11,753,461 | \$10,653,760 | \$9,066,000 | \$8,741,000 | \$7,649,000 |
| Purchased Water | \$1,422,119 | \$653,534 | \$585,393 | \$499,000 | \$560,000 | \$492,000 |
| Recreation | \$503,962 | \$492,498 | \$484,448 | \$521,000 | \$469,000 | \$467,000 |
| Legal | \$419,724 | \$1,053,871 | \$1,331,507 | - | - | - |
| Hydroelectric | \$2,102,195 | \$1,414,954 | \$735,171 | \$483,000 | \$1,213,000 | \$286,000 |
| Depreciation | \$9,515,538 | \$7,646,949 | \$7,101,032 | \$6,075,000 | \$5,410,000 | \$5,130,000 |
| Interest Expense | \$4,471,684 | \$4,094,840 | \$4,324,879 | \$4,667,000 | \$3,866,000 | \$2,008,000 |
| TOTAL EXPENSE | \$37,994,747 | \$32,798,388 | \$30,892,552 | \$28,485,000 | \$27,348,000 | \$21,603,000 |



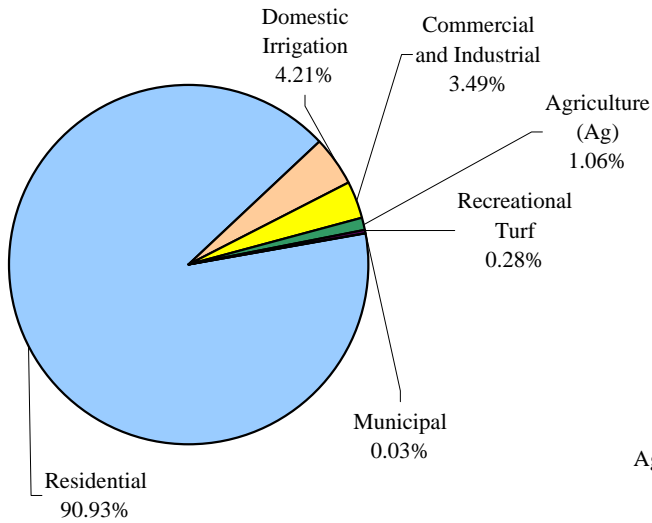


CONTINUING DISCLOSURE REQUIREMENTS (SEC Rule 15c2-12)

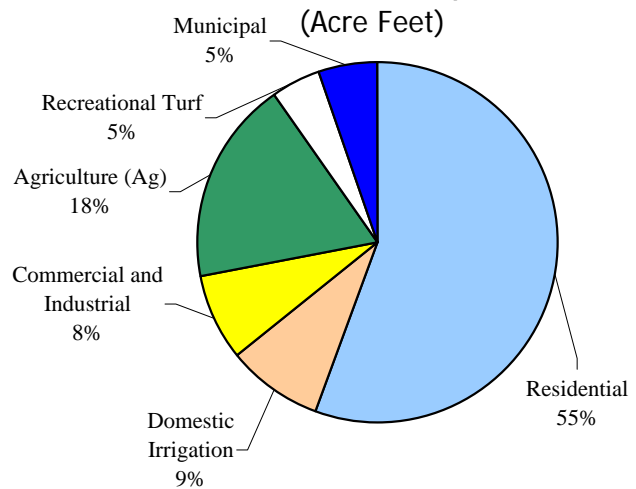
The following summary provides the District's specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the El Dorado Irrigation District Revenue Certificates of Participation series 2003A and 2003B and the Refunding Revenue Certificates of Participation series 2004A and 2004B, and the El Dorado Irrigation District 2003 General Obligation Bonds.

| | | <u>Page No.</u> |
|----|--|-----------------|
| 1. | Audited Financial Statements, Management Discussion and Analysis and Supplemental Schedules | 15-52 |
| 2. | Tabular or numerical information of the types contained in the Official Statement relating to the Bonds under the following subscriptions: | |
| | Water connections, water sales revenues, and water deliveries | 64 |
| | Wastewater connections, wastewater service charges, and wastewater system usage | 65 |
| | Recycled connections, recycled service charges, and recycled system usage | 65 |
| | Calculation of debt service coverage for water and wastewater | 69 |
| | Secured assessed valuation and tax collection record | 70 |
| | Major taxpayers | 71 |
| | Voter approved debt tax levy net of overlapping debt | 72 |
| | Special assessment district collections | 73 |
| | Total tax burden per \$100 of assessed valuation | 74 |

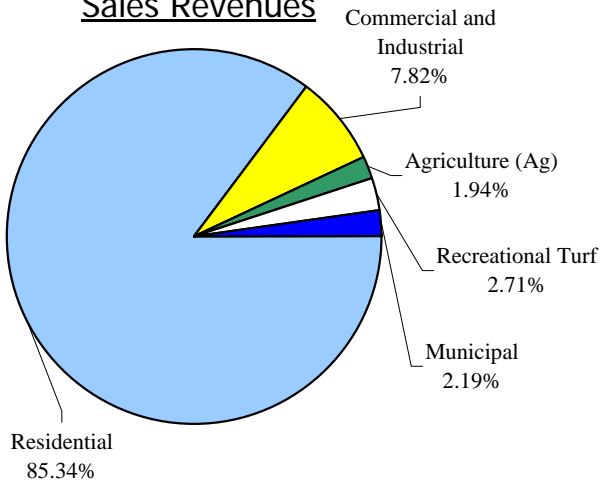
Water Accounts



Water Consumption



Sales Revenues

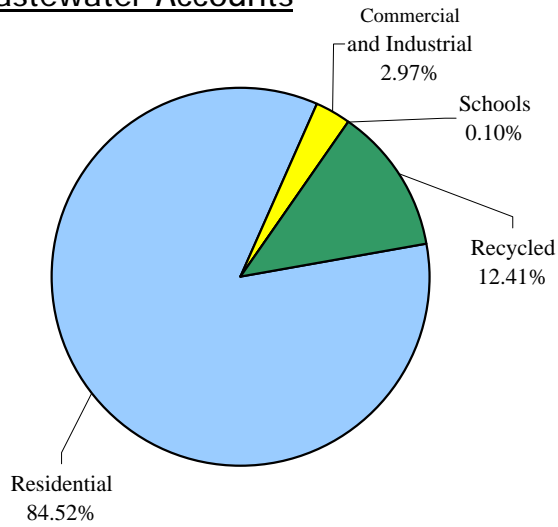


Water Customer Accounts For Fiscal Year Ended December 31, 2004

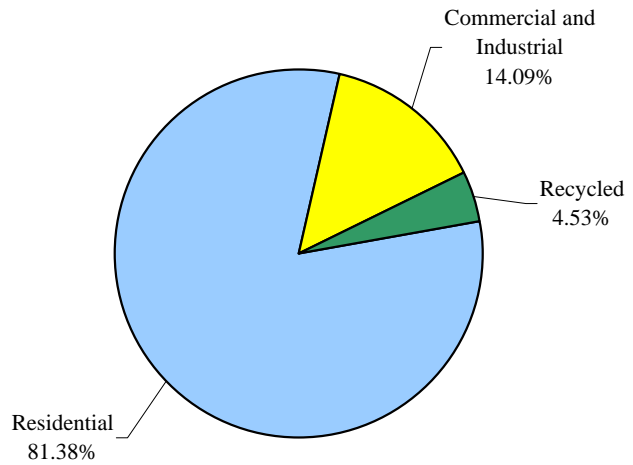
| | Water Accounts | % of Total Water Accounts | Water Consumption (Acre Feet) | % of Total Consumption | Sales Revenues | % of Total Revenues |
|---------------------------|----------------|---------------------------|-------------------------------|------------------------|-----------------------------|---------------------|
| Residential | 32,666 | 90.93% | 19,561 | 55.55% | \$11,503,601 ^[1] | 85.34% |
| Domestic Irrigation | 1,514 | 4.21% | 2,998 | 8.51% | 0 | - |
| Commercial and Industrial | 1,254 | 3.49% | 2,806 | 7.97% | 1,054,028 | 7.82% |
| Agriculture (Ag) | 380 | 1.06% | 6,433 | 18.27% | 261,456 | 1.94% |
| Recreational Turf | 101 | 0.28% | 1,605 | 4.56% | 365,475 | 2.71% |
| Municipal | 11 | 0.03% | 1,811 | 5.14% | 295,196 | 2.19% |
| TOTAL | 35,926 | 100.00% | 35,214 | 100.00% | \$13,479,756 | 100.00% |

^[1]Sales Revenues for Residential include Domestic Irrigation
Sources: EID Consumption Report by Zone and Category
and Year-end Revenue Report (Unaudited)

Wastewater Accounts



Wastewater Revenues



Wastewater Customer Accounts For Fiscal Year Ended December 31, 2004

| Category | Wastewater Accounts | % of Total Wastewater Accounts | Wastewater Revenues | % of Total Revenues |
|---------------------------|---------------------|--------------------------------|--------------------------|---------------------|
| Residential | 17,310 | 84.52% | \$8,839,319 | 81.38% |
| Commercial and Industrial | 608 | 2.97% | 1,529,949 ^[1] | 14.09% |
| Schools | 21 | 0.10% | - | - |
| Sub Total | 17,939 | 87.59% | \$10,369,268 | 95.47% |
| Recycled | 2,541 | 12.41% | 492,421 | 4.53% |
| TOTAL | 20,480 | 100.00% | \$10,861,689 | 100.00% |

^[1]Recreation Turf included in Commercial and Industrial category

Source: EID Year End Revenue Report (unaudited), EID Sewer Capacity Report

Summary of Net Revenue and Debt Service Coverage – All Debt

| Fiscal Year | Gross Revenue ^[1] | Operating Costs ^[2] | Net Revenue Available for Debt Service | Annual Debt Service ^[3] | Coverage |
|----------------|---------------------------------|-----------------------------------|--|---------------------------------------|----------|
| 1995 | \$22,068,567 | \$19,598,055 | \$ 2,470,512 | \$ 3,851,258 | 0.64 |
| 1996 | \$27,785,385 | \$23,486,330 | \$ 4,299,055 | \$ 3,660,032 | 1.17 |
| 1997 | \$36,605,850 | \$23,819,502 | \$12,786,348 | \$ 6,067,473 | 2.11 |
| 1998 | \$33,888,608 | \$26,567,673 | \$ 7,320,935 | \$ 7,186,396 | 1.02 |
| 1999 | \$45,166,922 | \$28,703,548 | \$16,463,374 | \$15,167,148 ^[4] | 1.09 |
| 2000 | \$47,314,756 | \$30,319,675 | \$16,995,081 | \$ 7,458,650 | 2.28 |
| 2001 | \$62,446,328 | \$34,513,484 | \$27,932,844 | \$ 7,549,490 | 3.70 |
| 2002 | \$42,655,645 | \$38,044,403 | \$ 4,611,242 | \$ 7,781,524 | .593 |
| 2003 | \$46,876,045 | \$39,453,406 | \$ 7,422,639 | \$ 8,737,894 | .85 |
| 2004 | \$46,055,582 | \$45,565,169 | \$ 490,413 | \$ 11,434,631 | .04 |

Source: Summary of Net Revenue and Debt Service Coverage, El Dorado Irrigation District

[1] Gross Revenues include Operating Revenues, Facility Capacity Charges, Debt Surcharges, Taxes, Interest Income, and other non-operating income but does not include non-cash Developer Contribution or Flood Damage Reimbursements.

[2] Operating costs include Operations and Maintenance, General/Administrative, Finance, Engineering, Hydroelectric, Purchased water, Recreation and depreciation and amortization costs.

[3] Annual debt service includes principal and interest on United States Bureau of Reclamation, State of California, U.S. Dept. of Commerce, El Dorado County Water Agency, El Dorado Irrigation District Certificates of Participation series 2003A, 2003B, 2004A and 2004B and payments made to El Dorado County for Texas Hill properties.

[4] This amount includes an \$8.3 million early pay-off of State Safe Drinking Water Bond Law loans. Excluding the early paid debt, the ratio of total debt service to total operating expenses would be 2.19%.

Debt Capacity

While the District is not subject to any legal debt limitations, it does observe a series of prudent debt issuance practices and evaluates its debt capacity relative to new financing needs. However, no single measure exists to gauge the amount of debt an agency can support. Individual characteristics such as size, nature of service area (mature, stable or growing), the age of existing facilities and capital project needs all contribute to the appropriate level of debt. The District observes Moody's published median water and wastewater industry ratios as a general guideline by which to evaluate overall debt capacity and debt service coverage performance.

The table below presents Moody's 1995 median debt service ratios for the water and wastewater industry along with EID's corresponding ratios for 2001, 2002, 2003, 2004 and 2005 budgeted. The medians serve as broad indicators of debt servicing capacity. Variations from the medians do not necessarily indicate credit quality, but rather highlight an enterprise's particular characteristics.

| Ratio Water and Sewer Utility | Moody's Median Water & Sewer 1995 | EID Actual 2001 | EID Actual 2002 | EID Actual 2003 | EID Actual 2004 | EID Budgeted 2005 |
|----------------------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Interest Coverage | 4.8 | 8.8 | 3.9 | 3.3 | 1.8 | 1.6 |
| Debt Service Coverage | 2.3 | 5.2 | 2.2 | 2.1 | 1.4 | 1.3 |
| Debt Service Safety Margin (%) | 20.5% | 50.5% | 21.0% | 20.5% | 8.6% | 6.3% |
| Debt Ratio (%) | 24.1% | 26.6% | 26.6% | 44.1% | 46.6% | 46.1% |

The ratios are calculated on a total debt basis exclusive of any extraordinary events. For the years 2001 – 2003, property tax revenues are included at 25% of total and the other 75% is allocated for Capital Improvement Projects. In 2004, 100% of property taxes are allocated to operating expenses. Debt service coverage on the 2003 and 2004 Revenue Certificates of Participation is calculated separately per the 1.25 times coverage covenant required on these debt issues and is presented in the Debt Service Coverage 2003 and 2004 Revenue Certificates of Participation pages. Debt Service Coverage for all debt (including Hydroelectric) is presented in the table titled Summary of Net Revenue and Debt Service Coverage – All Debt.

The Interest Coverage and Debt Service Coverage ratios demonstrate current and future debt repayment ability. Both the Interest Coverage Ratio and the Debt Service Coverage increased significantly in 2001 due to increased facility capacity charges and surcharges received. The interest coverage ratios are below median for 2002, 2003, and 2004 due to increasing expenses and a decline in FCC revenues in 2002 and again in 2004. Interest expense also increased as a result of issuing debt for the construction of future revenue generating facilities.

The Debt Service Safety Margin indicates an additional level of debt service payment ability. It is the ratio of revenues less operating expenses and annual debt service to gross revenue and income. The Debt Service Safety Margin was 50.5 in 2001 but fell to 21.0% in 2002 due to the decreased FCC revenues in 2002. The ratio for 2003 is about the same as 2002 but fell sharply in 2004 as a result of increased operating expenses. The budgeted ratio for 2005 is a bit lower than the 2004 actuals.

The Debt Ratio represents the District's current reliance on debt financing and its capacity to support additional debt. It is the ratio of the District's funded debt, net of reserves, to its fixed assets and net working capital. EID has been above the Moody's median from 2001 through 2004. However, this is not a major concern because the District is expanding and meeting its needs to finance new and upgraded infrastructure. In 1996 EID began a major financing program with the issuance of \$69.4 million in revenue bonds for wastewater treatment plant improvements and other significant capital projects. In 2003, the District issued additional debt in the form of fixed rate and variable rate Certificates of Participation to finance capital improvement projects for 2003 – 2007. In 2004, the 1996 and 1999 Revenue bonds and the LaSalle bridge loans were all refinanced via the 2004 Revenue Certificates of Participation.

Debt Service Coverage
Revenue Certificates of Participation series
2003A, 2003B, 2004A and 2004B
Water and Wastewater

| | Water | Wastewater | Total 2004 |
|--|---------------------|---------------------|----------------------|
| Revenues [1] | \$24,675,510 | \$21,917,041 | \$46,592,551 |
| Total Expenses [2] | \$20,317,119 | \$15,963,451 | \$36,280,570 |
| Pre-existing Indebtedness | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total Operating Expenses & Pre-existing Debt | <u>\$20,317,119</u> | <u>\$15,963,451</u> | <u>\$36,280,570</u> |
| Net Revenues | \$4,358,391 | \$5,953,590 | \$10,311,981 |
| 2004 annual debt service - principal: | | | |
| 1996 Revenue Bonds | \$403,000 | \$1,612,000 | \$2,015,000 |
| SRF Loans | 128,339 | 0 | 128,339 |
| 2003GO bonds | 415,000 | 0 | 415,000 |
| Capital leases | \$85,685 | 67,325 | 153,010 |
| Interest expense | \$4,134,711 | \$4,588,571 | \$8,723,281 |
| Total Revenue Bond and Parity Debt | \$5,166,735 | \$6,267,896 | \$11,434,631 |
| Net Revenues After 1996 & 1999 Bonds Debt Service | (\$808,345) | (\$314,305) | (\$1,122,650) |
| Debt Service Coverage [3] | 0.84 | 0.95 | 0.90 |

Source: EID COP Coverage Requirement Analysis

[1] Revenues are all District operating revenues and non-operating revenues.

[2] Total expenses include both operating and non-operating expenses except depreciation and interest expense.

[3] Debt service coverage of 1.25% is required for the 2003 and 2004 Revenue COPs. Coverage represents the ratio of net revenues before depreciation and debt service to total debt service.

El Dorado County
Secured Assessed Valuation and Tax Collection Record
County Fiscal Years Ending June 30, 1996 – 2005

| Fiscal Year | Total Secured Assessed Valuation [1] | Secured Property Tax Levy | Taxes Collected | Rate of Tax Collections | District Allocations in Corresponding Calendar Year [2] |
|--------------------|---|----------------------------------|------------------------|--------------------------------|--|
| 1995-96 | \$9,688,071,096 | \$113,010,913 | \$107,227,524 | 94.88% | \$3,599,549 |
| 1996-97 | \$10,086,113,339 | \$117,283,071 | \$112,502,657 | 95.92% | \$3,569,577 |
| 1997-98 | \$10,452,226,844 | \$121,608,340 | \$117,694,334 | 96.78% | \$3,772,380 |
| 1998-99 | \$10,995,941,558 | \$125,970,813 | \$123,055,507 | 97.69% | \$3,993,168 |
| 1999-00 | \$11,611,175,922 | \$133,633,826 | \$129,697,830 | 97.05% | \$4,261,469 |
| 2000-01 | \$12,315,067,747 | \$143,148,392 | \$139,573,576 | 97.50% | \$4,434,471 |
| 2001-02 | \$13,497,268,910 | \$157,042,977 | \$153,630,525 | 97.83% | \$5,069,169 |
| 2002-03 | \$14,938,269,091 | \$175,046,199 | \$170,827,441 | 97.59% | \$5,467,988 |
| 2003-04 | \$16,722,948,086 | \$193,059,128 | \$189,883,023 | 98.35% | \$6,136,380 |
| 2004-05 | \$18,583,511,267 | \$212,729,353 | | | |

Source: El Dorado County Auditor-Controller, Tax Ledger and Agency Value Summary
District Allocations (provided by El Dorado Irrigation District)

[1] The Total Secured Assessed Valuation has been corrected to reflect a more accurate valuation by using the county-wide, secured net assessed value total for each year.

[2] The District receives 100% of its general property tax allocation as a result of the tax distribution system commonly referred to as the “Teeter Plan”, without regard to delinquencies in collections. The dollar amount shown in this column represents El Dorado County’s “Annual Final Estimate” of property taxes allocated to EID net of the estimated County Property Tax Administration Reimbursement Fee. Other assessments and charges collected by the County for EID are not included here.

Note: Per Board policy the District allocates 100% of General Property Taxes received to operations. Property taxes are also allocated among funds. For tax year 2004-2005 this allocation was 56% to the Water Fund, 42% to the Sewer Fund and 2% to the Recreation Fund.

El Dorado Irrigation District Major Taxpayers Fiscal Year 2004 - 2005

| Property Owner | Primary Land Use | 2004 – 05 Assessed Valuation | % of Total |
|--------------------------------------|-------------------------|------------------------------------|------------|
| 1 El Dorado Hills Development Co. | Residential Land | \$150,426,732 | 4.23% |
| 2 Serrano Associates LLC | Residential Development | \$114,854,754 | 3.23% |
| 3 AKT Development/AKT Promontory LLC | Residential Development | \$28,161,589 | 0.79% |
| 4 JTS Communities | Residential Development | \$26,345,142 | 0.74% |
| 5 U S Home Corp | Residential Development | \$26,167,279 | 0.74% |
| 6 Valley View Investors LLC | Residential Development | \$22,292,319 | 0.63% |
| 7 Centrex Homes GP | Residential Development | \$22,242,608 | 0.63% |
| 8 James W Cameron, Jr. | Vacant Land | \$17,889,404 | 0.50% |
| 9 Standard Pacific Corp. | Residential Development | \$15,544,361 | 0.44% |
| 10 Angelo K. Tsakopoulos | Vacant Land | \$13,906,975 | 0.39% |
| 11 Town Center East LP | Commercial | \$12,298,156 | 0.35% |
| 12 Reynen & Bardis Promontory | Vacant Land | \$11,348,444 | 0.32% |
| 13 El Dorado Hills Investors | Vacant Land | \$11,326,730 | 0.32% |
| 14 Signature Properties Inc. | Residential Development | \$9,971,225 | 0.28% |
| 15 Westwood Promontory Ltd. | Vacant Land | \$7,984,509 | 0.22% |
| 16 Founders Title Company | Vacant Land | \$7,766,245 | 0.22% |
| 17 Euer Ranch LLC | Vacant Land | \$7,561,727 | 0.21% |
| 18 Wal Mart Stores Inc. | Commercial | \$7,482,539 | 0.21% |
| 19 Woodside Montellago Inc. | Residential Development | \$6,760,212 | 0.19% |
| 20 Warmington El Dorado II LLC | Residential Development | <u>\$6,563,207</u> | 0.18% |
| | | <u>\$526,894,157</u> | |

Source: California Municipal Statistics, Inc

Voter Approved Debt Tax Levy Net of Overlapping Debt ^[1]

| Tax Year | Secured Land Assessed Value District Boundaries | Tax Rate per \$100 Assessed Value ^{[2] [3]} | Collections/Debt Payments ^[4] |
|----------|---|--|--|
| 1995-96 | \$1,834,187,711 | .0327 | \$599,115 |
| 1996-97 | \$1,918,745,953 | .0320 | \$613,486 |
| 1997-98 | \$1,961,706,510 | .0343 | \$673,181 |
| 1998-99 | \$2,064,162,072 | .0346 | \$714,551 |
| 1999-00 | \$2,182,158,839 | .0366 | \$798,646 |
| 2000-01 | \$2,359,446,490 | .0345 | \$813,558 |
| 2001-02 | \$2,621,523,360 | .0327 | \$858,369 |
| 2002-03 | \$2,900,034,618 | .0255 | \$739,412 |
| 2003-04 | \$3,256,580,233 | .0277 | \$901,729 |
| 2004-05 | \$3,556,739,901 | .0028 | \$98,446 |

Source: El Dorado Irrigation District; Deputy Treasurer

- [1] In addition to the District's share of the 1% ad valorem property tax, the District collects property taxes levied in connection with the District's obligation to the U.S. Bureau of Reclamation (USBR) for the construction of the Sly Park Unit of the Central Valley Project, and the District's distribution system therefor. The debt was originally approved by District voters in 1959. Subsequent to 1959, the voters approved additional debt related thereto for construction projects in 1969, 1972, and 1975. The District's total obligation to the USBR for this debt totaled approximately \$24.2 million. See also note 3 below.
- [2] The District's payments to the USBR vary, with annual interest rates on the debt ranging from 0% to 5%. Maturities occur through the year 2028. The annual debt payments are assessed on the property tax bills. Assessments are apportioned and spread, based on total land assessed value within the District boundaries. See also note 3 below.
- [3] In 2003, the debt to the USBR was cancelled in connection with the transfer of title by the USBR to the District for Sly Park and this purchase was financed in part by the issuance of General Obligation bonds of \$6,000,000.
- [4] Collections/Debt Payments include debt service principal and interest, less the cash balance already available in the fund.

Special Assessment District Collections ^[1]

| Fiscal Year | Assessment District #3 ^[2] | Assessment District #4 ^[3] | Improvement Districts ^[4] | Maintenance Collections ^[5] | Miscellaneous Collections ^[6] |
|-------------|---------------------------------------|---------------------------------------|--------------------------------------|--|--|
| 1995-96 | \$1,281,270 | \$64,870 | - | \$7,448 | \$17,789 |
| 1996-97 | \$1,263,518 | \$73,038 | - | \$8,091 | \$13,072 |
| 1997-98 | \$1,238,147 | \$72,457 | - | \$2,086 | \$63,190 |
| 1998-99 | - | - | - | \$3,208 | \$81,128 |
| 1999-00 | - | - | - | \$2,909 | \$50,188 |
| 2000-01 | - | - | - | \$9,486 | \$93,031 |
| 2001-02 | | | | \$12,813 | \$42,406 |
| 2002-03 | | | | \$14,382 | \$39,640 |
| 2003-04 | | | | \$14,274 | \$35,085 |
| 2004-05 | | | | \$12,939 | \$38,205 |

Source: El Dorado Irrigation District; Deputy Treasurer

- [1] The District generally received 100% of special assessments as a result of its diligent collection process. The District has the legal authority to place a lien on the property to assure collection.
- [2] Assessments District #3's outstanding bonds were paid in full in 1998.
- [3] Assessment District #4's bonds matured in 1998.
- [4] Improvement Districts: 017, 023, 120, 131, 133, 141, 148, 151, 156, 165, 166, 169, 171, 173, 175, 184, 198, 102, 206, 207. By 1990, only Improvement District 207 remained. The District currently has no Improvement Districts.
- [5] Maintenance Districts: Singleton Ranch Reservoir – 34M, Clear Creek – 97M and Knolls Reservoir – 30M. Only the latter two districts remain active currently.
- [6] Miscellaneous Collections: Swansboro Surcharge, Water Accounts, Wastewater Accounts, Bond Segregations, Sundry and Lien Release Fees.

Total Tax Burden ^[1]
All Overlapping Governments Per \$100
of Assessed Valuation

County Fiscal Years Ending June 30, 1996 – 2005

| Fiscal Year | General Property Tax Levy | State Assessed Unitary Value Properties | School Districts | Special Districts | EID Voter Approved Tax ^[2] | Total |
|--------------------|----------------------------------|--|-------------------------|--------------------------|--|--------------|
| 1995-96 | 1.000% | .0478% | .0022% | .0288% | .0327% | 1.1115% |
| 1996-97 | 1.000% | .0462% | .0003% | .0283% | .0320% | 1.1068% |
| 1997-98 | 1.000% | .0473% | .0147% | .0243% | .0343% | 1.1206% |
| 1998-99 | 1.000% | .0648% | .0397% | .0213% | .0346% | 1.1604% |
| 1999-00 | 1.000% | .0751% | .0349% | .0252% | .0366% | 1.1718% |
| 2000-01 | 1.000% | .0842% | .0348% | .0081% | .0345% | 1.1616% |
| 2001-02 | 1.000% | .0763% | .0332% | .0130% | .0327% | 1.1552% |
| 2002-03 | 1.000% | .0792% | .0296% | .0109% | .0255% | 1.1452% |
| 2003-04 | 1.000% | .0704% | .0274% | .0090% | .0277% | 1.1345% |
| 2004-05 | 1.000% | .0880% | .0258% | .0068% | .0028% | 1.1234% |

Source: El Dorado County Auditor – Controller
Tax Rate Area Listing (TRX620/TRB110)

[1] This table represents the total tax burden on taxpayers within EID’s geographic jurisdiction.

[2] Voter Approved Tax Class 207 – EID’s obligation for repayment of debt to the U.S. Bureau of Reclamation for construction of the Sly Park Unit and the District’s main water distribution system. Originally approved in 1959, the voters of the County approved increases in the debt for construction projects in 1969, 1972 and 1975.

Demographics and Statistical Summary

| Water | 2004 | 2003 | 2002 | 2001 | 2000 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Facilities: | | | | | |
| Miles of Main Line (estimated) | 1,229 | 1,220 | 1,200 | 1,150 | 1,150 |
| Miles of Ditches (estimated) | 37 | 40 | 40 | 40 | 40 |
| Number of Treatment Plants | 6 | 6 | 6 | 6 | 6 |
| Total Plant Capacity (cfs) | 177 | 164 | 161 | 190 | 147 |
| Number of Pumping Stations | 38 | 36 | 34 | 21 | 21 |
| Number of Storage Tanks/Reservoirs | 36 | 32 | 28 | 33 | 33 |
| Supply (Acre Feet Delivered): | | | | | |
| Sly Park Reservoir | 22,919 | 23,312 | 25,738 | 23,280 | 17,492 |
| USBR-Folsom Lake | 8,424 | 7,528 | 7,728 | 7,136 | 6,436 |
| Forebay - Project 184 | 12,016 | 6,298 | 4,719 | 7,730 | 10,253 |
| Crawford Ditch [2] | N/A | N/A | 700 | 700 | 700 |
| Total Supply | 43,359 | 37,138 | 38,885 | 38,846 | 34,881 |
| Water Customer Accounts: | | | | | |
| <i>Contiguous Zones</i> | | | | | |
| Residential [1] | 33,860 | 32,864 | 31,262 | 30,142 | 28,934 |
| Commercial and Industrial | 1,249 | 1,212 | 1,176 | 1,125 | 1,099 |
| Agricultural [3] | 380 | 397 | 349 | 342 | 372 |
| Recreational Turf | 101 | 97 | 99 | 99 | 97 |
| Municipal | 11 | 11 | 11 | 11 | 10 |
| Total Contiguous | 35,601 | 34,581 | 32,897 | 31,719 | 30,512 |
| <i>Satellite Zones</i> | | | | | |
| Residential | 320 | 320 | 316 | 316 | 316 |
| Commercial | 5 | 5 | 5 | 5 | 5 |
| Total Satellites | 325 | 325 | 321 | 321 | 321 |
| Total Accounts | 35,926 | 34,906 | 33,218 | 32,040 | 30,833 |
| Consumption (acre feet): | | | | | |
| <i>Contiguous Zones</i> | | | | | |
| Residential [1] | 22,514 | 20,125 | 20,046 | 19,424 | 18,031 |
| Commercial and Industrial | 2,797 | 2,768 | 2,596 | 2,599 | 2,353 |
| Agricultural [3] | 6,433 | 6,074 | 5,242 | 5,742 | 5,950 |
| Recreational Turf | 1,605 | 1,112 | 1,357 | 1,383 | 2,044 |
| Municipal | 1,811 | 1,709 | 1,696 | 1,669 | 1,637 |
| Total Contiguous | 35,160 | 31,788 | 30,937 | 30,817 | 28,378 |
| <i>Satellite Zones</i> | | | | | |
| Residential | 45 | 44 | 44 | 45 | 37 |
| Commercial | 9 | 10 | 17 | 14 | 8 |
| Total Satellites | 54 | 54 | 61 | 59 | 45 |
| Total Consumption | 35,214 | 31,842 | 30,998 | 30,876 | 28,423 |

Source: Annual Consumption Report and Facilities Management Dept.

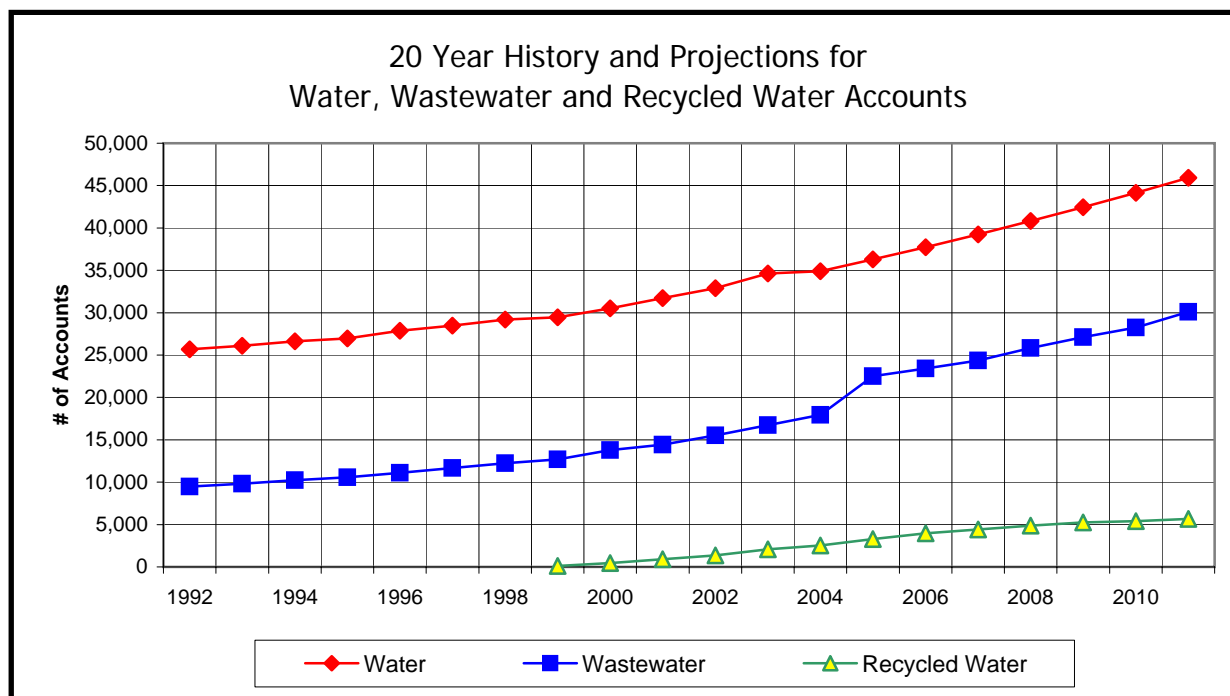
[1] Includes single residential, domestic irrigation, multi-family, and single-family dual potable.

[2] As of 2003, the Crawford Ditch is no longer included in supply total. The Crawford Ditch meets the irrigation needs of ditch customers as a separate delivery system not connected to the piped system.

[3] Crawford Ditch accounts/usage removed as of 2003

Demographics and Statistical Summary

| Wastewater | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---------------|---------------|---------------|---------------|---------------|
| Facilities: | | | | | |
| Miles of Sewer Line | 377 | 338 | 305 | 300 | 300 |
| Number of Treatment Plants | 5 | 5 | 5 | 5 | 5 |
| Plant Capacity-Dry Weather (mgd) | 6.60 | 6.60 | 6.60 | 6.60 | 6.60 |
| Plant Capacity-Wet Weather (mgd) | 22.40 | 7.50 | 7.50 | 7.50 | 7.50 |
| Avg. Dry Weather Daily Plant Flow (mgd) | 4.65 | 4.47 | 4.05 | 3.92 | 4.74 |
| El Dorado Hills Plant (mgd) | 2.15 | 1.95 | 1.66 | 1.65 | 1.79 |
| Deer Creek Plant (mgd) | 2.50 | 2.52 | 2.39 | 2.27 | 2.95 |
| Number of Lift Stations | 60 | 60 | 58 | 58 | 57 |
| Customer Accounts (Active): | | | | | |
| Residential | 17,310 | 16,111 | 14,946 | 13,882 | 13,264 |
| Commercial & Industrial | 608 | 581 | 551 | 532 | 511 |
| Schools | 21 | 20 | 23 | 19 | 19 |
| Total Wastewater Accounts | 17,939 | 16,712 | 15,520 | 14,433 | 13,794 |
| Total Recycled Water Accounts | 2,541 | 2,079 | 1,345 | 906 | 454 |
| Beginning in 1999, residential construction of a "dual pipe" system in the El Dorado Hills community of Serrano features water, sewer and recycled for each home. | | | | | |
| Source: EID Sewer Capacity Report and Facilities Management Dept. | | | | | |



This chart shows that growth of the District's water and wastewater customer accounts from 1992 to 2004, along with projected account growth through the year 2011.

Demographics and Statistical Summary

| Recreation | 2004 | 2003 | 2002 | 2001 | 2000 |
|--|-------------|-------------|-------------|-------------|-------------|
| Number of Day Visits | 76,930 | 75,706 | 72,343 | 90,865 | 85,735 |
| Number of Overnight Campers | 77,968 | 75,080 | 74,963 | 90,971 | 99,700 |
| Boat Use | 18,823 | 13,285 | 13,671 | 12,762 | 11,278 |
| Museum Visitors | 1,100 | 1,200 | 1,300 | 1,580 | 1,475 |
| Guided Hikes | 4 | 2 | 5 | 8 | 11 |
| Fish Plants | 9 | 9 | 9 | 6 | 6 |
| Volunteer Hours | 5,000 | 4,900 | 4,700 | 4,500 | 4,000 |
| Museum Volunteer Hours | 500 | 500 | 500 | 500 | 515 |
| Facilities at Sly Park Recreation Area: | | | | | |
| | | | | | 9 Miles |
| | | | | | 2 |
| | | | | | 166 |
| | | | | | 5 |
| | | | | | 2 |
| | | | | | 1 |
| | | | | | 9 Miles |
| | | | | | 9 Miles |
| | | | | | 1/2 Mile |
| | | | | | 1 |
| Source: Sly Park | | | | | |

| Average Daily Flow of District Wastewater Facilities | | | |
|--|--|---------------------------------|--------------------------------------|
| Year | Average Daily Dry Weather Flow (mgd) [1] | | |
| | Total | 3.6 Permit Rating Deer Creek | 3.0 Permit Rating El Dorado Hills |
| 1995 | 3.71 | 2.51 | 1.20 |
| 1996 | 3.73 | 2.20 | 1.53 |
| 1997 | 3.72 | 2.30 | 1.42 |
| 1998 | 3.85 | 2.46 | 1.39 |
| 1999 | 3.64 | 2.19 | 1.45 |
| 2000 | 4.74 | 2.95 | 1.79 |
| 2001 | 3.92 | 2.27 | 1.65 |
| 2002 | 4.05 | 2.39 | 1.66 |
| 2003 | 4.47 | 2.52 | 1.95 |
| 2004 | 4.65 | 2.50 | 2.15 |

Source: EID Sewer Capacity Report

[1] Flows adjusted based upon updated meter calibration; (mgd) – millions of gallons per day.

| Annual District Water Allocations and Actual Deliveries | | | | | | | | | | |
|---|---------------------|----------------|----------------|---------------------------|---------------|-----------------------|----------------|----------------|---------------------------|---------------|
| Year Ended Dec. 31 | Acre-Feet Allocated | | | | | Acre-Feet Delivered | | | | |
| | Sly Park | USBR Folsom | Crawford | Project 184 Forebay | Total | Sly Park | USBR Folsom | Crawford | Project 184 Forebay | Total |
| 1995 | 23,000 | 7,550 | 700 | 15,080 | 46,330 | 19,602 | 4,357 | 700 | 5,402 | 30,061 |
| 1996 | 23,000 | 7,550 | 700 | 15,080 | 46,330 | 17,657 | 4,185 | 700 | 11,957 | 34,199 |
| 1997 | 23,000 | 7,550 | 700 | 15,080 | 46,330 | 29,247 ^[2] | 4,579 | 700 | 1,222 ^[2] | 35,748 |
| 1998 | 23,000 | 7,550 | 700 | 15,080 | 46,330 | 18,420 | 4,960 | 700 | 5,947 | 30,027 |
| 1999 | 23,000 | 7,550 | 700 | 15,080 | 46,330 | 19,163 | 6,138 | 700 | 9,495 | 35,496 |
| 2000 | 23,000 | 7,550 | 700 | 15,080 | 46,330 | 17,492 | 6,436 | 700 | 10,253 | 34,881 |
| 2001 | 23,000 | 7,550 | 700 | 15,080 | 46,330 | 23,280 | 7,136 | 700 | 7,730 | 38,846 |
| 2002 | 23,000 | 7,550 | 700 | 15,080 | 46,330 | 25,738 | 7,728 | 700 | 4,719 | 38,885 |
| 2003 | 23,000 | 7,550 | ^[3] | 15,080 | 45,630 | 23,313 | 7,528 | ^[3] | 6,298 | 37,138 |
| 2004 | 23,000 | 7,550 | ^[3] | 15,080 | 45,630 | 22,919 | 8,424 | ^[3] | 12,016 | 43,359 |

Source: EID Water Diversion Report

[2] Due to January 1997 floods, water delivery was different than in past years.

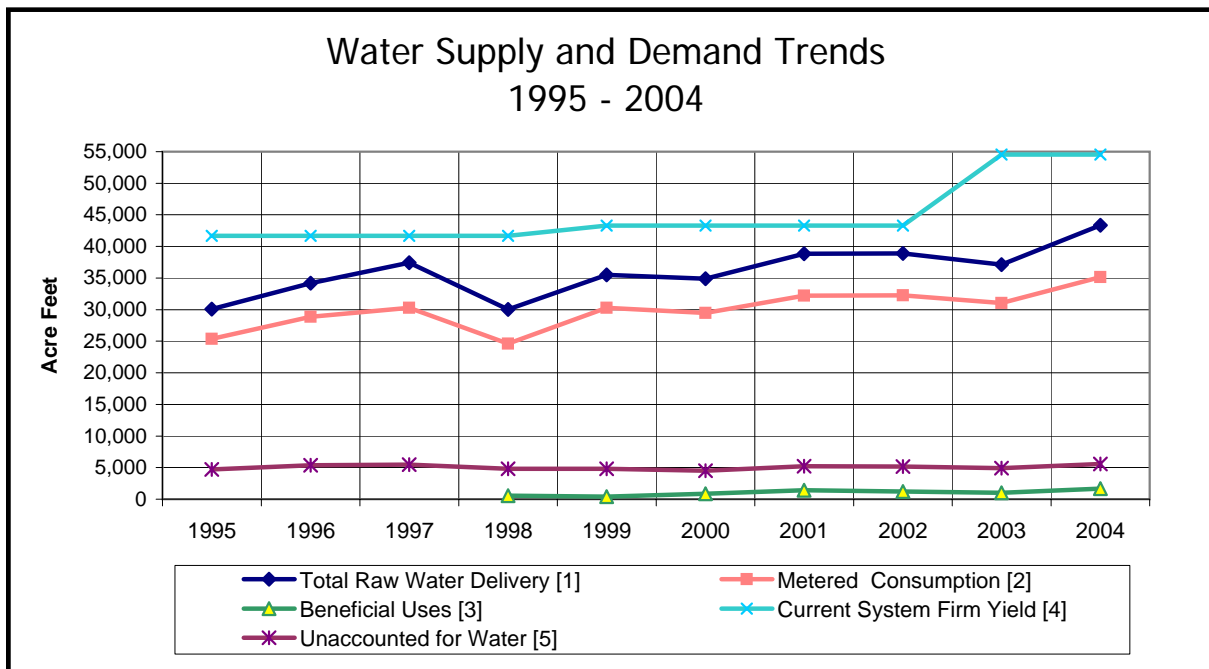
[3] Beginning with 2003, the estimated Crawford Ditch diversions will no longer be included in the total. At this time, the Crawford Ditch meets the irrigation needs of ditch customers as a separate delivery system not connected to the piped system.

Water Supply and Demand Data in Acre Feet

| Year | Total Raw Water Delivery [1] | Metered Consumption [2] | Beneficial Uses [3] | Supplement to Recycled System | Current System Firm Yield [4] | Unaccounted for Water [5] |
|------|------------------------------|-------------------------|---------------------|-------------------------------|-------------------------------|---------------------------|
| 1995 | 30,062 | 25,373 | | N/A | 41,700 | 4,689 |
| 1996 | 34,199 | 28,846 | | N/A | 41,700 | 5,353 |
| 1997 | 37,438 | 30,263 | | N/A | 41,700 | 5,485 |
| 1998 | 30,027 | 24,638 | 560 | N/A | 41,700 | 4,829 |
| 1999 | 35,496 | 30,262 | 405 | N/A | 43,280 | 4,829 |
| 2000 | 34,882 | 29,488 | 870 | N/A | 43,280 | 4,524 |
| 2001 | 38,846 | 32,231 | 1,398 | N/A | 43,280 | 5,217 |
| 2002 | 38,885 | 32,252 | 1,201 | (255) | 43,280 | 5,177 |
| 2003 | 37,138 | 31,021 | 1,017 | (190) | 54,550 | 4,909 |
| 2004 | 43,358 | 35,160 | 1,692 | (918) | 54,550 | 5,588 |

Source: EID Facilities Management Dept.

- [1] Raw water diverted from all District water sources, including metered consumption, beneficial uses, and unaccounted-for water.
- [2] Potable or raw water metered or measured and billed to District customers in the contiguous service area.
- [3] Water utilized for operational flushing, sewage lift station and collection system flushing, private fire services, construction meters, and aesthetics maintenance.
- [4] For years 1994 to 2002, the System Firm Yield is calculated using the Abraham Model (a custom computer model). For years 2003 and 2004, the System Firm Yield is calculated by the OASIS Model (custom computer software). Both models determine the annual quantity of water the integrated water supply system can theoretically make available 95% of the time, per District Regulation No. 2.
- [5] Any water diverted into the piped or ditch systems that was not measured and billed to customers or otherwise accounted for.

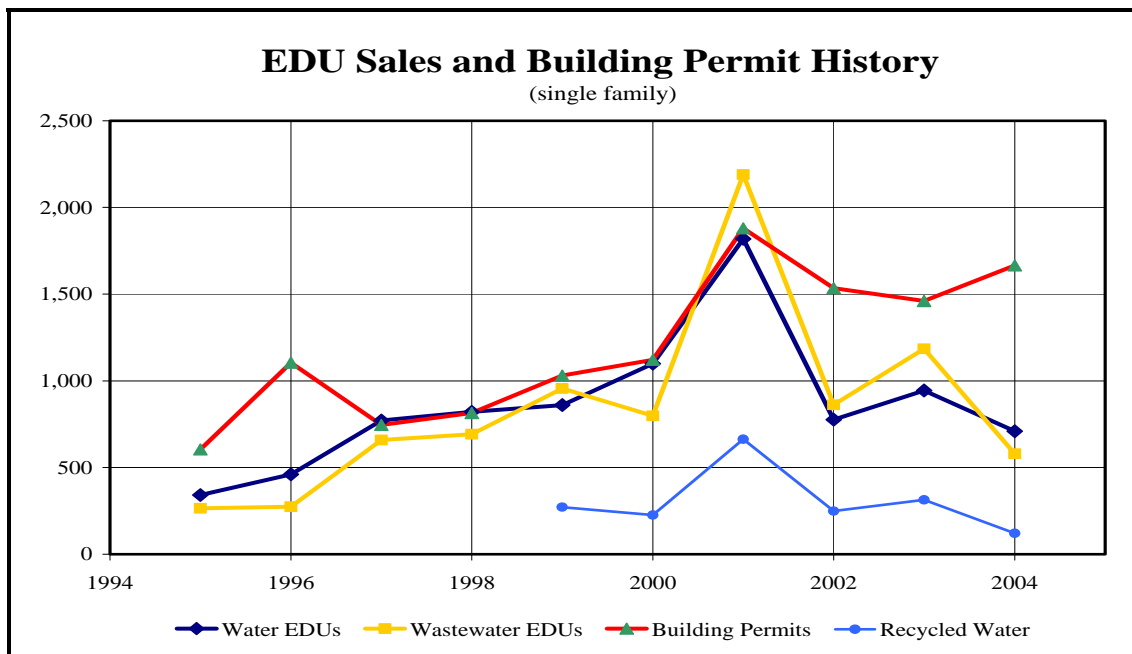


District Growth History of Newly Purchased Equivalent Dwelling Units (EDUs) ^[1]

| Year | Water | Wastewater | Recycled Water |
|------|-------|------------|----------------|
| 1995 | 341 | 265 | |
| 1996 | 461 | 274 | |
| 1997 | 771 | 658 | |
| 1998 | 821 | 692 | |
| 1999 | 860 | 956 | 271.5 |
| 2000 | 1,099 | 798 | 226 |
| 2001 | 1,819 | 2,189 | 663.5 |
| 2002 | 776 | 862 | 248 |
| 2003 | 944 | 1,185 | 313 |
| 2004 | 709 | 579 | 120.5 |

Source: EID Customer & Development Services Div.

[1] An Equivalent Dwelling Unit represents the water usage equivalent to a typical single-family dwelling.



Building Permit Valuations for EID Service Area

| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Valuations (in thousands) : | | | | | | |
| Residential | \$ 487,301 | \$ 441,499 | \$ 399,147 | \$ 364,150 | \$ 303,566 | \$ 239,861 |
| Non-Residential | <u>48,569</u> | <u>37,912</u> | <u>39,242</u> | <u>38,013</u> | <u>34,408</u> | <u>36,517</u> |
| Total | \$ 535,870 | \$ 479,411 | \$ 438,389 | \$ 402,163 | \$ 337,974 | \$ 276,378 |
| New Dwelling Units (Issued) : | | | | | | |
| Single Family | 1,566 | 1,448 | 1,349 | 1,135 | 1,117 | 890 |
| Multi-Family | <u>100</u> | <u>12</u> | <u>186</u> | <u>745</u> | <u>4</u> | <u>140</u> |
| Total | 1,666 | 1,460 | 1,535 | 1,880 | 1,121 | 1,030 |

Source: El Dorado County Land Mgmt. Information System

New Construction Finals for EID Service Area

| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|---------------|--------------|--------------|--------------|--------------|------------|------------|
| Single Family | 1,459 | 1,413 | 1,235 | 1,170 | 748 | 690 |
| Multi-Family | 398 | 183 | 2 | - | 72 | 136 |
| Commercial | <u>95</u> | <u>66</u> | <u>45</u> | <u>64</u> | <u>61</u> | <u>59</u> |
| Total | 1,952 | 1,662 | 1,282 | 1,234 | 881 | 885 |

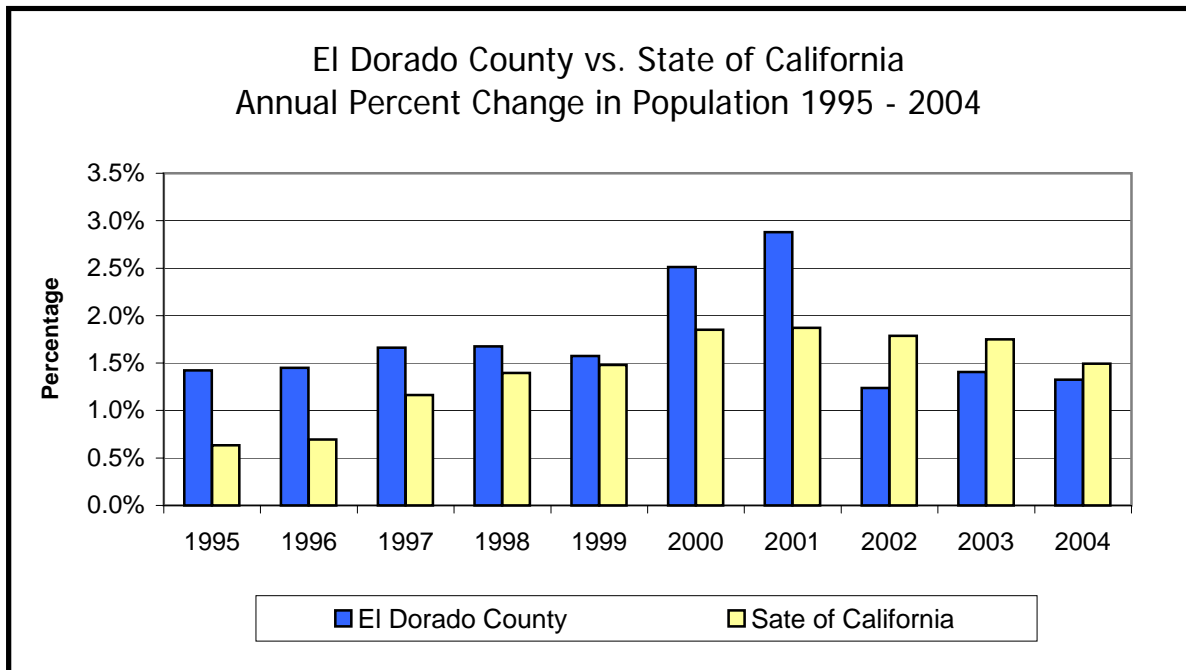
Source: El Dorado County Land Mgmt. Information System

Population

| Year | El Dorado County | Annual % Change | Decennial % Change | Sate of California | Annual % Change | Decennial % Change |
|------|------------------|-----------------|--------------------|--------------------|-----------------|--------------------|
| 1960 | 29,390 | | | 15,717,200 | | |
| 1970 | 43,833 | | 49.1% | 19,953,100 | | 27.0% |
| 1980 | 85,812 | | 95.8% | 23,667,900 | | 18.6% |
| 1990 | 125,995 | | 46.8% | 29,760,000 | | 25.7% |
| 1995 | 143,862 | 1.4% | | 31,617,000 | 0.63% | |
| 1996 | 145,949 | 1.5% | | 31,837,000 | 0.7% | |
| 1997 | 148,373 | 1.7% | | 32,207,000 | 1.2% | |
| 1998 | 150,857 | 1.7% | | 32,657,000 | 1.4% | |
| 1999 | 153,231 | 1.6% | | 33,140,000 | 1.5% | |
| 2000 | 157,079 | 2.5% | 24.7% | 33,753,000 | 1.8% | 13.4% |
| 2001 | 161,600 | 2.9% | | 34,385,000 | 1.9% | |
| 2002 | 163,600 | 1.2% | | 35,000,000 | 1.8% | |
| 2003 | 165,900 | 1.4% | | 35,612,000 | 1.7% | |
| 2004 | 168,100 | 1.3% | | 36,144,000 | 1.5% | |

Source: 1960, 1970, & 1980 U.S. Census; 1995 - 2000 California Department of Finance *E-4 Revised Historical County and State Populatio Estimates, with 1990 and 2000 census counts (Official State Estimates)* ; 2001 - 2004 Economic Development Division, California Labor Market Information

[1] Population totals have been corrected for consistneing in source reporting



Civilian Labor Force Employment and Unemployment

| Year and Area | Civilian Labor Force | Employment | Unemployment | Unemployment Rate (%) |
|---------------------|----------------------|-------------|--------------|-----------------------|
| 1995: | | | | |
| County of El Dorado | 72,000 | 67,000 | 5,000 | 7.0 |
| California | 15,415,500 | 14,205,900 | 1,209,600 | 7.8 |
| United States | 132,304,000 | 124,900,000 | 7,405,000 | 5.6 |
| 1996: | | | | |
| County of El Dorado | 73,400 | 68,700 | 4,700 | 6.4 |
| California | 15,508,146 | 14,382,777 | 1,132,095 | 7.3 |
| United States | 133,943,000 | 126,708,000 | 7,236,000 | 5.4 |
| 1997: | | | | |
| County of El Dorado | 76,000 | 72,100 | 3,900 | 5.1 |
| California | 16,098,400 | 15,173,700 | 924,700 | 5.7 |
| United States | 137,169,000 | 130,778,000 | 6,392,000 | 4.7 |
| 1998: | | | | |
| County of El Dorado | 79,100 | 75,700 | 3,400 | 4.3 |
| California | 16,421,300 | 15,452,900 | 968,400 | 5.9 |
| United States | 137,673,000 | 131,463,000 | 6,210,000 | 4.5 |
| 1999: | | | | |
| County of El Dorado | 82,100 | 78,800 | 3,300 | 4.1 |
| California | 16,703,100 | 15,802,200 | 900,900 | 5.4 |
| United States | 139,368,000 | 133,488,000 | 5,880,000 | 4.2 |
| 2000 | | | | |
| County of El Dorado | 82,500 | 79,300 | 3,200 | 3.9 |
| California | 17,090,800 | 16,245,600 | 845,200 | 4.9 |
| United States | 140,863,000 | 135,208,000 | 5,655,000 | 4.0 |
| 2001 | | | | |
| County of El Dorado | 84,100 | 80,900 | 3,200 | 3.8 |
| California | 17,362,200 | 16,435,200 | 927,100 | 5.3 |
| United States | 141,700,000 | 134,839,000 | 6,860,000 | 5.8 |
| 2002 | | | | |
| County of El Dorado | 82,300 | 78,200 | 4,100 | 5.0 |
| California | 17,405,000 | 16,242,000 | 1,163,000 | 6.7 |
| United States | 144,875,000 | 136,486,000 | 8,389,000 | 5.8 |
| 2003 | | | | |
| County of El Dorado | 82,600 | 78,200 | 4,400 | 5.4 |
| California | 17,460,042 | 16,282,650 | 1,177,392 | 6.8 |
| United States | 146,516,000 | 137,739,000 | 8,777,000 | 6.0 |
| 2004 | | | | |
| County of El Dorado | 88,900 | 84,600 | 4,300 | 4.8% |
| California | 17,552,250 | 16,459,900 | 1,092,400 | 6.2% |
| United States | 147,390,200 | 139,247,700 | 8,142,600 | 5.5% |

Source: State of California, Employment Development Department, Labor Market Information Division

El Dorado County Major Employers

| Company Name | Location | Type of Business | # of Employees |
|--|--------------------|----------------------------------|----------------|
| 1. El Dorado County | El Dorado County | County Government | 1,898 |
| 2. Blue Shield of California | El Dorado Hills | Healthcare | 1,408 |
| 3. DST Output | El Dorado Hills | Billing Output Solutions | 1,170 |
| 4. Marshall Medical Center | Placerville | Healthcare | 920 |
| 5. Raley's Inc. | Various | Retail Grocery | 679 |
| 6. State of California | Various | Government | 616 |
| 7. El Dorado County Office of Education | Placerville | Education | 515 |
| 8. Sierra-at-Tahoe | Twin Bridges | Ski Resort | 500 |
| 9. Fulfillment Plus Inc | El Dorado Hills | Service and Call Center | 474 |
| 10. DST Innovis | El Dorado Hills | Billing and Cust. Mgmt. Software | 465 |
| 11. Roebbelen Contracting Inc | El Dorado Hills | General Contractor | 375 |
| 12. El Dorado Irrigation District | Placerville | Local Government Agency | 290 |
| 13. Doug Veerkamp General Engineering | Placerville | General Engineering | 280 |

Source: Sacramento Business Journal April 29, 2005

El Dorado County Employment by Industry

| Industry | # of Employees |
|---|----------------|
| Goods Producing | 7,300 |
| Natural Resources and Mining | 200 |
| Construction | 4,700 |
| Manufacturing | 2,400 |
| Service Providing | 40,800 |
| Wholesale Trade | 1,000 |
| Retail Trade | 6,100 |
| Transportation, Warehousing & Utilities | 700 |
| Information | 600 |
| Financial Activities | 3,200 |
| Professional and Business Services | 5,700 |
| Educational and Health Services (Private) | 5,300 |
| Leisure and Hospitality | 7,800 |
| Other Services | 1,300 |
| Government | 9,100 |
| Farm | 300 |
| TOTAL ALL INDUSTRIES | 48,400 |

Source: EDD, Labor Market Information Division
March 2004 Benchmark, 2003 Annualized Data

Top Ten Customers

Top Ten Water Customers

| | Customer Name | % of Total Revenue |
|-----|---------------------------------|---------------------------|
| 1. | City of Placerville | 1.624% |
| 2. | Serrano Associates LLC | 1.284% |
| 3. | Lake Oaks Mobile Home Park | 0.274% |
| 4. | Cameron Park Mobile Home Park | 0.213% |
| 5. | Cameron Park Golf Course | 0.210% |
| 6. | Sierra Pacific Industries | 0.193% |
| 7. | Doug Veerkamp | 0.170% |
| 8. | Cameron Oaks Investment Comany | 0.159% |
| 9. | Hidden Springs Mobile Home Park | 0.153% |
| 10. | Greenstone Estates | 0.145% |

Top Ten Wastewater Customers

| | Customer Name | % of Total Revenue |
|-----|----------------------------------|---------------------------|
| 1. | Lake Oaks Mobile Home Park | 0.868% |
| 2. | Cameron Park Mobile Home Park | 0.796% |
| 3. | Cameron Oaks Investment Company | 0.569% |
| 4. | Diamond Springs Mobile Home Park | 0.540% |
| 5. | PW Eagle Inc | 0.463% |
| 6. | Crestview Mobile Home Park | 0.408% |
| 7. | Raleys #424 | 0.320% |
| 8. | Westwood Mobile Home Park | 0.287% |
| 9. | Cameron Park Village | 0.272% |
| 10. | Point Loma Center | 0.269% |

Source: El Dorado Irrigation District Data Base

Residential Rate Increases 1995 - 2004

| Year | Water | Wastewater |
|------|---------------------|-------------------|
| 1995 | 0.0% | 0.0% |
| 1996 | 25.4% | 19.3% |
| 1997 | 0.0% | 0.0% |
| 1998 | 0.0% | 0.0% |
| 1999 | 0.0% | 62.4% |
| 2000 | 0.0% | 0.0% |
| 2001 | 0.0% | 0.0% |
| 2002 | 0.0% | 0.0% |
| 2003 | 0.0% | 0.0% |
| 2004 | 7.0% ^[1] | 0% ^[2] |

Source: El Dorado Irrigation District

[1] In addition to the 7% rate increase, a separate 1% increase was established to help offset lost property tax revenues.

[2] A separate 3% increase was established to help offset lost property tax revenues.

WATER RATES

RETAIL:

Water rate category serves: Single Family Residential, Recreational Turf Services (gravity only), and Commercial/Industrial classifications into one category.

** CCF = 100 Cubic Feet; 1 Cubic Foot = 7.48 Gallons

| | Gravity | Pumped |
|------------------------------------|-----------------|-----------------|
| Bi-monthly Basic Charge (3/4-inch) | \$24.40 | \$24.40 |
| | | |
| 0 – 1,500 cf | \$0.595 per ccf | \$0.670 per ccf |
| 1,501 – 20,000 cf | \$0.637 per ccf | \$0.724 per ccf |
| 20,001 – excess | \$0.745 per ccf | \$0.853 per ccf |

| | Gravity | Pumped |
|--------------------------------------|-----------------|-----------------|
| Bi-monthly Basic Charge (1-inch) | \$24.40 | \$24.40 |
| Bi-monthly Basic Charge (1-1/2-inch) | \$25.62 | \$25.62 |
| | | |
| 0 – 7,800 cf | \$0.592 per ccf | \$0.670 per ccf |
| 7,801 – 100,000 cf | \$0.637 per ccf | \$0.724 per ccf |
| 100,001 – excess | \$0.745 per ccf | \$0.853 per ccf |

| | Gravity | Pumped |
|-----------------------------------|-----------------|-----------------|
| Bi-monthly Basic Charge (2-inch) | \$26.84 | \$26.84 |
| Bi-monthly Basic Charge (3-inch) | \$29.52 | \$29.52 |
| Bi-monthly Basic Charge (4-inch) | \$32.47 | \$32.47 |
| Bi-monthly Basic Charge (6-inch) | \$35.72 | \$35.72 |
| Bi-monthly Basic Charge (8-inch) | \$43.23 | \$43.23 |
| Bi-monthly Basic Charge (10-inch) | \$52.31 | \$52.31 |
| Bi-monthly Basic Charge (12-inch) | \$63.29 | \$63.29 |
| | | |
| 0 – 25,000 cf | \$0.595 per ccf | \$0.670 per ccf |
| 25,001 – 133,300 cf | \$0.637 per ccf | \$0.724 per ccf |
| 133,301 – excess | \$0.745 per ccf | \$0.853 per ccf |

MULTI-FAMILY:

| | Gravity | Pumped |
|----------------------------------|-------------------------|-----------------|
| Bi-monthly Basic Charge Per Unit | \$12.13 | \$13.27 |
| 0 – 1,500 cf | \$0.595 per ccf | \$0.670 per ccf |
| 1,501 – 20,000 cf | \$0.637 per ccf | \$0.724 per ccf |
| 20,001 – excess | \$0.745 per ccf | \$0.853 per ccf |
| Strawberry-Pumped (29) | Bi-Monthly Basic Charge | \$29.35 |

SMALL FARMS:

| | Gravity | Pumped |
|---------------------------------|-----------------|-----------------|
| Bi-monthly Basic Charge | \$43.39 | \$49.09 |
| 0 – 1,760 cf (residential tier) | \$0.637 per ccf | \$0.724 per ccf |
| 1,761 – 6,500 cf | \$0.065 per ccf | \$0.065 per ccf |
| 6,501 – 100,000 cf | \$0.076 per ccf | \$0.076 per ccf |
| 100,001 – excess | \$0.087 per ccf | \$0.087 per ccf |

DITCHES:

| | Bi-Monthly Basic Charge | Commodity Charge |
|---|--------------------------------|-------------------------|
| Metered Landscape Irrigation | \$47.29 | \$0.087 per ccf |
| Metered Landscape Irrigation (Outside District) | \$71.01 | \$1.221 per ccf |
| Raw Water-1/2-inch Flow (37) | \$43.59 | N/A |
| Raw Water-1-inch Flow (39) | \$96.81 | N/A |
| Raw Water-2-inch Flow (40) | \$193.62 | N/A |
| Raw Water-4-inch Flow (44) | \$387.23 | N/A |
| Raw Water-Continuous Flow | \$74.87 | \$0.055 per ccf |
| Raw Water-Continuous Flow (Outside District) | \$112.29 | \$0.087 per ccf |
| Raw Water-Metered Garden Irrigation | \$45.41 | \$0.108 per ccf |

AGRICULTURAL METERED IRRIGATION:

The structure with the residential tier would be applicable only to those AMI meters serving a residence. Meters without a residence would remain on a structure without the residential consumption tier as shown. Each AMI account has been surveyed to determine which rate structure is applicable.

| AMI (with residence) | Gravity | Pumped |
|---------------------------------|-----------------|-----------------|
| Bi-monthly Basic Charge | \$43.39 | \$49.09 |
| 0 – 1,760 cf (residential tier) | \$0.637 per ccf | \$0.724 per ccf |
| 1,761 cf – 16 inches per acre | \$0.065 per ccf | \$0.065 per ccf |
| 16.01 – 47 inches per acre | \$0.076 per ccf | \$0.076 per ccf |
| 47.01 – excess inches per acre | \$0.087 per ccf | \$0.087 per ccf |

| AMI (without residence) | Gravity | Pumped |
|--------------------------------|-----------------|-----------------|
| Bi-monthly Basic Charge | \$43.39 | \$49.09 |
| 0 – 16 inches per acre | \$0.065 per ccf | \$0.065 per ccf |
| 16.01 – 47 inches per acre | \$0.076 per ccf | \$0.076 per ccf |
| 47.01 – excess inches per acre | \$0.087 per ccf | \$0.087 per ccf |

DOMESTIC IRRIGATION:

| GRAVITY | |
|--------------------|---------------------|
| Basic Charge | \$41.28 Minimum |
| 0 – 6,500 cf | \$0.087 per 100 ccf |
| 6,501 – 100,000 cf | \$0.097 per 100 ccf |
| 100,001 – excess | \$0.129 per 100 ccf |

| PUMPED | |
|-------------------|---------------------|
| Basic Charge | \$46.08 Minimum |
| 0 – 4,500 cf | \$0.205 per 100 ccf |
| 4,501 – 46,500 cf | \$0.227 per 100 ccf |
| 46,501 – excess | \$0.292 per 100 ccf |

RECREATIONAL TURF SERVICES:

| |
|---|
| GRAVITY (AVERAGE/BI-MONTHLY) |
| (LS) Landscape Irrigation Service (RG) Gravity |

| | |
|---|---------------------|
| ¾ - inch, 1-inch, 1 ½ - inch meter | |
| Bi-Monthly Basic Charge | \$82.68 Minimum |
| 0 – 13,300 cf | \$0.303 per 100 ccf |
| 13,301 – 75,000 cf | \$0.313 per 100 ccf |
| 75,001 – excess | \$0.389 per 100 ccf |

| | |
|-----------------------------|---------------------|
| 2-inch, 3-inch meter | |
| Bi-Monthly Basic Charge | \$82.86 Minimum |
| 0 – 37,500 cf | \$0.303 per 100 ccf |
| 37,501 – 166,700 cf | \$0.313 per 100 ccf |
| 166,701 – excess | \$0.389 per 100 ccf |

| | |
|--|---------------------|
| 4-inch, 6-inch, 8-inch meter, “other” meter | |
| Bi-Monthly Basic Charge | \$82.68 Minimum |
| 0 – 500,000 cf | \$0.303 per 100 ccf |
| 500,001 – 1,666,700 cf | \$0.313 per 100 ccf |
| 1,666,701 – excess | \$0.389 per 100 ccf |

WHOLESALE (CITY OF PLACERVILLE):

| | |
|--|--|
| WHOLESALE | |
| (WA) Water Service (MU) City of Placerville | |

| | |
|-------------------------|----------------------------|
| Bi-Monthly Basic Charge | \$0.00 Minimum |
| 0 - 295,500 cf | \$0.335 per 100 cubic feet |
| 295,501 - 12,160,000 cf | \$0.379 per 100 cubic feet |
| 12,160,001 - excess | \$0.432 per 100 cubic feet |

| | |
|--|--|
| FIRE HYDRANT (effective 11/1/96; Resolution No. 96-73) | |
|--|--|

| | |
|--|----------------------------|
| (FH) Fire Hydrant/Construction Service | |
| Bi-Monthly Basic Charge | \$54.21 Minimum |
| | \$1.081 per 100 cubic feet |

| | |
|-----------------------------------|----------------------------|
| (CM) Fire Hydrant/Reclaimed Lines | |
| Bi-Monthly Basic Charge | \$84.14 Minimum |
| | \$0.487 per 100 cubic feet |

| | |
|-----------------------------|--|
| PRIVATE FIRE SERVICE | |
| (PF) Private Fire Service | |

| | |
|-------------------------|---------|
| Bi-Monthly Basic Charge | Minimum |
| N/A | N/A |

RECYCLED WATER RATES

| RECYCLED WATER (RC) | Bi-Monthly Basic Charge | Commodity Charge (Per CCF) |
|---|--------------------------------|-----------------------------------|
| (CG) Gravity <i>(see Comm/Ind WC)</i> | \$84.14 | \$0.487 |
| (SC) Gravity – Dual <i>(see Residential WA)</i> | N/A | \$0.487 |
| (CP) Pumped <i>(see Comm/Ind WC/LS)</i> | \$84.14 | \$0.487 |
| (SD) Pumped – Dual <i>(see Residential WA)</i> | N/A | \$0.487 |

WASTEWATER RATES

Rate codes are listed in parentheses.

| SMALL FARM/RECREATIONAL TURF (SW) DOMESTIC IRRIGATION / SEWER ONLY | Bi-Monthly Basic Charge | Commodity Charge (Per CCF) |
|---|--------------------------------|-----------------------------------|
| | \$93.20 | N/A |

| SINGLE FAMILY RESIDENTIAL/ MULTI-FAMILY (SQ) | Bi-Monthly Basic Charge | Commodity Charge (Per CCF) |
|---|--------------------------------|-----------------------------------|
| | \$44.23 | \$1.658 |
| If no water consumption on record for the previous winter quarter, the rate is \$93.20 per billing period | | |

| COMMERCIAL / INDUSTRIAL (SW) | | |
|-------------------------------------|---------|-----------------|
| Bi-Monthly Basic Charge | \$39.91 | |
| Laundromat (SL) | | \$2.204 per ccf |
| Market (SM) | | \$4.759 per ccf |
| Repair Shop/Service Station (SV) | | \$3.317 per ccf |
| Light Industrial (SI) | | \$4.439 per ccf |
| Restaurant (SR) | | \$6.139 per ccf |
| Other (CG) | | \$2.843 per ccf |

| COMMERCIAL (Without Water Service) | | |
|---|---------|--|
| Bi-Monthly Basic Charge (CW) | \$46.70 | |
| Each Additional Business Unit | \$53.29 | |

| | | |
|--|--------|-----------------------|
| SCHOOL WASTEWATER (Yearly) (SW) | \$3.16 | per student and staff |
|--|--------|-----------------------|

| | | |
|------------------------------|----------|-----------------------|
| SEPTAGE TRANSFER (SW) | \$112.78 | per 1,000 gallon load |
|------------------------------|----------|-----------------------|

(SQ) or (SW) Sewer Service

SURCHARGES

WATER RATE SURCHARGE:

| | \$ AMOUNT |
|--|------------------|
| Outingdale Inside Subdivision (Improvement) | 22.00 |
| Outingdale Outside Subdivision (Improvement) | 6.00 |
| Strawberry (Improvement) | 8.00 |

WASTEWATER RATE SURCHARGE:

Mother Lode, Deer Creek and El Dorado Hills Areas:

| METER SIZE | METER TYPE | EDU'S | \$ AMOUNT |
|-------------------|-------------------|--------------|------------------|
| ¾ | D | 1 | 5.00 |
| 1 | D | 2 | 10.00 |
| 1 ½ | D,C,P,T | 3 | 15.00 |
| 2 | D,C,P,T | 5 | 25.00 |
| 3 | T | 23 | 115.00 |
| 3 | C,D,P | 11 | 55.00 |
| 4 | T | 67 | 335.00 |
| 4 | C,D,P | 17 | 85.00 |
| 6 | T | 133 | 665.00 |
| 6 | C,D,P | 33 | 165.00 |
| 8 | T | 233 | 1,165.00 |
| 8 | C,D,P | 54 | 270.00 |
| 10 | T | 367 | 1,835.00 |

- € Multi-Family rates (Multiple Dwellings) will be based on a per unit charge at \$3.75 each unit per month.
- € Single Family Residential, Domestic Irrigation, Agricultural Meters Irrigation (if applicable) rates will be based on ¾-inch meter, regardless of meter size.

Adopted wastewater rate surcharge January 19, 1996, Resolution No. 96-16.
First effective billing period beginning March 7, 1996

SURCHARGES

WATER RATE SURCHARGE – RESERVOIR LINE AND COVER:

District Wide = \$0.49 per EDU monthly.

| METER SIZE | METER TYPE | EDU'S | \$ AMOUNT PHASE I (LCS) | \$ AMOUNT PHASE II (LCS2) |
|------------|------------|-------|-------------------------|---------------------------|
| 5/8 & 3/4 | D | 1 | .98 | .98 |
| 1 | D | 2 | 1.96 | 1.96 |
| 1 ½ | D,C,P,T | 3 | 2.94 | 2.94 |
| 2 | D,C,P,T | 5 | 4.90 | 4.90 |
| 3 | T | 23 | 22.54 | 22.54 |
| 3 | C,D,P | 11 | 10.78 | 10.78 |
| 4 | T | 67 | 65.66 | 65.66 |
| 4 | C,D,P | 17 | 16.66 | 16.66 |
| 6 | T | 133 | 130.34 | 130.34 |
| 6 | C,D,P | 33 | 32.34 | 32.34 |
| 8 | T | 233 | 228.34 | 228.34 |
| 8 | C,D,P | 54 | 52.92 | 52.92 |
| 10 | T | 367 | 359.66 | 359.66 |

- € The monthly surcharge amount is billed bi-monthly.
- € Multi-Family rates (Multiple Dwellings) will be based on a per unit charge at \$0.37 each unit per month, or \$0.74 bi-monthly per unit.
- € Single Family Residential, Domestic Irrigation, Agricultural Meters Irrigation, Small Farms (if applicable) surcharge will be based on ¾-inch meter, regardless of meter size.

Adopted water rate surcharge February 1, 1999, Resolution No. 99-04.
First effective billing period beginning February 7, 1999. Phase I revised and Phase II adopted by Board of Directors November 1, 2001.

Facility Capacity Charges

for the year ending December 31, 2004

*all figures stated based on water flows

| AREA | WATER | RECYCLED WATER | TOTAL |
|--|-----------|-------------------------------------|---------|
| El Dorado Hills - AD3 (Res.) | | | |
| FCC | \$8,862 | Dual plumbed res. only (\$3,500) | |
| Gabbro Soil | \$345 | | |
| Line & Cover 1 | \$101 | | |
| Line & Cover 2 | \$118 | | |
| SUBTOTAL | \$9,426 | | |
| AD3 Credit | (\$616) | | |
| TOTAL | \$8,810 | (\$3,500) | \$5,310 |
| El Dorado Hills - Non AD3/Non AFA (Res.) | | | |
| FCC | \$8,862 | Dual plumbed res. only (\$3,500) | |
| Gabbro Soil | \$345 | | |
| Line & Cover 1 | \$101 | | |
| Line & Cover 2 | \$118 | | |
| TOTAL | \$9,426 | (\$3,500) | \$5,926 |
| El Dorado Hills - AFA Entitlement (Res.) | | | |
| FCC | \$6,972 | Dual plumbed res. only (\$3,500) | |
| Gabbro Soil | \$345 | | |
| Line & Cover 1 | \$101 | | |
| Line & Cover 2 | \$118 | | |
| TOTAL | \$7,536 | (\$3,500) | \$4,036 |
| El Dorado Hills - AFA w/no Entitlement (Res.) | | | |
| FCC | \$6,972 | Dual plumbed res. only (\$3,500) | |
| Gabbro Soil | \$345 | | |
| Line & Cover 1 | \$101 | | |
| Line & Cover 2 | \$118 | | |
| AFA/Weber | \$4,000 | | |
| TOTAL | \$11,536 | (\$3,500) | \$8,036 |
| El Dorado Hills - Water - Commercial/Landscape (Potable only) | | | |
| FCC | \$8,862 | | |
| Gabbro Soil | \$345 | | |
| Line & Cover 1 | \$101 | | |
| Line & Cover 2 | \$118 | | |
| SUBTOTAL | \$9,426 | | |
| AD3 Credit | (\$616) | | |
| TOTAL | \$8,810 | | \$8,810 |
| El Dorado Hills - Water - Commercial/Landscape (Recycled Water) | | | |
| FCC | \$8,862 | | |
| Recycled Water Credit | (\$3,500) | | |
| SUBTOTAL | \$5,362 | | |
| AD3 Credit | (\$616) | | |
| TOTAL | \$4,746 | | \$4,746 |
| General District - water | | | |
| FCC | \$5,232 | Dual plumbed res. only (\$3,500) | |
| Gabbro Soils | \$345 | | |
| Line & Cover 1 | \$101 | | |
| Line & Cover 2 | \$118 | | |
| TOTAL | \$5,796 | (\$3,500) | \$2,296 |

Source: EID Customer & Development Services Division

Facility Capacity Charges

for the year ending December 31, 2004

*all figures stated based on water flows

| AREA | WASTEWATER | TOTAL |
|------------------------|------------|---------|
| El Dorado Hills | | |
| Wastewater Buy In | \$8,293 | |
| Disposal Component | \$1,392 | |
| SUBTOTAL | \$9,685 | |
| AD3 Credit | (\$462) | |
| TOTAL | \$9,223 | \$9,223 |
| Cameron Park | | |
| Wastewater Buy In | \$5,999 | |
| Disposal Component | \$1,392 | |
| TOTAL | \$7,391 | \$7,391 |
| Motherlode | | |
| Wastewater Buy In | \$7,415 | |
| Disposal Component | \$1,392 | |
| TOTAL | \$8,807 | \$8,807 |
| Satellite Areas | | |
| Wastewater Buy In | \$4,454 | |
| Disposal Component | \$0 | |
| TOTAL | \$4,454 | \$4,454 |

Source: EID Customer & Development Services Division

Water Meter Installation Fees

| | | |
|-----|-------------------|-------|
| 3/4 | Outlet with PR | \$355 |
| 3/4 | Outlet with no PR | \$270 |
| 1 | Outlet with PR | \$450 |
| 1 | Outlet with no PR | \$325 |

Wastewater Inspection Fees

| | |
|-------------|-------|
| Residential | \$145 |
| Commercial | \$70 |

EL DORADO IRRIGATION DISTRICT
Placerville, California



MISSION STATEMENT

“The El Dorado Irrigation District is a public agency dedicated to providing high quality water, wastewater treatment, recycled water, hydropower and recreation service in an environmentally and fiscally responsible manner”



Drinking Water



Hydroelectric



Recycled Water



Wastewater



Recreation