

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING DECEMBER 31, 2005



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 services in an environmentally and fiscally responsible manner”



2005 COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005



EL DORADO IRRIGATION DISTRICT
PLACERVILLE, CALIFORNIA
WWW.EID.ORG

PREPARED BY THE FINANCE
AND MANAGEMENT SERVICES DEPARTMENT

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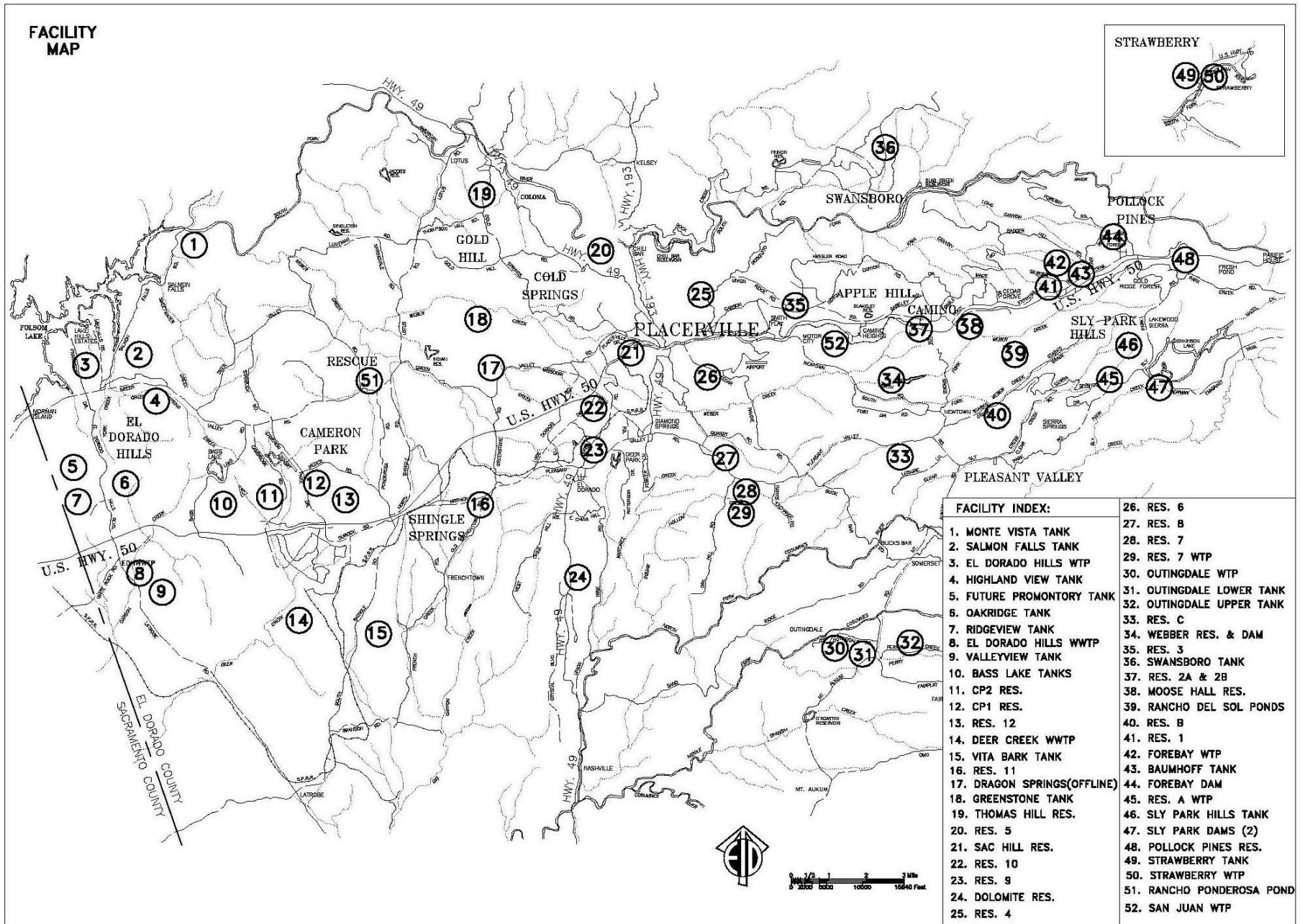
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El Dorado Irrigation District Major Water and Wastewater Facilities





June 23, 2006

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

We are pleased to submit to you the El Dorado Irrigation District's (EID or District) Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2005. This is the fourth 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 Government Code requires an annual independent audit of the District's financial records by a Certified Public Accountant. Through a competitive bid process, the District selected Richardson & Company as its 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.

While the independent auditors have expressed their opinion that the District's financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP), Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive internal control structure. The District's internal control structure is 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. Since the cost of control should not exceed the projected benefits, the objective is to provide reasonable assurance. We believe the data is accurate and complete in all material respects for the annual period ending December 31, 2005. 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, the economic condition of the District, and awards and acknowledgements. 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 data on specific financial and demographic information and trends about the District's operations and El Dorado County, presented in a multi-year format.

PROFILE OF THE DISTRICT

The El Dorado Irrigation District is a special district organized in 1925 under the Irrigation District Act (Water Code §§20500, et seq.) and authorizing statutes (Water Code §§22975, et seq.). The District provides municipal and industrial water, irrigation water, wastewater treatment and recycled water services to meet the growing needs of our customers. As such, EID is one of the few California districts that provide the full complement of water-related services.

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

In addition, the District 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.

The District is located in El Dorado County on the Western slope of the Sierra Nevada Mountains, bounded by Sacramento County to the west and the town of Strawberry to the east. 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 and the communities of Pleasant Valley and South Shingle Springs establish the southern-most service area. The City of Placerville, located in the central part of the District, receives water from the District on a wholesale basis. The District provides a variety of water services to approximately 100,000 customers.

Reporting Entity

The District has created the El Dorado Public Agency Financing Authority component unit 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. However, all debt issued by the Authority was refunded in 2004. The Authority has no other transactions and does not issue separate financial statements.

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 1,245 miles of pipe, 27 miles of ditches, 6 treatment plants, 35 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 produce Title 22 recycled water which is used at golf courses and for landscape irrigation on single family homes in selected District communities. EID's recycled water program is entering its third decade, and is considered a leader in the recycled water industry in California, winning state and regional awards over the past 6 years.

Source of Water Supply

The American River Act of October 14, 1949, signed into law by President Harry Truman, authorized the construction of the Sly Park Unit by the US Bureau of Reclamation and was designed to augment the District's existing water system. Originally the District had 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 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 United States 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 using 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 a U.S. Bureau of Reclamation water service contract, 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 rights and Weber Reservoir supplies, a new water right of 17,000 acre feet awarded by the State Water Resources Control Board, and 7,500 acre feet of a new County Water Agency – USBR water service contract. All supplies would be taken at Folsom Reservoir. It is expected that the first source will be available for diversion in 2006 with others to follow in 2007.

Governance

The District's Board of Directors is comprised of five members elected by the citizens within their geographical district area. Each Director serves a four-year staggered term and must be a resident of the district he or she represents. A President and Vice-President are chosen 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.

The 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.

Budget Process

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.

ECONOMIC CONDITION OF THE DISTRICT

Economic Growth

Over the past several years the local and regional housing market raced upward with tremendous velocity. Demand was fueled by low interest rates, population growth and migration from the larger Bay Area and Southern California cities. As a result, the total number of housing units in El Dorado County increased at a slightly faster rate than in California as a whole. Rent prices in El Dorado County were also about 45 percent more expensive than the average rent prices in Northern California, ranking second behind Sonoma County. The median price of homes sold in El Dorado County in March 2005 was \$434,500, increasing to \$507,250 in March 2006.

Towards the second half of 2005, the regional and local housing market began its slow-down with sky-high prices leveling off and sales decreasing notably. According to the Sacramento Area Council of Governments, the long-run regional outlook still shows a continued growth trend in El Dorado County with projections that El Dorado County, excluding the Tahoe Basin, will add 41,075 housing units between January 1, 1997 and July 1, 2020. Almost half of the growth will occur in the El Dorado Hills area. Also maintaining growth and development in El Dorado County is the recent adoption of the county-wide General Plan effective September 2005. Single-family building permits in the District's service area have averaged 1,299 per year from 2000 to 2005, with a slight decrease to 1,179 in 2005.

As the housing market loses its upward trajectory, commercial real estate development is picking up the slack. The El Dorado County retail/commercial industry exploded with aggressive construction on the long-planned Town Center in El Dorado Hills and along the Missouri Flat Road corridor in Placerville.

Population and Employment

In the last decade, the Sacramento region has seen a steady increase in population growth that has spilled into the neighboring Western El Dorado County region served by EID. In the last ten years, from 1996 to 2005, El Dorado County's population has increased by 18.8% to 173,407, with a projected population of 195,000 by 2015, according to the El Dorado County 2005 Economic and Demographic Profile.

El Dorado County residents employed within the District's service area work in a variety of industries including: government, healthcare, retail trade, education, construction, manufacturing, agriculture, professional business, and hospitality. The largest employers in El Dorado County are in the public service, healthcare, data processing, and trade industries; with the largest percentage 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 region, offering traditional employment in the defense and State government industry and more diversified employment opportunities such as computer technology, financial services, healthcare, and biotechnology.

Overall, the county and state unemployment rate has decreased from 2004. The 2005 unemployment rate for El Dorado County was 4.6%, as compared to California, with a 5.4% unemployment rate for 2005.

El Dorado County General Plan

While the long-term regional forecast shows a continued demand for housing in El Dorado County, the adoption of a General Plan proved to be a challenge. In 2004, after much delay, the County adopted a final General Plan and Environmental Impact Report (EIR) which voters approved in March 2005. As required by the 1999 Superior Court decision that voided the County's certification of the EIR for the 1996 General

Plan, the new General Plan and EIR had to be reviewed and approved by the Court before becoming effective in September 2005. The new General Plan incorporates the Measure Y Traffic Control Initiative, which has slowed the formation of new subdivisions and will govern future development in El Dorado County. The adopted General Plan, however, does not change existing District infrastructure development plans.

“The General Plan provides land use guidelines...that recognize, promote, facilitate and support activities that provide a positive sustaining economic base for the County, maximize the economic potential of the County’s natural resources...and provide housing and job opportunities that are accessible to all levels of our society.” (El Dorado County General Plan Economic Development Element, July 2004)

Property Tax Revenue

The total secured assessed valuation of the properties within the District’s 220 square-mile service area increased 18% to \$4.2 billion in 2005. Property tax revenues increased from \$2.1 million in 2004 to \$3.7 million in 2005. This is the second year of the State’s property tax shift from special districts to school districts as a partial solution for the State’s budget deficit. In 2005 the State took 100% of the District’s property taxes based on property tax revenues in 2001, the base year for the computations of this shift. As a result, 2005 property tax revenues were reduced by \$5.2 million. The District anticipates property tax revenues to be fully restored in 2006; however, Senate Bill 1317, recently introduced by Senator Torlakson, would affect new property tax revenues to special districts if an electrical substation or generation facility was developed within the same county. The District allocated 100% of the annual property tax revenues received in 2005 toward operations.

Long-term Financial Planning

In 2003, the District undertook the development and implementation of a multi-faceted comprehensive financing plan that incorporated a water and wastewater rate analysis, a study of facility capacity charges (FCCs) or hook up fees, 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 the District’s property tax revenues due to the ERAF shift, the District also raised water and wastewater rates effective September 1, 2004. These rate increases are scheduled to be removed in 2008. However, in 2005, to offset additional losses in property tax revenues, 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 18, 2005.

In 2004, the District issued refunding debt in the form of both auction rate and fixed rate Certificates of Participation (COP) 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. On February 15, 2006, the status of the District’s Revenue COP issue 2004B was converted from taxable to tax-exempt and the 1996 revenue bonds were redeemed in full. The 1999 revenue bonds will be redeemed in full on February 15, 2007.

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 rose in 2005 bringing the District’s overall portfolio yield to 3.26% from 2.45% in the prior year.

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 2003A and 2003B COP's; the El Dorado Irrigation District 2003 General Obligation (GO) Bonds, and the El Dorado Irrigation District 2004A and 2004B COP's. The required continuing disclosure items and their locations within the CAFR can be found on Page 61.

Risk Management

As part of a continuing effort to reduce costs and provide optimal protection and coverage, the District's risk management strategy is a combination of self-insurance and commercial insurance in excess of the deductibles. The deductible for general liability is \$25,000 per occurrence with a \$1 million coverage limit per occurrence and a \$3 million aggregate. For property damage the deductible is \$100,000 per occurrence. The District is also self-insured for employee dental and vision claims, automobile collision damage and mobile equipment. 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 bidding the liability and property program every three years.

Major Initiatives

- The District has stepped forward on an emergency project basis to repair the Pleasant Oak Main (POM) line to increase the safety of the water supply and to prevent further line breaks. This significant project consists of the construction of approximately 5.5 miles of 36-inch water main to replace the Techite portions of the POM between Reservoir A and Reservoir C, located on the District map on page iii. Completion of this project is planned for 2006.
- In response to the fast pace of County approved growth in the El Dorado Hills service area, District staff members have accelerated the plant expansions at both the El Dorado Hills Wastewater Treatment Plant (EDHWWTP) and Water Treatment Plant (EDHWTP). Substantial construction on the EDHWWTP is required to provide adequate Average Dry Weather Flow capacity of 5.4 mgd to fully comply with the current discharge permit requirements. Construction is expected to be completed in 2008. The District is also exploring the opportunity during the expansion to increase the capacity of the EDHWWTP's secondary storage reservoir. Designed in two phases, the expansion of the EDHWWTP will first bring capacity from 19.5 mgd to 24 mgd, then from 24 mgd to the recommended capacity to be determined in the El Dorado Hills Water Facilities Master Plan report to meet system demands, expected to be completed in March of 2007. With the new membrane technology, the build out capacity of the existing EDHWTP could reach 70 mgd, with infrastructure that would have been rated far lower with lesser technological efficiencies. Geographical locations of the District's major water and wastewater facilities can be found on page iii of this report.
- A prime opportunity to reduce the District's energy costs and improve efficient energy use is the Solar Photovoltaic (PV) system at the EDHWWTP. Approximately 81,000 square feet of monocrystalline PV panels are being installed to generate approximately 900 kw of electricity to operate the plant. The District was also able to negotiate a rebate from Pacific Gas and Electric

(PG&E) in the amount of \$2.772 million to pay for approximately 50% of the capital cost of the project, which began operation in June 2006.

- EID provides a widely diverse range of services to a rapidly expanding customer base creating the necessity for a Comprehensive Integrated Resource Plan (CRIP). Staff will be reviewing Requests for Qualifications (RFQ) and soliciting Requests for Proposals (RFP) during 2006 and will present the results and recommendation for consultant selection to the Board of Directors. The District's CRIP is anticipated to involve the evaluation and development of all functions of the organization to integrate comprehensive information that may be related to one another but are located and managed in different programs to better manage fiscal impacts on the district's core business functions.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the El Dorado Irrigation District for the quality of its Comprehensive Annual Financial Report for the year ending December 31, 2005. This is the ninth 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. The report 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 2004. This award is also valid for one year, and the District will submit the current CAFR for consideration.


On the operations side, the District won 'ACWA Finalist' for the Clair A. Hill award, recognizing the District's Irrigation Management Services program. The District also won statewide 'Flex Your Power' Demand Response Award for the District's demand shift program. The District's wastewater operations were also recognized in 2005, receiving the Water Reuse Association California section 'Agency of the Year' award and the CWEA Sacramento section 'Small Treatment Plant (<10 mgd) of the Year' award for the EDHWWTP for the 5th year since 2000.

The preparation of this report required the exceptional services and dedicated efforts of the entire Finance and Management Services Department. We would like to express our appreciation to all District staff members who contributed to the preparation of this report including the Facilities Management, Strategic Management and Communication, Recreation and Environmental Compliance and Water Policy Departments, along with the Office of the General Manager.

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 and 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, 2004

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.



Carla E. Perry

President

Jeffrey R. Enns

Executive Director

California Society of
Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2004-2005

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.

May 31, 2006

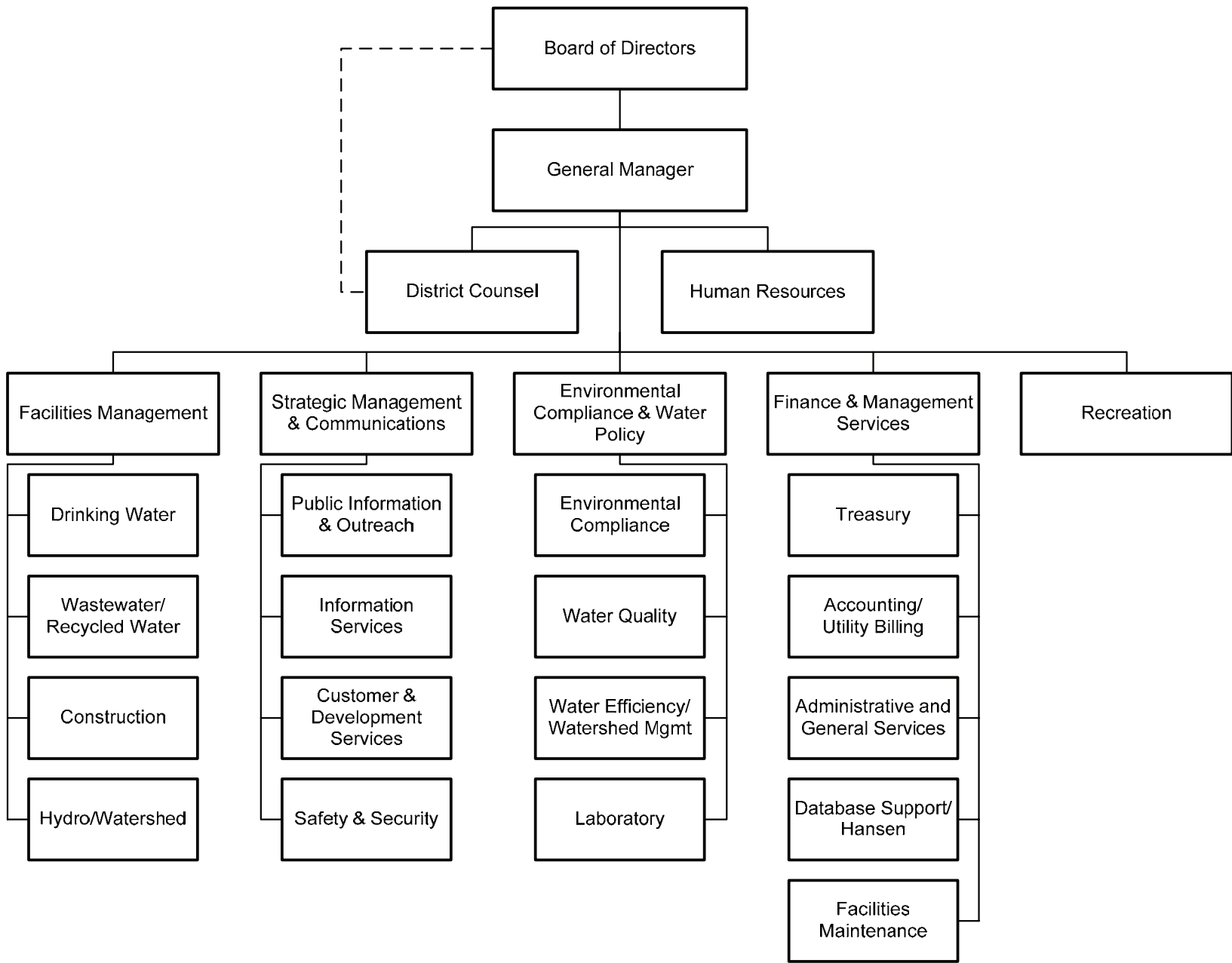


Sandra S. Schmidt

Sandra Schmidt, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

El Dorado Irrigation District Organization Chart



EL DORADO IRRIGATION DISTRICT



2005 COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2005

BOARD OF DIRECTORS

District 1 – George W. Osborne
District 2 – John P. Fraser
District 3 – William (Bill) L. George, Vice President
District 4 – George A. Wheeldon
District 5 – Harry J. Norris, President

DISTRICT OFFICIALS

Ane D. Deister, General Manager
Thomas D. Cumpston, General Counsel
Philip C. Knapik, Director of Finance and Management Services
Steve Setoodeh Ph.D, PE, Director of Facilities Management
Robert A. DiNunzio, M.Ed., C.A.S., Director of Human Resources
Don Pearson, Director of Recreation
David K. Witter, Director of Environmental Compliance and Water Policy
Deanne Kloepfer, Director of Strategic Management and Communication

ACKNOWLEDGMENTS

Prepared by the EID Finance and Management Services Department

Philip C. Knapik, Director of Finance and Management Services
Mark T. Price, CPA, Asst. Director of Finance and Management Services
Gary S. Buzby, Deputy Treasurer
Janet P. Pollard, Accounting Manager
Minda C. Bila, Administrative Analyst

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, 2005 and 2004 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, 2005 and 2004 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.

As discussed in Note K, certain errors resulting in the overstatement and understatement of previously reported assets, liabilities, net assets, revenues and expenses as of December 31, 2004 and 2003 were discovered during the current year. Accordingly, an adjustment has been made to net assets as of December 31, 2003 and assets, liabilities, revenues and expenses as of December 31, 2004 to correct the errors.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated April 7, 2006, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United

To the Board of Directors
El Dorado Irrigation District

States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, supplemental schedules and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

Richardson & Company

April 7, 2006

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, 2005. This information is presented in conjunction with the audited financial statements and their accompanying notes.

FINANCIAL HIGHLIGHTS

The District's total net assets increased \$15.2 million. In the prior year, the comparable increase was \$8.0 million. Operating revenues increased by \$5.5 million to \$34.2 million, and operating expenses increased by \$3.6 million to \$39.7 million (excluding depreciation). In 2004 these increases were \$4.4 million for operating revenues and \$4.8 million for operating expenses over 2003. Non-operating revenues were \$9.2 million more than non-operating expenses in 2005; whereas, non-operating revenues were less than non-operating expenses by \$.8 million in 2004. Non-operating revenues exceeded non-operating expenses by \$4.4 million in 2003. The increase in non-operating revenues in 2005 is primarily the result of the FEMA/OES revenues for flood damage reimbursement. 2005 was the second year of the State tax shift of property taxes from special districts to school districts. This shift cost the District \$5.2 million of lost property tax revenues in both 2004 and 2005. The shift will not be in effect in 2006 and, hence, property taxes for 2006 will be at least \$5.2 million higher than they were in 2005. Interest expense in 2005 was \$1.1 million higher than 2004 due to increasing interest rates on the variable rate debt. In 2004 interest expense increased over 2003 by \$3.4 million as a result of additional debt issued to finance capital improvements. Facility capacity charges for 2005 were \$6.0 million greater than the prior year but developer contributions were lower than the prior year by \$9.8 million. In the prior year, both facility capacity charges and developer contributions were lower than 2003 by \$4.1 million and \$2.5 million, respectively.

The District issued \$2.9 million in new debt in 2005 for State Revolving Fund loans in connection with the reservoir line and cover program; however, in the prior year, 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 2003 the District issued fixed rate and adjustable rate Revenue Certificates of Participation totaling \$165.8 million to finance the capital improvement program. At the end of 2005, \$59.3 million 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 generating revenues of \$.3 million in 2003, \$2.2 million in 2004 and \$5.6 million in 2005.

On February 15, 2006, the 2004B variable debt issue was converted from taxable to tax-exempt and the 1996 Revenue Bonds were called and redeemed in full. The 1999 Revenue Bonds will be redeemed in full on February 15, 2007.

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, 2005 and 2004, the Statements of Revenues, Expenses and Changes in Net Assets for the years ended December 31, 2005 and 2004, and the Statements of Cash Flows for the years ended December 31, 2005 and 2004.

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 \$15.2 million to \$376.2 million in 2005. The increase in net assets of \$15.2 million and the increase of \$5.0 million in unrestricted net assets are good indications that the District's financial condition improved during the year. In the prior year, net assets increased \$8.0 million. Net assets invested in capital assets, net of related debt, increased by \$10.6 million to \$279.2 million resulting from expenditures net of debt for capital assets. The related increase in the prior year was \$15.4 million. Restricted net assets declined by \$.4 million to \$41.6 million. In the prior year, net assets restricted for debt service decreased by \$2.2 million resulting from a release of debt-related restrictions due to the pay down of debt. Unrestricted net assets increased by \$5.0 million. In the prior year, unrestricted net assets had decreased \$5.2 million to \$50.4 million.

Capital assets increased by \$44.7 million to \$477.5 million as a result of the capital improvement program. In the prior year, the increase in capital assets was \$44.8 million to \$432.8 million. Current assets declined by \$ 26.5 million as a result of the draws made on the unspent portion of the bond proceeds. In the prior year, current assets declined by \$61.7 million as a results of bond draws and the purchase of \$22.1 million of investments. In 2003, current assets and long term liabilities both increased substantially as a result of the issuance of the 2003 Revenue Certificates of Participation. 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)

	December 31,		
	Restated		Restated
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current Assets	\$117.6	\$144.1	\$205.8
Long-Term Assets	63.3	63.8	40.6
Capital assets	477.5	432.8	388.0
Total Assets	658.4	640.7	634.4
Current Liabilities	22.7	18.7	18.9
Long-Term Liabilities	259.5	261.0	262.5
Total Liabilities	282.2	279.7	281.4
Invested in Capital Assets, Net of Related Debt	279.2	268.6	253.2
Restricted Net Assets	41.6	42.0	44.2
Unrestricted Net Assets	55.4	50.4	55.6
Total Net Assets	\$376.2	\$361.0	\$353.0

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 by \$16.6 million to \$53.8 million due to the revenue from flood damage reimbursements of \$8.8 million and increases of \$5.5 in operating revenues. 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. 2005 is the second and last year for this shift; therefore, property tax levels will return to normal levels next year. Total expenses increased by \$5.6 million to \$61.4 from higher personnel and interest costs. As a result, the net loss before capital contributions decreased by \$11.0 million to \$7.6 million. In the prior year, net loss before capital contributions increased by \$6.8 million to \$18.6 million, primarily due to an increase of \$4.8 million in operating expenses while revenues remained flat. Operating expenses increased in both 2004 and 2005 due to increased salaries from added positions as well as increased pay scales and employee benefits. Capital contributions declined in 2005 by \$3.8 as a net result of increases in facility capacity charges of \$6.0 offset by a decline of \$9.8 million in developer contributions. In the prior year, capital contributions declined by \$21.7 million as the result of declines of \$4.1 million in facility capacity charges and \$2.5 million in developer contributions. In 2003, 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 \$376.2 million, an increase of \$15.2 million over the prior year. The increase in the prior year was \$8.0 million.

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)

	December 31,		
	Restated		Restated
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating Revenues	\$34.2	\$28.7	\$24.3
Non-operating Revenues	19.6	8.5	12.0
Total Revenues	<u>53.8</u>	<u>37.2</u>	<u>36.3</u>
Operating Expenses	39.7	36.1	31.3
Depreciation	11.3	10.4	9.2
Non-operating Expenses	10.4	9.3	7.6
Total Expenses	<u>61.4</u>	<u>55.8</u>	<u>48.1</u>
Net Loss Before Capital Contributions	(7.6)	(18.6)	(11.8)
Capital Contributions	22.8	26.6	48.3
Change in Net Assets	15.2	8.0	36.5
Beginning Net Assets	361.0	353.0	316.5
Total Net Assets	<u>\$376.2</u>	<u>\$361.0</u>	<u>\$353.0</u>

Significant items of operating revenues and expenses are as follows:

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

	December 31,		
	Restated		Restated
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Water Sales & Service	\$15.6	\$14.9	\$13.4
Wastewater Sales & Service	12.3	10.9	10.0
Recreational Revenues	0.7	0.7	0.6
Hydroelectric Revenues	5.6	2.2	0.3
Total Revenues	<u>\$34.2</u>	<u>\$28.7</u>	<u>\$24.3</u>

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

	December 31,		
	Restated		Restated
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating Expenses			
Office of the General Manager	\$3.7	\$3.4	\$2.6
Strategic Management and Communication	6.1	5.2	4.1
Environmental compliance and resource management	1.4	0.8	0.7
Finance and Management Services	4.6	3.1	2.1
Facilities Management	21.7	21.5	19.3
Recreation	1.1	1.1	0.8
Other Operating Expenses			
Developer reimbursed expenses	1.1	1.0	1.7
Total Operating Expenses Excluding Depreciation	<u>\$39.7</u>	<u>\$36.1</u>	<u>\$31.3</u>

Operating expenses, excluding depreciation, increased by \$3.6 million from \$36.1 million to \$39.7 million, primarily due to increased salaries resulting from newly added positions, increased pay scales and other employee benefits primarily related to expanded service reliability. The increase in operating expenses in the prior year of \$4.8 million was primarily due to the same reasons. The increase in operating expenses in 2003 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)

	December 31,		
	Restated		Restated
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating Revenues	\$34.2	\$28.7	\$24.3
Operating Expenses	39.7	36.1	31.3
Net Operating Loss Excluding Depreciation	<u>(\$5.5)</u>	<u>(\$7.4)</u>	<u>(\$7.0)</u>

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

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

	December 31,		
	Restated		Restated
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Surcharges	\$2.6	\$1.6	\$1.7
Voter-approved taxes	0.4	0.1	0.9
Property Taxes	3.7	2.1	6.6
Interest Income	3.4	3.8	2.2
Other Income	0.7	0.9	0.6
Flood Damage Reimbursements	8.8	0.0	0.0
Total Non-operating Revenues	<u>\$19.6</u>	<u>\$8.5</u>	<u>\$12.0</u>

Total non-operating revenues increased by \$11.1 million due to the flood damage reimbursement of \$8.8 million as well as a \$1.9 million increase in property tax receipts. 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 both 2005 and 2004. Property tax revenues should return to normal levels in 2006. In 2003, property taxes increased by \$.9 million due to increases in assessed values.

Interest income declined slightly in 2005 because interest earnings on the investments of the bond proceeds declined as the unspent bond proceeds declined. 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. Interest expense in 2005 rose by \$1.1 million as a result of rising interest rates paid on the variable rate debt. The District issued Revenue Certificates of Participation in 2003 totaling \$165.8 million, causing an increase in interest expense in 2004 of \$3.4 million.

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

	December 31,		
	Restated		Restated
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Flood Damage Expenses	\$0.4	\$0.1	\$0.9
Other Expenses	0.2	0.5	1.4
Interest Expense	9.8	8.7	5.3
Total Non-operating Expenses	<u>\$10.4</u>	<u>\$9.3</u>	<u>\$7.6</u>

In 2005, non-operating revenues exceeded non-operating expenses by \$9.2 million due to the large flood damage reimbursement. In the prior year, non-operating expenses exceeded non-operating revenues by \$.8 million; whereas, in 2003, non-operating revenues exceeded non-operating expenses by \$4.4 million. The decline from 2003 to 2004 was due to the loss of property tax revenues and increases in interest expense due to the 2003 financing for the capital improvement program.

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

	December 31,		
	Restated		Restated
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Non-operating Revenues	\$19.6	\$8.5	\$12.0
Non-operating Expenses	(10.4)	(9.3)	(7.6)
Net Non-operating Revenues	\$9.2	(\$0.8)	\$4.4

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets, net of accumulated depreciation, increased by \$44.7 million to \$477.5 million. This encompasses a broad range of infrastructure, including water and wastewater plants in service, reclaimed water facilities, construction in progress, and other assets such as vehicles, equipment, office equipment and furniture. The increase in net capital assets is mainly due to improvements to the District's water and wastewater plants in service to cover current and future growth resulting from the heavy private development in El Dorado Hills. Capital assets increased by \$44.8 million in 2004 and by \$47.9 million in 2003. Detail of the District's capital assets follows:

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

	<u>December 31,</u>		
		Restated	Restated
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Capital assets not being depreciated			
Land	\$5.3	\$5.3	\$5.3
Construction in progress	107.3	69.7	50.4
Total Capital Assets Not Being Depreciated	112.6	75.0	55.7
Capital Assets Being Depreciated			
Water plant in service	\$280.4	\$272.5	\$254.4
Wastewater plant in service	159.1	156.0	146.5
Future use facilities	21.7	21.7	22.3
General plant	32.4	28.1	25.2
Reclaimed water facility	16.2	13.4	7.4
Electric power plant	0.1	0.1	0.1
Total capital assets being depreciated	509.9	491.8	455.9
Less Accumulated Depreciation	145.0	134.0	123.6
Net Capital Assets	<u>\$477.5</u>	<u>\$432.8</u>	<u>\$388.0</u>

The District has capital project commitments outstanding of \$26.5 million at December 31, 2005 and \$30.6 million at December 31, 2004. Additional information about the capital assets can be found in Note C to the financial statements.

LONG-TERM DEBT

At the end of 2005, the District had \$261.3 million in long-term debt. In 2005, the District obtained new State Revolving Fund loans of \$2.9 million as a result of the reservoir line and cover program. 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 2003, the District issued \$165.8 of Revenue Certificates of Participation to fund the District's five-year capital improvement program. Also in 2003, 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, 2005
(in millions)

	<u>Balance</u> <u>1/1/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2005</u>
State of California loans	\$3.1	\$2.9	\$0.1	\$5.9
County of El Dorado note	1.5			1.5
Revenue Certificates of Participation 2003A	74.0			74.0
Revenue Certificates of Participation 2003B	91.8			91.8
Revenue Certificates of Participation 2004A	75.4		1.5	73.9
Revenue Certificates of Participation 2004B	8.3			8.3
2003 General Obligation bonds	5.6		0.3	5.3
Motor vehicle leases	0.1		0.1	0.0
Unamortized deferred amount on refunding	(7.1)		(0.4)	(6.7)
Amortization of premiums and discounts	8.5		0.5	8.0
Arbitrage liability	0.1			0.1
Total Debt	<u>261.3</u>	<u>\$2.9</u>	<u>\$2.1</u>	<u>262.1</u>
Less Current Portion	<u>2.0</u>			<u>4.4</u>
Long-term Debt	<u>\$259.3</u>			<u>\$257.7</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)

	<u>Debt balance</u>	<u>Average coupon rate</u>
State of California loans	\$5.9	2.32% to 2.60%
2003A Revenue COPs	74.0	3% to 5.25%
2003B Revenue COPs	91.8	Varies *
2004A Revenue COPs	73.9	3.0% to 5.0%
2004B Revenue COPs	8.3	Varies *

* The effective interest rate on the 2003B Revenue COPs was 3.0% at December 31, 2005, 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 subject to auction rates thereafter.

ECONOMIC FACTORS AND RATES

In 2005 the District continued the work on the many projects that comprise the capital improvement program. This program includes water treatment plant upgrades and storage in El Dorado Hills, wastewater projects, and seasonal water storage projects for the reclaimed system for service reliability and regulatory required projects, such as the State DHS requirement to line and cover all the reservoirs. Many of these projects are a result of growth, especially in El Dorado Hills. In 2004 the District created a 4.3% surcharge on water customers to offset the loss of property tax revenues. This surcharge was applied late in 2004 and was in full effect for 2005. Interest rates have been rising and this will produce additional expense on the variable rate debt; however, our interest revenues will also rise. Rates and facility capacity charges are being reviewed in 2006.

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, 2005 and 2004

ASSETS	<u>2005</u>	<u>Restated 2004</u>
Current Assets		
Cash and Cash Equivalents	\$ 25,873,176	\$ 30,225,005
Accounts Receivable, Net	4,956,012	3,718,722
Due from Other Governmental Agencies	9,488,971	715,422
Interest Receivable	886,479	837,703
Taxes Receivable	3,385,784	1,846,192
Inventory	371,129	327,163
Prepaid Expenses and Other Current Assets	215,487	199,468
Restricted Cash and Cash Equivalents	<u>72,439,340</u>	<u>106,248,022</u>
Total Current Assets	<u>117,616,378</u>	<u>144,117,697</u>
Long-Term Assets		
Investments	50,678,484	51,644,965
Deferred Relicense Costs	8,774,776	8,116,889
Deferred Bond Costs	3,783,676	3,969,290
Notes Receivable	86,661	91,018
Capital Assets		
Water Plant In Service	280,702,792	272,861,526
Wastewater Plant In Service	159,544,072	156,357,579
Future Use Facilities	25,719,559	25,719,559
General Plant	32,912,059	28,662,769
Reclaimed Water Facility	16,229,548	13,392,585
Electric Power Plant	121,893	121,893
Construction In Progress	107,319,209	69,696,927
Accumulated Depreciation	<u>(145,060,512)</u>	<u>(133,987,379)</u>
Capital Assets, Net	<u>477,488,620</u>	<u>432,825,459</u>
Total Assets	<u><u>\$ 658,428,595</u></u>	<u><u>\$ 640,765,318</u></u>

LIABILITIES AND NET ASSETS	2005	Restated 2004
Current Liabilities		
Accounts Payable	\$ 9,092,644	\$ 8,219,344
Deposits	224,984	523,791
Accrued Compensated Absences	981,573	920,818
Accrued Payroll and Benefits Payable	975,334	787,386
Deferred Revenue	4,457,936	3,876,653
Current Contracts, Bonds and Leases Payable	4,399,584	2,031,935
Accrued Interest Payable	2,563,161	2,358,987
Total Current Liabilities	<u>22,695,216</u>	<u>18,718,914</u>
Long-Term Liabilities		
Contracts, Bonds and Leases Payable	257,755,778	259,278,616
Reserve for Claims and Claims Expenses	833,000	833,000
Other Liabilities	930,000	930,000
Total Long-Term Liabilities	<u>259,518,778</u>	<u>261,041,616</u>
Total Liabilities	<u>282,213,994</u>	<u>279,760,530</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	279,217,991	268,570,440
Restricted for New Facilities	34,237,485	34,052,143
Restricted for Debt Service	7,318,204	7,957,208
Unrestricted	55,440,921	50,424,997
Total Net Assets	<u>376,214,601</u>	<u>361,004,788</u>
Total Liabilities and Net Assets	<u>\$ 658,428,595</u>	<u>\$ 640,765,318</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, 2005 and 2004

	2005	Restated 2004
Operating Revenues		
Water Sales	\$ 14,018,378	\$ 13,479,756
Water Services	1,599,500	1,449,506
Reclaimed Water Reimbursements/Sales	533,134	492,421
Wastewater Sales	11,561,546	10,369,268
Wastewater Services	171,468	72,474
Recreation Fees	733,783	668,574
Hydroelectric Sales	5,603,959	2,176,370
Total Operating Revenues	34,221,768	28,708,369
Operating Expenses		
Office of the General Manager	3,696,379	3,401,143
Strategic Management and Communications	6,081,888	5,179,964
Environmental Compliance and Resource Management	1,397,145	766,842
Finance and Management Services	4,580,149	3,138,514
Facilities Management	21,632,197	21,505,326
Recreation	1,149,460	1,116,661
Developer Reimbursed Expenses	1,213,046	1,026,606
Depreciation and Amortization	11,258,749	10,414,014
Total Operating Expenses	51,009,013	46,549,070
Net Loss From Operations	(16,787,245)	(17,840,701)
Nonoperating Revenues (Expenses)		
Surcharges	2,635,002	1,604,137
Voter - Approved Taxes	418,532	146,604
Property Taxes	3,671,212	2,124,301
Interest Income	3,360,286	3,758,980
Flood Damage Expenses	(431,493)	(52,651)
Other Income	699,704	863,031
Other Expenses	(361,678)	(484,318)
Interest Expense	(9,658,559)	(8,723,281)
Flood Damage Reimbursements	8,840,966	
Total Nonoperating Revenues (Expenses)	9,173,972	(763,197)
Net Loss Before Capital Contributions	(7,613,273)	(18,603,898)
Capital Contributions		
Facility Capacity Charges	15,884,252	9,835,129
Developer Contributions	6,938,834	16,729,095
Total Capital Contributions	22,823,086	26,564,224
Change in Net Assets	15,209,813	7,960,326
Net Assets, Beginning of Year, as Previously Reported	361,004,788	352,928,708
Prior Period Adjustment		115,754
Net Assets, Beginning of Year, as Restated	361,004,788	353,044,462
Net Assets, End of Year	\$ 376,214,601	\$ 361,004,788

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, 2005 and 2004

	2005	Restated 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts From Customers	\$ 33,247,708	\$ 27,520,407
Cash Paid to Suppliers for Goods and Services	(21,103,564)	(19,093,045)
Cash Paid to Employees for Services	(18,608,270)	(17,216,472)
Cash Paid for Claims and Judgments	(427,472)	(441,460)
Other Operating Revenue	767,121	916,862
NET CASH USED FOR OPERATING ACTIVITIES	(6,124,477)	(8,313,708)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Surcharges Received	2,654,248	1,783,380
Property Taxes Received	2,550,152	7,511,759
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	5,204,400	9,295,139
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Property and Equipment	(48,797,460)	(38,262,808)
Principal Payments on Long-Term Debt	(1,965,889)	(2,711,350)
Proceeds From Issuance of Debt	2,887,832	88,806,751
Issuance Costs Paid		(1,086,804)
Interest Payments on Long-Term Debt	(9,531,517)	(8,411,314)
Facility Capacity Charges Received	15,884,252	9,835,129
Paid to Trustee to Defeas Debt		(87,308,569)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(41,522,782)	(39,138,965)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From Maturities and Calls of Investments	2,000,000	19,496,294
Purchases of Investments	(2,000,000)	(42,000,000)
Interest Received on Investments	4,277,991	4,090,349
Payments on Notes Receivable	4,357	4,114
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	4,282,348	(18,409,243)
DECREASE IN CASH	(38,160,511)	(56,566,777)
Cash and Cash Equivalents at Beginning of Year	136,473,027	193,039,804
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 98,312,516	\$ 136,473,027

EL DORADO IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>Restated 2004</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net Loss From Operations	\$ (16,787,245)	\$ (17,840,701)
Adjustments to Reconcile Net Loss From Operations to Net Cash Used for Operating Activities:		
Depreciation and Amortization	11,258,749	10,414,014
Flood Damage Revenue	8,409,473	(52,651)
Other Income/Expenses	338,026	378,713
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,256,536)	(440,339)
Due from Other Governmental Agencies	(8,773,549)	53,831
Inventory	(43,966)	12,035
Prepaid Expenses and Other Current Assets	(16,019)	62,014
Deferred Relicense Costs	(657,887)	(1,028,905)
Accounts Payable	873,298	654,744
Deposits	(298,807)	(4,604)
Accrued Compensated Absences	60,755	175,487
Accrued Payroll and Benefits Payable	187,948	138,673
Deferred Revenue	581,283	(743,019)
Other Liabilities		(93,000)
NET CASH USED FOR OPERATING ACTIVITIES	\$ (6,124,477)	\$ (8,313,708)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Receipt of Contributed Assets	\$ 6,938,834	\$ 16,729,095
Change in Fair Value of Investments	\$ 959,000	\$ 321,861

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, 2005 and 2004

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. However, all debt issued by the Authority was refunded in 2004. 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, 2005 and 2004

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 expenses 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 if purchased or constructed. 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.

Deferred Relicense Costs: The District is deferring the costs of studies, legal counsel and various consultants associated with relicensing the hydroelectric facility in Project 184 with the Federal Energy Regulatory Commission until the license is renewed. The facility is expected to be relicensed in 2006, at which time these costs will be amortized to expense over the new license period.

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.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

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

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 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 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) during the years ended December 31, 2005 and 2004 in the amount of \$5,225,079. There will be no further reductions of property tax revenue in future periods.

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, including investments in the California Local Agency Investment Fund and California Asset Management Program, 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.

New Pronouncements: GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, guides the preparation of supplementary information included in the statistical section. This new statement provides specific requirements for the information presented in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB No. 44 will be effective for the year ending December 31, 2006.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions*, establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the year ending December 31, 2008.

The District is currently analyzing the impact of the required implementation of these new statements.

Reclassifications: Certain reclassifications have been made to the 2004 financial statements to conform to the current presentation. These reclassifications had no effect on previously reported change in net assets.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE B – CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows at December 31, 2005:

	<u>2005</u>
Cash and cash equivalents	\$ 25,873,176
Restricted cash and cash equivalents	<u>72,439,340</u>
	Total cash and cash equivalents
	98,312,516
Investments	<u>50,678,484</u>
	Total cash and investments
	<u>\$ 148,991,000</u>

Cash and investments consisted of the following at December 31, 2005:

Cash on hand	\$ 3,670
Deposits with financial institutions	<u>592,969</u>
	Total cash
	596,639
U.S. Agency securities	50,678,484
Collateralized investment agreements	59,302,023
Money market mutual funds	587,248
Guaranteed investment contracts	6,732,303
Investments in Local Agency Investment Fund (LAIF)	28,500,848
JPA pool (CAMP)	<u>2,593,455</u>
	Total investments
	<u>148,394,361</u>
	Total cash and investments
	<u>\$ 148,991,000</u>

Investment policy: Investments are reported at fair value. 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. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy. During the year ended December 31, 2005, the District's permissible investments included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	5 years	75%	None
U.S. Agency securities	5 years	50%	30%
Banker's acceptances	180 days	40%	30%
Commercial paper	180 days	15%	10%
Negotiable certificates of deposit	5 years	25%	None
Repurchase agreements	90 days	20% of base value	None
Medium term corporate notes	5 years	30%	10%
Mutual funds	N/A	10%	10%
Money market mutual funds	N/A	20%	10%
Collateralized negotiable investments	5 years	None	None

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE B – CASH AND INVESTMENTS (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
LAIF	N/A	75%	None
JPA pools, including CAMP	N/A	75%	None

*Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) 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.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The debt agreements contain certain provisions that address interest risk, credit risk and concentration of credit risk. The permitted investments, maximum percentage of the portfolio and maximum investment in one issuer are identical to the table above with the exception of debt agreements not allowing investments in repurchase agreements. In addition, the debt agreements require obligations of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and money market mutual funds to be rated AAA by the applicable national statistical rating agency.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Type of Investment</u>	<u>Total</u>	<u>Remaining Maturity (in months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
U.S. Agency securities	\$ 50,678,484	\$ 8,912,523	\$ 8,779,844	\$ 32,986,117	
LAIF	23,918,138	23,918,138			
CAMP	2,593,455	2,593,455			
Held by bond trustee:					
Collateralized investment Agreements	59,302,023	59,302,023			
Money market mutual funds	587,248	587,248			
Guaranteed investment contract	6,732,303				\$ 6,732,303
LAIF	<u>4,582,710</u>	<u>4,582,710</u>			
Total	<u>\$ 148,394,361</u>	<u>\$ 99,896,097</u>	<u>\$ 8,779,844</u>	<u>\$ 32,986,117</u>	<u>\$ 6,732,303</u>

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE B – CASH AND INVESTMENTS (Continued)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Total</u>	<u>AAA/Aaa</u>	<u>AA-/Aa1</u>	<u>AA-/Aa2</u>	<u>Unrated</u>
U.S. Agency securities	N/A	\$ 50,678,484	\$ 50,678,484			
LAIF	N/A	23,918,138				\$ 23,918,138
CAMP	N/A	2,593,455				2,593,455
Held by bond trustee:						
Collateralized investment agreements	AA-/Aa3	59,302,023		\$ 59,302,023		
Money market mutual funds	AAA-/Aaa	587,248	587,248			
Guaranteed investment contract	AA-/Aa3	6,732,303			\$ 6,732,303	
LAIF	N/A	<u>4,582,710</u>				<u>4,582,710</u>
		<u>\$ 148,394,361</u>	<u>\$ 51,265,732</u>	<u>\$ 59,302,023</u>	<u>\$ 6,732,303</u>	<u>\$ 31,094,303</u>

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the amount stipulated in the table at page 36. As of December 31, 2005, the District invested in the following investments which each represent more than 5% of its total investment in any one issuer (other than U.S. Treasury obligations mutual funds and external investment pools):

<u>Issuer</u>	<u>Type of Investment</u>	<u>Amount</u>
Citigroup Global Markets, Inc.	Collateralized investment agreements	\$ 59,302,023
Federal Home Loan Bank	U.S. Agency securities	30,263,750
Federal Home Loan Mortgage Corporation	U.S. Agency securities	10,687,546
Royal Bank of Canada	Guaranteed investment contract	6,732,303

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At December 31, 2005, the carrying amount of the District’s deposits was \$592,969 and the balance in financial institutions was \$2,514,842. Of the balance in financial institutions, \$152,674 was covered by federal depository insurance and supplemental insurance held by the investment broker and \$2,362,168 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE B – CASH AND INVESTMENTS (Continued)

pool for the District and other governmental agencies, but not in the name of the District. As of December 31, 2005, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Investment Type	Total
Collateralized investment agreements	\$ 59,302,023
U.S. Agency securities	50,678,484
Guaranteed investment contracts	6,732,303

Investment in LAIF: LAIF is stated fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$57,674,819,766 managed by the State Treasurer. Of that amount, 97.1 percent is invested in non-derivative financial products and 2.9 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 fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The weighted average maturity of investments held by LAIF was 192 days at December 31, 2005.

Investment in JPA Pool: The only investment in a JPA pool held by the District is the investment in the California Asset Management Trust (CAMP). CAMP was created under the provisions of the California Joint Exercise of Powers Act to provide professional investment management services and allows the participants to combine the use of a money market portfolio with an individually managed portfolio. CAMP is governed by a board of seven trustees, all of whom are officials or employees of public agencies. The money market portfolio offers daily liquidity and is rated Aam by Standard and Poors. To maintain the Aam rating, the portfolio’s weighted average maturity may not exceed 90 days. The fair value of the District’s position in CAMP is the same as the value of the pool shares.

NOTE C—CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2005 and 2004 as restated are as follows:

	Balance, January 1, 2005 (Restated)	Additions	Transfers	Balance December 31, 2005
Capital assets not being depreciated:				
Land	\$ 5,306,862			\$ 5,306,862
Construction in progress	69,696,927	\$ 48,053,390	\$ (10,431,108)	107,319,209
Total capital assets not being depreciated:	75,003,789	48,053,390	(10,431,108)	112,626,071
Capital assets being depreciated				
Water plant in service	272,457,475	2,866,629	4,974,636	280,298,740
Wastewater plant in service	155,960,505	1,356,625	1,829,867	159,146,997
Future use facilities	21,738,421			21,738,421
General plant	28,138,170	734,328	3,514,964	32,387,462
Reclaimed water facility	13,392,585	2,725,322	111,641	16,229,548
Electric power plant	121,893			121,893
Total capital assets being depreciated	491,809,049	7,682,904	10,431,108	509,923,061

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE C—CAPITAL ASSETS (Continued)

	Balance, January 1, 2005 <u>(Restated)</u>	<u>Additions</u>	<u>Transfers</u>	Balance December 31, 2005 <u> </u>
Less accumulated depreciation for:				
Water plant in service	\$ (69,004,374)	\$ (4,374,410)		\$ (73,378,784)
Wastewater plant in service	(38,415,060)	(3,961,198)		(42,376,258)
Future use facilities	(18,627,000)			(18,627,000)
General plant	(5,728,344)	(2,315,315)		(8,043,659)
Reclaimed water facility	(2,156,459)	(419,163)		(2,575,622)
Electric power plant	(56,142)	(3,047)		(59,189)
Total accumulated depreciation	<u>(133,987,379)</u>	<u>(11,073,133)</u>		<u>(145,060,512)</u>
Total capital assets being depreciated, net	<u>357,821,670</u>	<u>(3,390,229)</u>	<u>10,431,108</u>	<u>364,862,549</u>
Capital assets, net	<u>\$ 432,825,459</u>	<u>\$ 44,663,161</u>	<u>\$ -</u>	<u>\$ 477,488,620</u>
	Balance January 1, 2004 <u>(Restated)</u>	<u>Additions</u>	<u>Transfers</u>	Balance December 31, 2004 <u>(Restated)</u>
Capital assets not being depreciated:				
Land	\$ 5,306,862			\$ 5,306,862
Construction in progress	50,386,582	\$ 34,393,745	\$ (15,083,400)	69,696,927
Total capital assets not being depreciated	<u>55,693,444</u>	<u>34,393,745</u>	<u>(15,083,400)</u>	<u>75,003,789</u>
Capital assets being depreciated:				
Water plant in service	254,448,480	8,888,297	9,120,698	272,457,475
Wastewater plant in service	146,454,369	5,031,293	4,474,843	155,960,505
Future use facilities	22,274,853		(536,432)	21,738,421
General plant	25,280,121	833,758	2,024,291	28,138,170
Reclaimed water facility	7,360,627	6,031,958		13,392,585
Electric power plant	121,893			121,893
Total capital assets being depreciated	<u>455,940,343</u>	<u>20,785,306</u>	<u>15,083,400</u>	<u>491,809,049</u>
Less accumulated depreciation for:				
Water plant in service	(64,845,173)	(4,159,201)		(69,004,374)
Wastewater plant in service	(34,604,413)	(3,810,647)		(38,415,060)
Future use facilities	(18,627,000)			(18,627,000)
General plant	(3,665,972)	(2,062,372)		(5,728,344)
Reclaimed water facility	(1,826,351)	(330,108)		(2,156,459)
Electric power plant	(53,095)	(3,047)		(56,142)
Total accumulated depreciation	<u>(123,622,004)</u>	<u>(10,365,375)</u>		<u>(133,987,379)</u>
Total capital assets being depreciated, net	<u>332,318,339</u>	<u>10,419,931</u>	<u>15,083,400</u>	<u>357,821,670</u>
Capital assets, net	<u>\$ 388,011,783</u>	<u>\$ 44,813,676</u>	<u>\$ -</u>	<u>\$ 432,825,459</u>

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE D – CONTRACTS, BONDS AND LEASES PAYABLE

Contracts, bonds and leases payable consist of the following at December 31, 2005 and 2004:

State of California Loans: The State of California Department of Water Resources, through the State Revolving Fund Loan Program, provides low interest loans for clean water and drinking projects to localities that operate facilities throughout the State of California. The State Revolving Fund is funded through federal appropriations. By the end of 2005, the District has entered into six State Revolving Fund loans to finance the lining and covering of reservoirs as mandated by the State Department of Health Services, in the aggregate amount of \$7,935,504, of which \$6,111,805 was disbursed. The loans bear interest rates that range from 2.32% to 2.60%. The District implemented a water rate surcharge that is collected for debt service payments on these loans. Semi-annual principal and interest payments of \$194,224 are due January 1, and through July 1, 2025. Each loan has a maximum term of 20 years.

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 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 Citigroup Global Markets Inc. The interest rates at December 31, 2005 and 2004 were 3.00% and 1.50%, respectively. 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.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

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

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 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 and then is variable and based on weekly auction rates established by Deutsche Bank Trust Company Americas. This change results in the Certificates becoming tax-exempt. 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 2.5% to 4.5%. Principal payments, ranging from \$240,000 to \$455,000 are payable annually on October 1 and interest payments, ranging from \$95,319 to \$11,025 are payable semi-annually on April 1 and October 1 through April 1, 2019.

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

The activity of the District's contracts, bonds and leases payable during the years ended December 31, 2005 and 2004 are as follows:

	Balance as of January 1, <u>2005</u>	<u>Additions</u>	<u>Repayments</u>	Balance as of December 31, <u>2005</u>	Due Within <u>One Year</u>
State of California loans	\$ 3,095,635	\$ 2,887,832	\$ (65,289)	\$ 5,918,178	\$ 244,584
County of El Dorado note	1,533,000			1,533,000	
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		(1,545,000)	73,900,000	3,835,000
2004B Series	8,275,000			8,275,000	
2003 General Obligation Bonds	<u>5,585,000</u>		<u>(255,000)</u>	<u>5,330,000</u>	<u>320,000</u>
	259,758,635	2,887,832	(1,865,289)	260,781,178	4,399,584
Motor vehicle capital lease:	<u>100,601</u>		<u>(100,601)</u>		
Total	259,859,236	<u>\$ 2,887,832</u>	<u>\$ (1,965,890)</u>	260,781,178	<u>\$ 4,399,584</u>

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

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

	Balance as of January 1, <u>2005</u>	<u>Additions</u>	<u>Repayments</u>	Balance as of December 31, <u>2005</u>	<u>Due Within One Year</u>
Deferred amount on refunding	\$ (7,070,926)			\$ (6,698,772)	
Bond premiums	8,476,490			7,993,938	
Add: Revenue bond arbitrage liability	45,751			79,018	
Less: Current portion of long-term debt	<u>(2,031,935)</u>			<u>(4,399,584)</u>	
	<u>\$ 259,278,616</u>			<u>\$ 257,755,778</u>	
	Balance as of January 1, <u>2004</u>	<u>Additions</u>	<u>Repayments</u>	Balance as of December 31, <u>2004</u>	<u>Due Within One Year</u>
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	<u>6,000,000</u>		<u>(415,000)</u>	<u>5,585,000</u>	<u>255,000</u>
	260,466,974	83,720,000	(84,428,339)	259,758,635	1,931,334
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>
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>	

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

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

The following is a schedule of maturities for contracts and bonds payable as of December 31, 2005:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 4,399,584	\$ 10,276,661	\$ 14,676,245
2007	4,520,607	10,154,028	14,674,635
2008	7,701,780	9,919,655	17,621,435
2009	8,873,106	9,547,105	18,420,211
2010	9,534,587	9,154,273	18,688,860
2011-2015	51,265,909	38,953,032	90,218,941
2016-2020	55,393,746	26,172,864	81,566,610
2021-2025	19,016,859	17,863,798	36,880,657
2026-2030	1,575,000	15,030,130	16,605,130
2031-2035	80,775,000	8,503,750	89,278,750
2036	<u>17,725,000</u>	<u>88,625</u>	<u>17,813,625</u>
Total	<u>\$ 260,781,178</u>	<u>\$ 155,663,921</u>	<u>\$ 416,445,099</u>

Assets under capital leases consisted of motor vehicles with a cost of \$468,980 and accumulated depreciation of \$386,515 at December 31, 2004. Capital leases were repaid as of December 31, 2005.

The District was in compliance with its debt coverage ratio for the year ended December 31, 2005. 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.

Prior Year Refundings: In July 2004, the District issued Adjustable Rate Revenue Certificates of Participation, Series 2004B to refund a portion of the 1996 Revenue Bonds. In September 2004, the District issued Refunding Revenue Certificates of Participation, Series 2004A to refund the remaining balance of 1996 Revenue Bonds, the 1999 Revenue Bonds and the La Salle Bank Bridge Loan. The proceeds of the new bonds were placed into irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the refunded debt are not included in the District's financial statements. The outstanding balance of debt considered defeased at December 31, is as follows:

	<u>2005</u>	<u>2004</u>
Defeased Debt:		
1996 Revenue Bonds	\$ 54,330,000	\$ 56,440,000
1999 Revenue Bonds	12,230,000	12,550,000
La Salle Bank bridge loan		<u>14,320,008</u>
	<u>\$ 66,560,000</u>	<u>\$ 83,310,008</u>

The LaSalle Bank bridge loan was paid in full on February 15, 2005. The 1996 Revenue Bonds were called on February 15, 2006 and the 1999 Revenue Bonds are scheduled to be called on February 15, 2007.

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

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE E—NET ASSETS

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, 2005 and 2004 and accrued a liability of \$79,018 and \$45,751, respectively.

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, 2005 and 2004, designations included:

	<u>2005</u>	<u>2004</u>
Insurance	\$ 1,033,518	\$ 812,531
Construction and capital replacement	49,313,685	35,641,222
Rate stabilization	4,938,718	4,083,355
USBR emergency	<u>155,000</u>	<u>155,000</u>
 Total	 <u>\$ 55,440,921</u>	 <u>\$ 40,692,108</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 U.S. Bureau of Reclamation facilities.

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

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE F—EMPLOYEES' RETIREMENT PLAN (Continued)

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, 2005 to June 30, 2005 was 7.328% and the rate from July 1, 2005 to December 31, 2005 was 18.705%. 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, 2005 and 2004, the District incurred annual pension cost of \$3,550,853 and \$1,262,439, respectively. The required contribution was determined as part of the June 30, 2003 and 2002 actuarial valuations using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary in duration of service ranging from 3.25% to 14.45% for miscellaneous members and (c) 3.25% 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, 2003 was 19 years.

<u>Three-Year Trend Information for the District</u>		
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
December 31, 2003	\$ 520,682	100%
December 31, 2004	1,262,439	100%
December 31, 2005	3,550,853	100%

Required Supplementary Information - Funded Status of Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Assets Value</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Excess Assets (Unfunded Liability)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess Assets (Unfunded Liability) As a % of Covered Payroll</u>
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%)
June 30, 2004	34,589,449	50,058,828	(15,469,379)	69.1%	15,743,625	(98.3%)

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, 2005, 87 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 \$ 207,649 and \$160,473 for the years ended December 31, 2005 and 2004, respectively.

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:

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE H—INSURANCE (Continued)

<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 and for damages to vehicles. 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, 2005 and 2004 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, 2005 and 2004, 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 2005 and 2004 were as follows:

	<u>General Liability and Other</u>	<u>Dental and Vision</u>	<u>Total</u>
Reserve for claims and expenses at January 1, 2004	\$ 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	805,321	27,679	833,000
Current year incurred claims and changes in estimates	126,337	301,135	427,472
Net (payments) recoveries	<u>(126,337)</u>	<u>(301,135)</u>	<u>(427,472)</u>
Reserve for claims and claims expenses at December 31, 2005	<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, 2005 and 2004

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 at December 31, 2005 and 2004. 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 February 2007. 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, 2005:

Pleasant Oak main	\$ 10,283,901
Deer Creek Wastewater Plant improvements	8,672,426
Solar photovoltaic project	2,528,172
Various flood damage repairs related contracts	1,539,854
Various other projects	1,526,546
Headquarters building and other improvements	682,887
Reservoir line and cover projects	428,384
Various storage tank projects	355,480
Federal Energy Regulatory Commission relicensing	176,194
Various canal and flume replacement projects	157,819
El Dorado Hills Water and Wastewater Plant improvements	<u>150,256</u>
Total	<u>\$ 26,501,919</u>

NOTE K—PRIOR PERIOD ADJUSTMENT

Certain errors resulting in both the overstatement and understatement of assets, liabilities, net assets, revenues and expenses at December 31, 2004 and 2003 were corrected this year. The changes to net assets as of December 31, 2003 are summarized as follows:

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2005 and 2004

NOTE K—PRIOR PERIOD ADJUSTMENT (continued)

	<u>Net Assets</u>
December 31, 2003, as previously reported	\$ 352,928,708
Capitalize and depreciate construction in progress on projects placed into service in 2003	(724,986)
Expense construction in progress projects not meeting capitalization criteria	(327,260)
Recognize deferred revenue for water rights related to Weber Dam that were released to developers in 2003	<u>1,168,000</u>
Total prior period adjustments	<u>115,754</u>
December 31, 2003, as restated	<u>\$ 353,044,462</u>
	<u>Change in Net Assets</u>
Change in net assets for the year ended December 31, 2004, as previously reported	\$ 8,496,227
Capitalize and depreciate construction in progress on projects placed into service in 2004	(592,446)
Expense construction in progress projects not meeting capitalization criteria	(391,455)
Recognize deferred revenue for water rights related to Weber Dam that were released to developers in 2004	<u>448,000</u>
Total prior period adjustments	<u>(535,901)</u>
Change in net assets for the year ended December 31, 2004, as restated	<u>\$ 7,960,326</u>



EL DORADO IRRIGATION DISTRICT

COMBINING BALANCE SHEET

December 31, 2005

	Operating	Capital Improvement	Debt Service	El Dorado Public Agency Financing Authority	Recreation	Hydroelectric	Totals
Current Assets							
Cash and Cash Equivalents	\$ (24,906,923)	\$ 43,969,528	\$ 11,252,087	\$ (13,135)	\$ 269,019	\$ (4,697,400)	\$ 25,873,176
Accounts Receivable, Net	3,860,598		116,358		312	978,744	4,956,012
Due from Other Governmental Agencies						9,488,971	9,488,971
Interest Receivable	645,328		241,151				886,479
Taxes Receivable	2,925,879		385,998		73,907		3,385,784
Inventory	371,129						371,129
Prepaid Expenses and Other Current Assets	203,027		8,186	4,274			215,487
Intrafund Receivable/Payable	23,661,443	(16,373,321)			(473,122)	(6,815,000)	
Restricted Cash and Cash Equivalents	1,235,281	4,593,910	66,610,149				72,439,340
Total Current Assets	<u>7,995,762</u>	<u>32,190,117</u>	<u>78,613,929</u>	<u>(8,861)</u>	<u>(129,884)</u>	<u>(1,044,685)</u>	<u>117,616,378</u>
Long-Term Assets							
Investments	50,678,484						50,678,484
Deferred Relicense Costs						8,774,776	8,774,776
Deferred Bond Costs			3,783,676				3,783,676
Notes Receivable	86,661						86,661
Capital Assets							
Water Plant In service	243,304,371				414,524	36,983,897	280,702,792
Wastewater Plant In Service	159,544,072						159,544,072
Future Use Facilities	5,655,471					20,064,088	25,719,559
General Plant	24,923,567				3,388,827	4,599,665	32,912,059
Reclaimed Water Facility	16,229,548						16,229,548
Electric Power Plant	121,893						121,893
Construction In Progress	228,753	96,780,485			1,912,435	8,397,536	107,319,209
Accumulated Depreciation	(123,668,702)				(1,384,097)	(20,007,713)	(145,060,512)
Capital Assets, Net	<u>326,338,973</u>	<u>96,780,485</u>			<u>4,331,689</u>	<u>50,037,473</u>	<u>477,488,620</u>
Total Assets	<u>\$ 385,099,880</u>	<u>\$ 128,970,602</u>	<u>\$ 82,397,605</u>	<u>\$ (8,861)</u>	<u>\$ 4,201,805</u>	<u>\$ 57,767,564</u>	<u>\$ 658,428,595</u>

EL DORADO IRRIGATION DISTRICT
COMBINING BALANCE SHEET (Continued)

December 31, 2005

	Operating	Capital Improvement	Debt Service	El Dorado Public Agency Financing Authority	Recreation	Hydroelectric	Totals
LIABILITIES AND NET ASSETS							
Current Liabilities							
Accounts Payable	\$ 1,172,029	\$ 6,397,495	\$ 9,721		\$ 17,525	\$ 1,495,874	\$ 9,092,644
Deposits	222,749				585	1,650	224,984
Accrued Compensated Absences	854,614				34,143	92,816	981,573
Accrued Payroll and Benefit Payable	809,930	26,997			22,943	115,464	975,334
Deferred Revenue	4,457,936						4,457,936
Current Contracts, Bonds and Leases Payable			4,399,584				4,399,584
Accrued Interest Payable			2,563,161				2,563,161
Total Current Liabilities	<u>7,517,258</u>	<u>6,424,492</u>	<u>6,972,466</u>		<u>75,196</u>	<u>1,705,804</u>	<u>22,695,216</u>
Long-Term Liabilities							
Contracts, Bonds and Leases Payable			257,755,778				257,755,778
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>257,755,778</u>				<u>259,518,778</u>
Total Liabilities	<u>9,280,258</u>	<u>6,424,492</u>	<u>264,728,244</u>		<u>75,196</u>	<u>1,705,804</u>	<u>282,213,994</u>
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	326,338,973	101,374,395	(202,864,540)		4,331,689	50,037,474	279,217,991
Restricted for New Facilities	29,623,292		2,798,456			1,815,737	34,237,485
Restricted for Debt Service			7,318,204				7,318,204
Unrestricted	19,857,357	21,171,715	10,417,241	\$ (8,861)	(205,080)	4,208,549	55,440,921
Total Net Assets	<u>375,819,622</u>	<u>122,546,110</u>	<u>(182,330,639)</u>	<u>(8,861)</u>	<u>4,126,609</u>	<u>56,061,760</u>	<u>376,214,601</u>
Total Liabilities and Net Assets	<u>\$ 385,099,880</u>	<u>\$ 128,970,602</u>	<u>\$ 82,397,605</u>	<u>\$ (8,861)</u>	<u>\$ 4,201,805</u>	<u>\$ 57,767,564</u>	<u>\$ 658,428,595</u>

EL DORADO IRRIGATION DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2005

	Operating	Capital Improvement	Debt Service	El Dorado Public Agency Financing Authority	Recreation	Hydroelectric	Totals
Operating Revenues							
Water Sales	\$ 14,018,378						\$ 14,018,378
Water Services	1,599,500						1,599,500
Reclaimed Water Reimbursements/Sales	533,134						533,134
Wastewater Sales	11,561,546						11,561,546
Wastewater Services	171,468						171,468
Recreation Fees					\$ 696,358	\$ 37,425	733,783
Hydroelectric Sales						5,603,959	5,603,959
Total Operating Revenues	<u>27,884,026</u>				696,358	5,641,384	<u>34,221,768</u>
Operating Expenses							
Office of the General Manager	3,696,379						3,696,379
Strategic Management and Communications	6,022,092					59,796	6,081,888
Environmental Compliance and Resource	1,281,270				486	115,389	1,397,145
Finance and Management Services	4,502,996				6,582	70,571	4,580,149
Facilities Management	16,696,701				3,368	4,932,128	21,632,197
Recreation					1,035,674	113,786	1,149,460
Developer Reimbursed Expenses	1,213,046						1,213,046
Depreciation and Amortization	10,535,297		\$ 185,614		112,738	425,100	11,258,749
Total Operating Expenses	<u>43,947,781</u>		<u>185,614</u>		<u>1,158,848</u>	<u>5,716,770</u>	<u>51,009,013</u>
Net Loss From Operations	(16,063,755)		(185,614)		(462,490)	(75,386)	(16,787,245)
Nonoperating Revenues (Expenses)							
Surcharges	1,893,011		741,991				2,635,002
Voter - Approved Taxes			418,532				418,532
Property Taxes	3,572,102				99,110		3,671,212
Interest Income	1,575,155		1,890,578		(3,711)	(101,736)	3,360,286
Flood Damage Expenses						(431,493)	(431,493)
Other Income	495,090	\$ 8,828			(24)	195,810	699,704
Other Expenses	(210,233)		(108,413)	\$ (6,770)	(36,262)		(361,678)
Interest Expense			(9,658,559)				(9,658,559)
Flood Damage Reimbursements						8,840,966	8,840,966
Total Nonoperating							
Revenues (Expenses)	<u>7,325,125</u>	<u>8,828</u>	<u>(6,715,871)</u>	<u>(6,770)</u>	<u>59,113</u>	<u>8,503,547</u>	<u>9,173,972</u>
Net Loss Before							
Contributions and Transfers	(8,738,630)	8,828	(6,901,485)	(6,770)	(403,377)	8,428,161	(7,613,273)
Capital Contributions and							
Operating Transfers							
Facility Capacity Charges	13,597,046		6,454			2,280,752	15,884,252
Developer Contributions	6,938,834						6,938,834
Transfers In		51,705,407			1,119,379	5,967,936	58,792,722
Transfers Out	(30,441,144)		(28,329,036)	(22,542)			(58,792,722)
Change in Net Assets	<u>(18,643,894)</u>	<u>51,714,235</u>	<u>(35,224,067)</u>	<u>(29,312)</u>	<u>716,002</u>	<u>16,676,849</u>	<u>15,209,813</u>
Net Assets, Beginning of Year,							
as Previously Reported	371,836,673	93,305,779	(147,097,175)	20,449	3,177,511	40,181,698	361,424,935
Prior Period Adjustment	22,626,843	(22,473,904)	(9,397)	2	233,096	(796,787)	(420,147)
Net Assets, Beginning of Year,							
as Restated	<u>394,463,516</u>	<u>70,831,875</u>	<u>(147,106,572)</u>	<u>20,451</u>	<u>3,410,607</u>	<u>39,384,911</u>	<u>361,004,788</u>
Net Assets, End of Year	<u>\$ 375,819,622</u>	<u>\$ 122,546,110</u>	<u>\$ (182,330,639)</u>	<u>\$ (8,861)</u>	<u>\$ 4,126,609</u>	<u>\$ 56,061,760</u>	<u>\$ 376,214,601</u>

EL DORADO IRRIGATION DISTRICT

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

For the year ended December 31, 2005

	2005	Budget	Variance Positive (Negative)
Operating Revenues			
Water Sales	\$ 14,018,378	\$ 14,435,241	\$ (416,863)
Water Services	1,599,500	1,083,581	515,919
Reclaimed Water Reimbursements/Sales	533,134	605,470	(72,336)
Wastewater Sales	11,561,546	10,722,962	838,584
Wastewater Services	171,468	118,458	53,010
Recreation Fees	733,783	672,901	60,882
Hydroelectric Sales	5,603,959	3,715,000	1,888,959
Total Operating Revenues	34,221,768	31,353,613	2,868,155
Operating Expenses			
Office of the General Manager	3,696,379	3,816,138	119,759
Strategic Management and Communications	6,081,888	6,071,904	(9,984)
Environmental Compliance and Resource Management	1,397,145	1,411,210	14,065
Finance and Management Services	4,580,149	4,603,130	22,981
Facilities Management	21,632,197	20,626,887	(1,005,310)
Recreation	1,149,460	1,087,535	(61,925)
Developer Reimbursed Expenses	1,213,046		(1,213,046)
Total Operating Expenses	39,750,264	37,616,804	(2,133,460)
Net Loss from Operations	(5,528,496)	(6,263,191)	734,695
Nonoperating Revenues (Expenses)			
Facility Capacity Charges	15,884,252	11,072,314	4,811,938
Surcharges	2,635,002		2,635,002
Voter - Approved Taxes	418,532		418,532
Property Taxes	3,671,212	1,800,000	1,871,212
Interest Income	3,360,286	4,184,250	(823,964)
Flood Damage Expenses	(431,493)		(431,493)
Other Income	699,704	683,291	16,413
Other Expenses	(361,678)		(361,678)
Interest Expense	(9,658,559)		(9,658,559)
Flood Damage Reimbursements	8,840,966	372,000	8,468,966
Total Nonoperating Revenues (Expenses)	25,058,224	18,111,855	6,946,369
Excess of Budgeted Revenues over Budgeted Expenses	19,529,728	\$ 11,848,664	\$ 7,681,064
Non-Budgeted Items			
Developer Contributions	6,938,834		
Depreciation and Amortization	11,258,749		
Change in Net Assets	\$ 15,209,813		

Table #1

El Dorado Irrigation District Adjusted Budget for the Fiscal Years Ended December 31, 2002, 2003, 2004 & 2005				
	2005	2004	2003	2002
OPERATING REVENUES:				
Water Sales	\$14,435,241	\$12,727,000	\$11,569,704	\$12,328,350
Water Services	1,083,581	2,762,000	2,681,098	653,770
Reclaimed Water Reimbursements/Sales	605,470	337,000	324,569	334,790
Wastewater Sales	10,722,962	10,383,000	9,983,205	8,900,000
Wastewater Services	118,458	125,000	119,835	152,190
Recreation Fees	672,901	569,000	557,500	681,000
Hydroelectric Sales	3,715,000	2,508,000	200,000	463,904
Total Operating Revenues	31,353,613	29,411,000	25,435,911	23,514,004
OPERATING EXPENSES^[1] :				
Office of the General Manager ^[2]	3,816,138	3,121,225	2,911,135	2,388,699
Strategic Management & Communications	6,071,904	4,850,273	3,744,352	3,251,273
Human Resources		647,753	492,048	387,337
Environ. Compliance & Water Policy	1,411,210	1,008,950	650,955	362,509
Finance and Management Services	4,603,130	3,070,985	2,869,229	2,178,730
Facilities Management ^[3]	20,626,887	21,462,689	21,332,285	18,220,526
Recreation	1,087,535	1,052,968	854,678	652,013
Developer Reimbursed Expenses			65,179	
Total Operating Expenses	37,616,804	35,214,843	32,919,861	27,441,087
Net Loss from Operations	(6,263,191)	(5,803,843)	(7,483,950)	(3,927,083)
NON-OPERATING REVENUE-(EXPENSE)				
Facility Capacity Charges	11,072,314	9,270,000	7,777,100	10,325,771
Surcharges ^[4]	0	2,076,000	1,715,000	1,547,545
Voter-Approved Taxes ^[5]	0		870,000	829,660
Property Taxes	1,800,000	1,914,000	5,467,988	4,849,500
Interest Income	4,184,250	2,381,323	2,300,000	3,000,000
Flood Damage Expenses	0			
Other Income (Expenses)	683,291	770,000	379,120	188,690
Interest Expenses	0			(8,068,000)
Flood Damage Reimbursements	372,000	1,000,000	1,800,000	
Total Non-Operating Revenue (Expenses)	18,111,855	17,411,323	20,309,208	12,673,166
Total Income	11,848,664	11,607,480	12,825,258	8,746,083
DEBT SERVICE (Principal Only)				
Federal Loans			859,645	791,145
State Loans	65,288	128,339	204,254	283,529
Revenue Bonds		2,015,000	2,210,000	2,210,000
2004A COP	1,545,000			
Motor Vehicle Capital Leases	100,601	153,010	207,986	207,986
2003 GO Bonds	255,000	415,000		
Total Debt Service-Principal	1,965,889	2,711,349	3,481,885	3,492,660
NET INCOME AFTER DEBT SERVICE	13,814,553	\$8,896,131	\$9,343,373	\$5,253,423

[1] Operating expenses exclude CIP offset.

[2] 2005 includes Human Resources and Information Technology due to District re-organization.

[3] Facilities Management includes Hydroelectric.

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

[5] 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. Since 2004, voter-approved property taxes collected for payment of 2003 General Obligation Bonds.

Table #2

2005 5-year CIP Budget						
(in dollars)						
	2005	2006	2007	2008	2009	Total
WATER						
Reservoir Line & Cover Program	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 1,000,000
Reservoir 12 Line & Cover	380,077	-	-	-	-	380,077
Reservoir Floating Cover Replacement Prog	238,943	500,000	6,000,000	6,500,000	6,500,000	19,738,943
Bass Lake Water Storage Tanks & Pipelines	200,000	-	-	-	-	200,000
Promontory Tank and Waterline	2,500,000	1,200,000	-	-	-	3,700,000
Oakridge Water Storage Tank 2	300,000	-	-	-	-	300,000
Baumhoff Tank Replacement	800,000	372,406	-	-	-	1,172,406
Outingdale WTP Compliance Improvements	250,000	700,000	1,000,000	2,000,000	2,000,000	5,950,000
Operations Manuals	100,000	100,000	-	-	-	200,000
Reservoir A Water Treatment Plant Upgrade	100,000	700,000	2,000,000	2,000,000	3,000,000	7,800,000
Strawberry WTP Backwash System Upgrade	-	200,000	100,000	400,000	1,500,000	2,200,000
Rancho Del Sol Tank Replacement	500,000	250,000	-	-	-	750,000
Res 1 WTP Improvements	250,000	1,000,000	5,000,000	5,000,000	-	11,250,000
Folsom Lake Temperature Control Device	3,500,000	3,000,000	3,500,000	2,500,000	-	12,500,000
Monte Vista Tank Replacement	250,000	500,000	1,000,000	1,000,000	-	2,750,000
Weber Dam Selective Withdrawal	100,000	-	-	-	-	100,000
Sly Park Dam Safety Program	50,000	250,000	250,000	1,100,000	1,100,000	2,750,000
Ridgeview Tank No. 2	50,000	300,000	1,500,000	1,000,000	-	2,850,000
Latrobe Rd Waterline Realignment	500,000	850,000	250,000	-	-	1,600,000
Hwy 50/Latrobe Rd Interchange Waterline	183,263	-	-	-	-	183,263
Silva Valley/White Rock Transmission Main	1,250,000	-	-	-	-	1,250,000
SCADA Phase II Water	900,000	500,000	300,000	300,000	300,000	2,300,000
Water Distribution System Improvement Prog	500,000	500,000	500,000	500,000	500,000	2,500,000
Facilities Management Improvement Program	500,000	500,000	500,000	500,000	500,000	2,500,000
EDH Water Treatment Plant Exp 20 MGD	500,000	-	-	-	-	500,000
Silva Valley Transmission Main to Oakridge	3,500,000	2,500,000	-	-	-	6,000,000
EDH Water Treatment Plant Raw Waterline	1,350,000	-	-	-	-	1,350,000
Sly Park Intertie Lining	300,000	3,500,000	1,000,000	-	-	4,800,000
Coyote Pass Water System Improvements	150,000	1,500,000	2,000,000	-	-	3,650,000
Hwy 49 Intertie Improvements	600,000	-	-	-	-	600,000
Oakridge Pump Station	50,000	500,000	700,000	1,000,000	-	2,250,000
Pleasant Oak Main Replacement	15,000,000	-	-	-	-	15,000,000
AWWARF Study	73,237	-	-	-	-	73,237
Critical System Security Upgrades - Phase 1	450,000	300,000	-	-	-	750,000
EDHWTP Expansion to 24 MGD	800,000	2,550,000	4,000,000	3,000,000	-	10,350,000
Swansboro Tank No. 2	-	-	-	-	750,000	750,000
Valley View Tank No. 2	50,000	350,000	1,500,000	1,500,000	-	3,400,000
Water Master Plan (Integrated Resources)	50,000	50,000	-	-	-	100,000
EDH Water Facilities Master Plan	300,000	1,000,000	2,000,000	8,000,000	10,000,000	21,300,000
Total Water	\$ 36,575,520	\$ 24,172,406	\$ 33,600,000	\$ 36,300,000	\$ 26,150,000	\$ 156,797,926
WASTEWATER						
Deer Creek/Motherlode Collection Sys (CAP)	\$ 900,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 1,400,000
Deer Creek WWTP NPDES Post Permit Appeal	200,000	-	-	-	-	200,000
EDHWTP Expansion/Upgrade Phase II B	77,714	-	-	-	-	77,714
EDHWTP NPDES Permit Process	200,000	-	-	-	-	200,000
EDHWTP (CAP)	700,000	-	-	-	-	700,000
Camino Heights Upgrade	128,572	-	-	-	-	128,572
EDHWTP Regulatory Compli. Improvements	100,000	207,080	-	-	-	307,080
DCWWTP Regulatory Comp Improvements	4,500,000	-	-	-	-	4,500,000
Gold Ridge Forest Project	30,690	-	-	-	-	30,690
DCWWTP O& M Manual Update	180,000	-	-	-	-	180,000
EDHWTP Phase III	3,500,000	14,400,000	14,400,000	-	-	32,300,000
Latrobe Road Realignment Sewer Force Mair	30,000	-	-	-	-	30,000
Hwy 50/Saratoga Way Interchange Realigr	80,000	-	-	-	-	80,000
Parallel Silva Valley Sewerline Phase I	288,167	-	-	-	-	288,167

Table #2 continued

2005 5-year CIP Budget						
(in dollars)						
	2005	2006	2007	2008	2009	Total
WASTEWATER CONT.						
Sewer Collection System & Inflow /Infiltrator	220,844	-	-	-	-	220,844
SCADA Phase II DC-EDH Includes 972714	500,000	-	-	-	-	500,000
Motherlode Force Main Repairs	1,200,000	400,000	400,000	400,000	400,000	2,800,000
DCWWTP Access Road Reconstruction	-	644,423	-	-	-	644,423
Lift Station C Gravity and Forcemain	40,000	-	-	-	-	40,000
DC Waterline Replacement & Rd Repaving	1,400,000	-	-	-	-	1,400,000
New York Creek Lift Station & 16" Forcemain	1,000,000	-	-	1,500,000	-	2,500,000
Contract Document Update	52,544	-	-	-	-	52,544
DC Non-Routine Capital Improvements	150,000	100,000	-	-	-	250,000
EDH Non-Routine Capital Improvements	170,000	-	-	-	-	170,000
Parallel Silva Valley Sewerline Phase 2	1,400,000	-	-	-	-	1,400,000
DCWWTP Maintenance Building	500,000	-	-	-	-	500,000
Algae Study & Improvements	112,000	-	-	-	-	112,000
EDH Seasonal Storage Reservoir	2,900,000	13,000,000	14,600,000	-	-	30,500,000
Solar Photovoltaic for EDHWWTP	3,500,000	-	-	-	-	3,500,000
DC Seasonal Storage Reservoir	-	-	-	11,000,000	25,500,000	36,500,000
EDH Storage Reservoir Pump Station & Pipelin	500,000	2,000,000	2,000,000	-	-	4,500,000
Total Wastewater	\$ 24,562,536	\$ 31,253,509	\$ 31,402,007	\$ 12,902,008	\$ 25,902,009	\$ 126,022,069
RECYCLED WATER						
Latrobe Road Realignment - Recycled Water	\$ 1,025,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 2,025,000
720 Tank, Pump Station & Pipeline	-	-	9,350,000	-	-	9,350,000
800 Tank & Pipeline	2,420,000	-	-	-	-	2,420,000
960 Tank Replacement	5,885,000	-	-	-	-	5,885,000
DCWWTP Pump Station and Pipeline to EDH	-	-	1,000,000	2,600,000	-	3,600,000
Total Recycled Water	\$ 9,330,000	\$ 1,000,000	\$ 10,350,000	\$ 2,600,000	\$ -	\$ 23,280,000
HYDROELECTRIC						
FERC Relicensing	\$ 70,999	\$ -	\$ -	\$ -	\$ -	\$ 70,999
CPUC 851 CEQA & Acquisition	27,242	-	-	-	-	27,242
ISO Interconnection & Metering	88,000	50,000	50,000	50,000	50,000	288,000
Silver Lake Dam Spillway	150,000	50,000	50,000	50,000	50,000	350,000
Caples and Silver Lake Upgrades	250,000	200,000	56,000	75,000	50,000	631,000
Relicensing Related Upgrades	400,000	900,000	1,000,000	1,000,000	900,000	4,200,000
Relicensing Recreation Upgrades	236,058	132,000	225,000	175,000	175,000	943,058
Relicense Diversion Structure	219,346	-	-	-	-	219,346
Forebay Dredging/Upgrades	200,000	800,000	1,600,000	1,300,000	100,000	4,000,000
FERC Part 12 Dam Safety Evaluations	600,000	75,000	-	-	400,000	1,075,000
Lake Aloha Upgrades	75,000	50,000	50,000	50,000	400,000	625,000
Security Enhancement	36,000	30,000	30,000	30,000	30,000	156,000
Special Use Permit Construction	569,000	79,500	159,500	159,500	159,500	1,127,000
Permanent Repairs of 1997 Storm Damage	500,000	90,000	90,000	90,000	90,000	860,000
Echo Conduit and Tunnel Replacement	339,844	500,000	3,000,000	-	-	3,839,844
Hansen System Inventory	49,979	-	-	-	-	49,979
Alder Reservoir Feasibility Assessment	10,000	10,000	1,100,000	1,100,000	-	2,220,000
Replace Canals and Flumes	5,149,000	2,000,000	2,000,000	1,500,000	1,500,000	12,149,000
Hazel Creek Tunnel	1,000,000	-	-	-	-	1,000,000
Powerhouse Upgrade	900,000	150,000	150,000	150,000	150,000	1,500,000
Powerhouse Efficiency Improvements	500,000	1,200,000	1,000,000	1,000,000	500,000	4,200,000
Hydro Modeling Upgrades	105,055	50,000	50,000	50,000	50,000	305,055
Total Hydroelectric	\$ 11,475,523	\$ 6,366,500	\$ 10,610,500	\$ 6,779,500	\$ 4,604,500	\$ 39,836,523
HYDRO WATERSHED						
Crawford Ditch/Camp Creek Segment	\$ 150,000	\$ 61,500	\$ 61,500	\$ 61,500	\$ 61,500	\$ 396,000
Main Ditch Erosion Remediation	130,000	461,250	11,250	11,250	11,250	625,000
Crawford Ditch/Clear Creek Segment Lining	250,000	161,500	11,500	11,500	11,500	446,000
Main Ditch Upgrades	100,000	91,500	91,500	91,500	91,500	466,000
North Fork Ditch Pipe	150,000	61,500	61,500	61,500	61,500	396,000
Ditch System Master Plan	55,000	21,500	21,500	21,500	21,500	141,000
Total Hydro Watershed	\$ 835,000	\$ 858,750	\$ 258,750	\$ 258,750	\$ 258,750	\$ 2,470,000

Table #2 continued

2005 5-year CIP Budget						
(in dollars)						
	2005	2006	2007	2008	2009	Total
RECREATION						
Caples Lake Boat Launch Facility 4(e)	\$ 340,000	\$ 340,000	\$ 250,000	\$ 250,000	\$ -	\$ 1,180,000
Park Management System	1,488	-	-	-	-	1,488
Sly Park Road Improvements	36,037	-	-	-	-	36,037
Trail Improvements & Bridge Addition	151,085	-	-	-	-	151,085
Water System Upgrade	518,424	-	-	-	-	518,424
Retreat House Improvements	10,000	15,011	-	-	-	25,011
Main Boat Launch Improvements	300,000	172,656	-	-	-	472,656
Fence Improvements	20,000	10,000	-	-	-	30,000
Trail Signs	10,000	10,000	-	-	-	20,000
Dock Facilities	29,000	-	-	-	-	29,000
Forebay Recreational Master Plan	9,295	-	-	-	-	9,295
Sly Park Recreational Master Plan	60,000	-	-	-	-	60,000
Total Recreation	\$ 1,485,329	\$ 547,667	\$ 250,000	\$ 250,000	\$ -	\$ 2,532,996
GENERAL DISTRICT						
Existing Headquarters Site Improvements	\$ 40,000	\$ 20,000	\$ -	\$ -	\$ -	\$ 60,000
New Headquarters Facility includes 991301	500,000	4,000,000	4,000,000	1,000,000	-	9,500,000
SCADA Expansion - Hydro Project	75,000	75,000	50,000	50,000	50,000	300,000
Laboratory Information Management System	344,403	-	-	-	-	344,403
Equipment Replacement Program	9,697	50,000	50,000	50,000	50,000	209,697
Software Licensing Compliance	150,000	150,000	150,000	-	-	450,000
Urban Water Management Plan	100,000	-	-	-	-	100,000
Water Rights for 17,000 Acre Feet	50,000	-	-	-	-	50,000
Small Meter Replacement Program	65,000	65,000	65,000	65,000	65,000	325,000
HTE Enhancement Program	14,070	-	-	-	-	14,070
Hansen System Expansion	50,000	-	-	-	-	50,000
Large Meter Maintenance Program	14,093	10,300	10,300	10,300	10,300	55,293
Hansen System/HTE System Data Integrator	80,918	-	-	-	-	80,918
Rediversion of Ditch Water Rights	80,000	-	-	-	-	80,000
Headquarters Network Upgrade	94,583	-	-	-	-	94,583
Reservoir 6 Radio Transmission Tower	10,139	-	-	-	-	10,139
HTE & Telephone Integration	29,957	-	-	-	-	29,957
Hansen GPS	50,000	-	-	-	-	50,000
Automated Meter Reading System	1,500,000	1,000,000	500,000	600,000	700,000	4,300,000
HQ Site - Telephone System Expansion	87,000	-	-	-	-	87,000
Mosquito Road Facility Improvements	20,000	-	-	-	-	20,000
Sewer Pipeline Inspection Camera	12,318	-	-	-	-	12,318
Update Design & Construction Standards	110,498	-	-	-	-	110,498
Computer Systems Hardware Upgrades	300,000	200,000	375,000	225,000	175,000	1,275,000
Data Network Upgrades	150,000	150,000	150,000	150,000	150,000	750,000
District Voice Radio System Upgrade	65,000	20,000	-	-	-	85,000
Enterprise Resource Planning	500,000	-	-	-	-	500,000
Vehicle Replacement Program	250,000	250,000	200,000	200,000	200,000	1,100,000
New USBR Water Contract (Fazio Water)	192,000	19,856	-	-	-	211,856
Drought Preparedness Plan	204,500	-	-	-	-	204,500
Habitat Conservation Plan	100,000	100,000	100,000	-	-	300,000
Integrated Document Program/ ERM	50,000	50,000	50,000	-	-	150,000
Data Backup & Disaster Recovery System	100,000	250,000	-	-	-	350,000
Watershed Management & Assessment Program	33,333	33,333	33,333	-	-	99,999
Total General District	\$ 5,432,509	\$ 6,443,489	\$ 5,733,633	\$ 2,350,300	\$ 1,400,300	\$ 21,360,231
TOTAL 2005 5-YR CIP	\$ 89,696,417	\$ 70,642,321	\$ 92,204,890	\$ 61,440,558	\$ 58,315,559	\$372,299,745



Tabel #3

Total Actual Revenue by Source 1996-2005

(in dollars)

Revenue Source	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Water Sales & Services	\$ 15,617,878	\$ 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
Wastewater Sales & Services	\$ 11,733,014	\$ 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
Reclaim Water Reimbursement & Sales	\$ 533,134	\$ 492,421	\$381,599	\$323,326	\$359,300	\$106,435	\$234,304	\$106,045	\$ -	\$ -
Recreation	\$ 733,783	\$ 668,574	\$607,144	\$615,901	\$615,203	\$590,795	\$516,429	\$460,905	\$502,170	\$441,223
Hydroelectric	\$ 5,603,959	\$ 2,176,370	\$273,314	\$ -	\$ -	\$ -	\$ -	\$789,542	\$36,451	\$1,717,509
Facility Capacity Charges	\$ 15,884,252	\$ 9,835,129	\$13,942,680	\$8,956,472	\$24,271,660	\$11,651,265	\$9,582,702	\$5,404,752	\$5,691,123	\$2,954,937
Surcharges	\$ 2,635,002	\$ 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
Voter Approved Taxes	\$ 418,532	\$ 146,604	\$948,940	\$736,073	\$857,653	\$872,161	\$798,645	\$714,551	\$592,834	\$530,160
Property Taxes	\$ 3,671,212	\$ 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
Interest Income	\$ 3,360,286	\$ 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
Other Income (Expense)	\$ 9,178,992	\$ 378,713	(\$625,131)	(\$76,229)	\$2,910,343	\$12,542,167	\$2,435,997	(\$375,486)	\$2,870,345	\$37,299
Developer Contributions	\$ 6,938,834	\$ 16,729,095	\$19,174,599	\$8,933,386	\$10,204,092	\$ -	\$ -	\$ -	\$ -	\$ -
Sly Park Capital Contributions	\$ -	\$ -	\$15,173,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$76,308,878	\$ 63,285,328	\$83,356,110	\$53,444,241	\$73,801,382	\$60,496,534	\$45,166,922	\$33,994,653	\$36,605,850	\$27,785,385

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

Chart #1

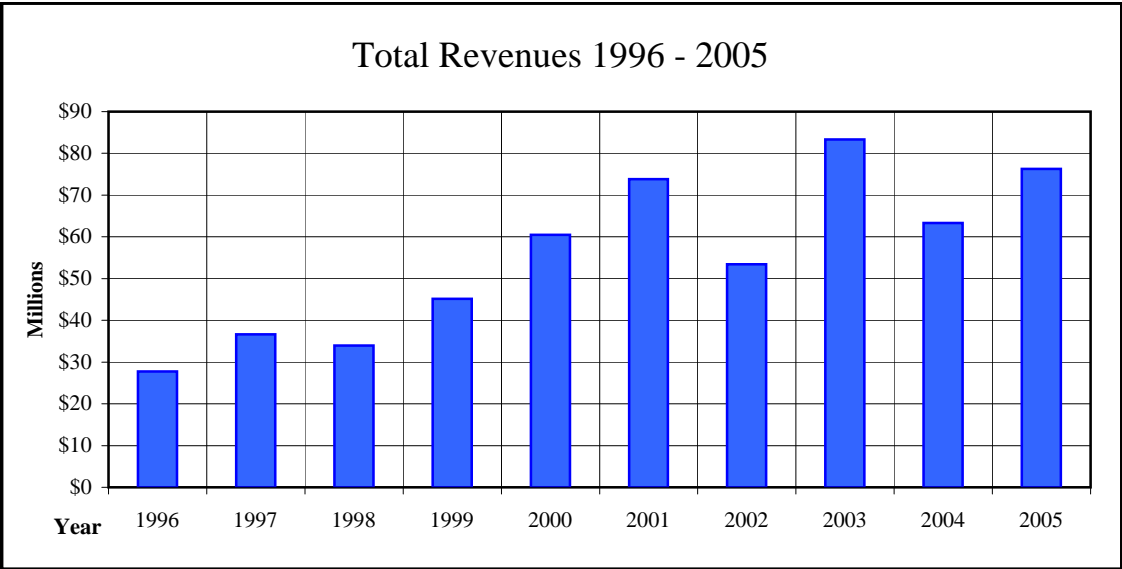


Chart #2

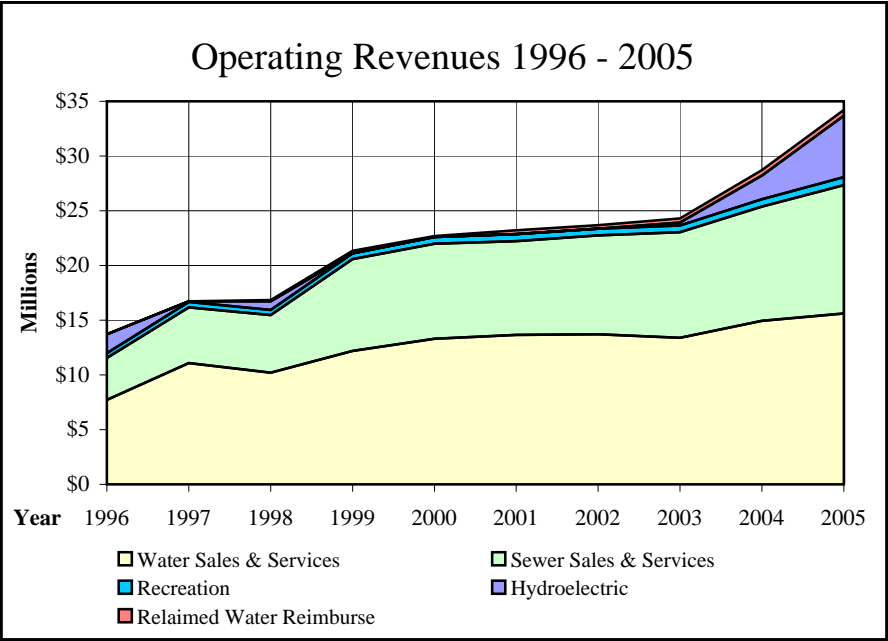


Chart #3

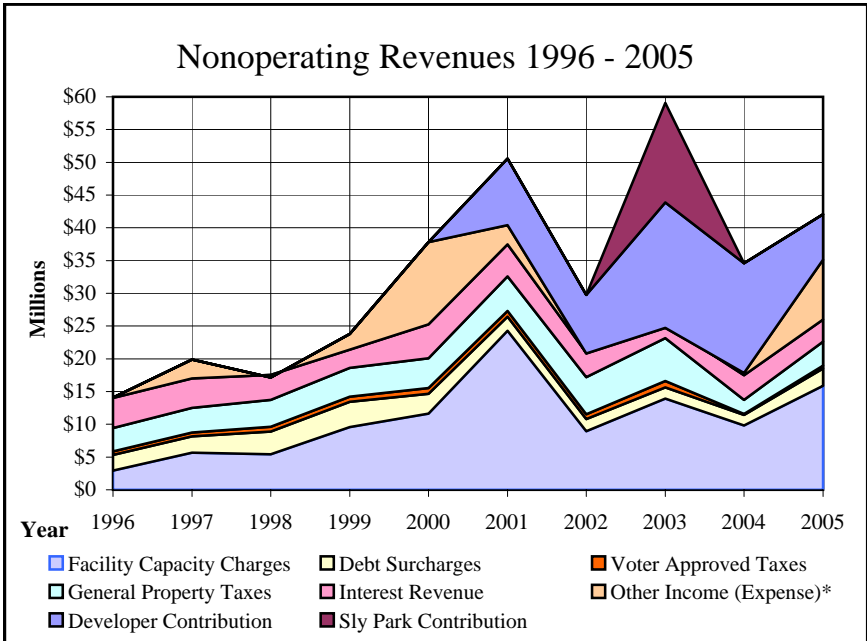


Table #4

Expense Source	Total Actual Expenses by Function 2001-2005 (in dollars)				2001 Restated for Reorg GASB 34
	2005	2004	2003	2002	
Office of the General Manager ^[1]	\$3,696,379	\$3,401,143	\$2,588,725	\$2,434,859	\$1,997,313
Strategic Management & Communications	\$6,081,888	\$5,179,964	\$4,085,197	\$2,389,819	\$1,771,204
Environmental Compliance & Resource Management	\$1,397,145	\$766,842	\$688,377	\$307,385	
Finance and Management Services	\$4,580,149	\$3,138,514	\$2,126,694	\$2,353,964	\$2,418,608
Facilities Management ^[2]	\$21,632,197	\$21,505,326	\$19,300,982	\$19,199,302	\$17,155,381
Recreation	\$1,149,460	\$1,116,661	\$807,683	\$719,911	\$648,716
Developer Reimbursed Expenses	\$1,213,046	\$1,026,606	\$1,681,625	\$2,012,016	\$1,392,805
Depreciation and Amortization	\$11,258,749	\$10,414,014	\$9,226,369	\$8,627,147	\$9,129,458
Interest Expense	\$9,658,559	\$8,723,281	\$5,333,118	\$4,789,688	\$4,572,793
Flood Damage Expenses	\$431,493	\$52,651	\$978,254	\$1,855,210	\$1,150,963
TOTAL EXPENSE	\$61,099,065	\$55,325,002	\$46,817,024	\$44,689,301	\$40,237,241

^[1] Office of the General Manager includes Human Resources

^[2] Facilities Management includes Hydroelectric

Chart #4

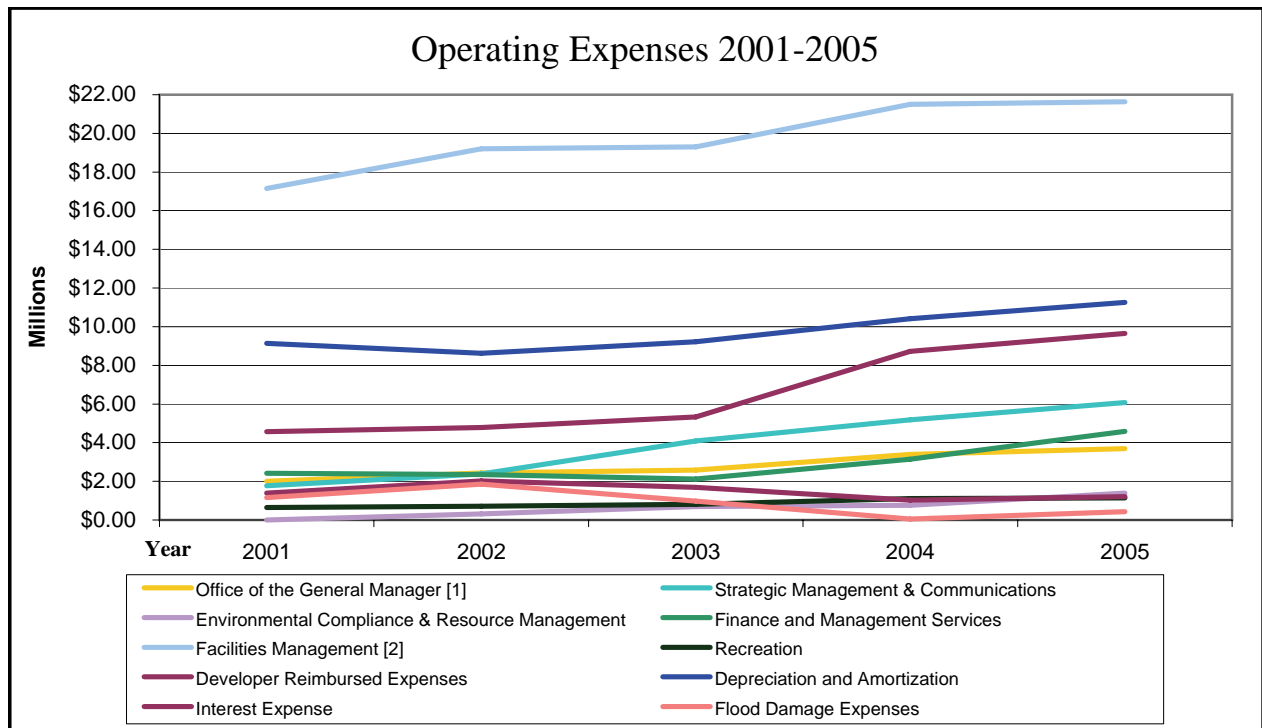


Table #5

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

Chart #5

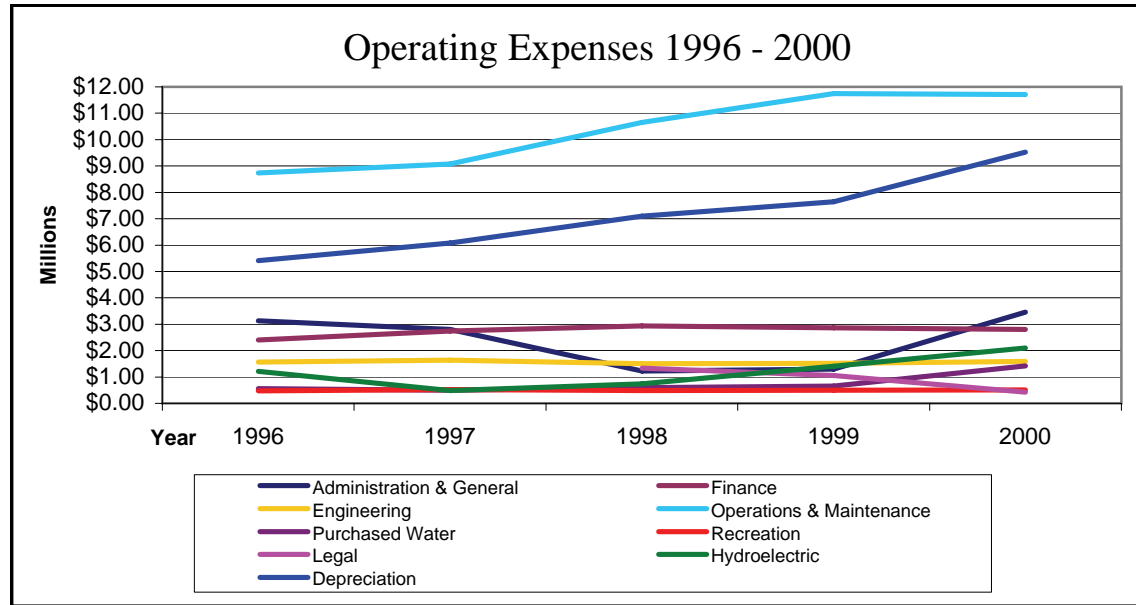


Chart #6

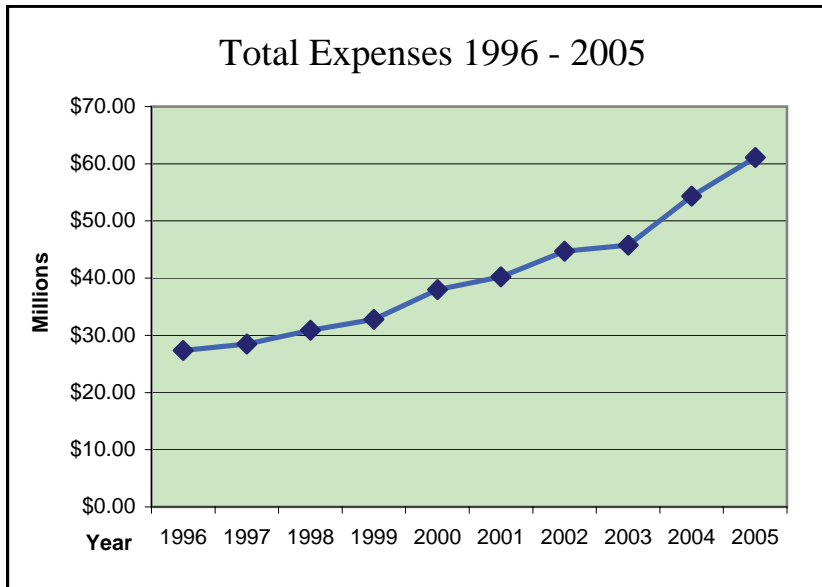
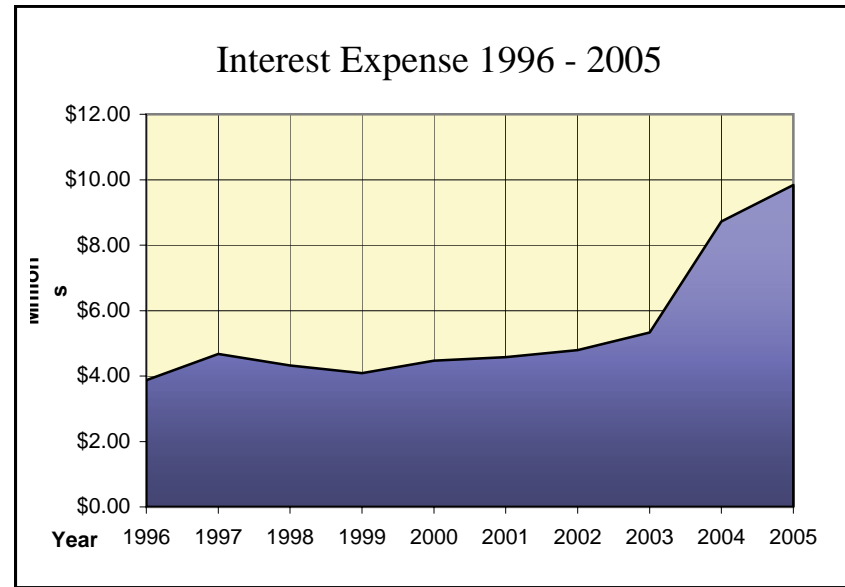


Chart #7



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, or COP series 2004A and 2004B, and the El Dorado Irrigation District 2003 General Obligation, or GO Bonds.

		<u>Page No.</u>
1.	Audited Financial Statements, Management Discussion and Analysis and Supplemental Schedules	11-49
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	62
	Wastewater connections, wastewater service charges, and wastewater system usage	63
	Recycled connections, recycled service charges, and recycled system usage	63
	Calculation of debt service coverage for water and wastewater	64
	Secured assessed valuation and tax collection record	65
	Major taxpayers	66
	Voter approved debt tax levy net of overlapping debt	67
	Special assessment district collections	68
	Total tax burden per \$100 of assessed valuation	69

Chart #8
Water Accounts

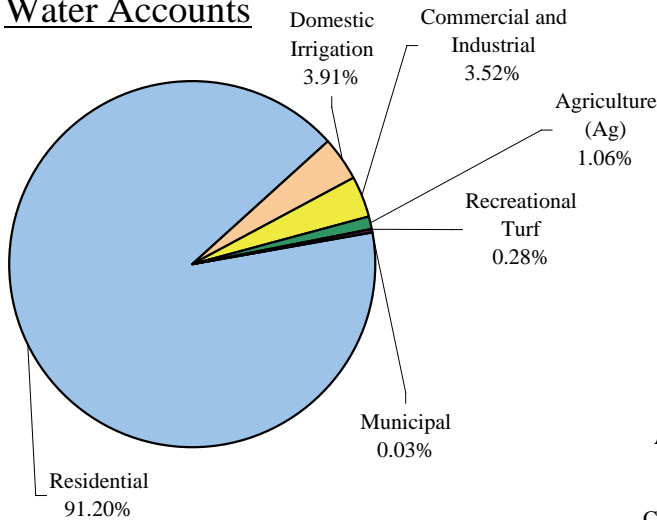


Chart #9
Water Consumption

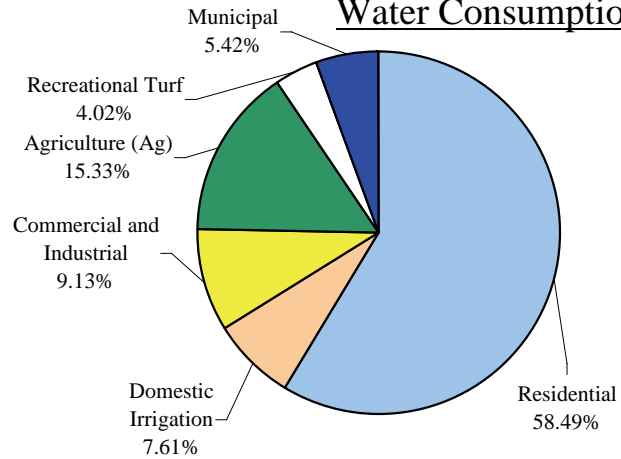


Chart #10
Sales Revenues

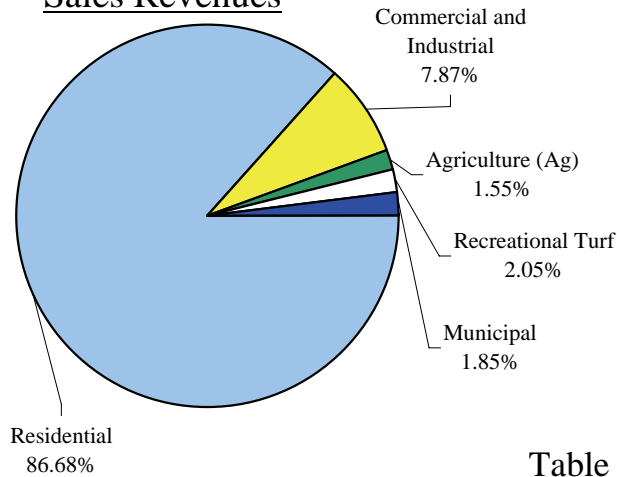


Table #6

**Water Customer Accounts
For Fiscal Year Ended December 31, 2005**

Category	Water Accounts	% of Total Water Accounts	Water Consumption (acre feet)	% of Total Consumption	Sales Revenues (in dollars)	% of Total Revenues
Residential	33,772	91.20%	17,979	58.49%	\$12,151,178 ^[1]	86.68%
Domestic Irrigation	1,449	3.91%	2,340	7.61%	0	-
Commercial and Industrial	1,303	3.52%	2,805	9.13%	1,103,403	7.87%
Agriculture (Ag)	391	1.06%	4,712	15.33%	217,829	1.55%
Recreational Turf	104	0.28%	1,235	4.02%	286,781	2.05%
Municipal	11	0.03%	1,666	5.42%	259,187	1.85%
TOTAL	37,030	100.00%	30,737	100.00%	\$14,018,378	100.00%

^[1] Sales Revenues for Residential includes Domestic Irrigation
Sources: 2005 EID Consumption Report and 2005 Year-End Revenue Report

Chart #11
Wastewater Accounts

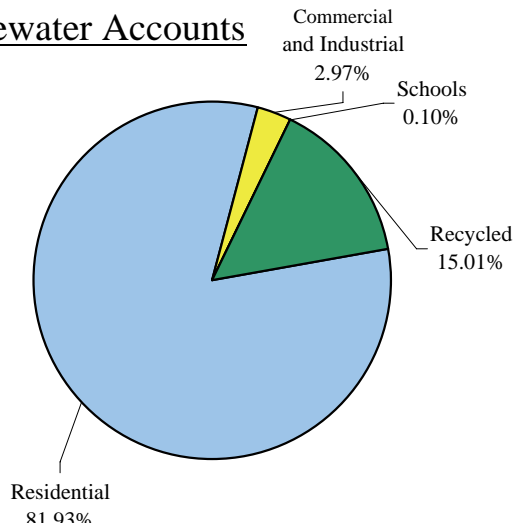


Chart #12
Wastewater Revenues

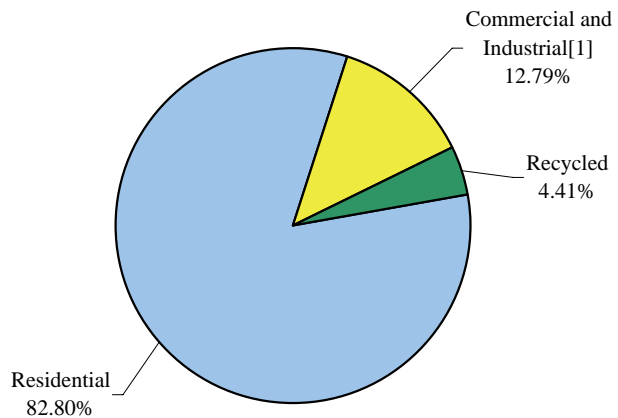


Table #7

Wastewater Customer Accounts For Fiscal Year Ended December 31, 2005				
Category	Wastewater Accounts	% of Total Wastewater Accounts	Wastewater Revenues (in dollars)	% of Total Revenues
Residential	17,849	81.93%	\$10,014,969	82.80%
Commercial and Industrial ^[1]	644	2.96%	1,546,577	12.79%
Schools	22	0.10%	-	-
Sub Total	18,515	84.99%	\$11,561,546	95.59%
Recycled	3,271	15.01%	533,134	4.41%
TOTAL	21,786	100.00%	\$12,094,680	100.00%

^[1]Recreation Turf included in Commercial and Industrial category
 Source: 2005 EID Sewer Capacity Report; EID Year-End Revenue Report

Table #8

Debt Service Coverage Revenue Certificates of Participation series 2003A, 2003B, 2004A and 2004B Water and Wastewater (in dollars)			
	Water	Wastewater	Total 2005
2005 Available Revenues:			
Revenues ^[1]	\$32,916,548	\$26,205,237	\$59,121,786
Total Expenses ^[2]	\$22,704,324	\$17,839,112	\$40,543,436
Pre-existing Indebtedness	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Operating Expenses & Pre-existing Debt	<u>\$22,704,324</u>	<u>\$17,839,112</u>	<u>\$40,543,436</u>
Net Revenues	\$10,212,225	\$8,366,125	\$18,578,350
2005 Annual Debt Service - Principal:			
2004A Revenue Certificates of Participation	\$309,000	\$1,236,000	\$1,545,000
SRF Loans	65,289	0	65,289
2003GO bonds	255,000	0	255,000
Capital leases	56,337	44,264	100,601
Interest expense	<u>\$4,304,637</u>	<u>\$5,353,922</u>	<u>\$9,658,559</u>
Total Debt Service	\$4,990,263	\$6,634,186	\$11,624,449
Net Revenues After Debt Service	\$5,221,962	\$1,731,939	\$6,953,901
Debt Service Coverage ^[3]	2.05	1.26	1.60
Source: EID COP Coverage Requirement Analysis			

^[1] Revenues are all District operating revenues and non-operating revenues excluding the interest earnings from the 2003 bond proceeds and developer contributions. The flood damage reimbursement is also excluded because the cash payment for this item was received in 2006.

^[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 both water and wastewater for the 2003 and 2004 Revenue COPs. Coverage represents the ratio of net revenues before depreciation and debt service to total debt service.

Note: The District is not subject to any legal debt limitations.

Table #9

El Dorado County Secured Assessed Valuation and Tax Collection Record County Fiscal Years Ending June 30, 1997 – 2006 (in dollars)					
Fiscal Year	County-wide Total Secured Assessed Valuation	Secured Property Tax Levy	Taxes Collected	Rate of Tax Collections	District Allocations in Corresponding Calendar Year^[1]
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	\$209,820,552	98.63%	\$1,695,982
2005-06	\$21,324,584,293	\$245,106,797			

Source: El Dorado County Auditor-Controller, Property Tax Ledger and Assessed Valuation;
District Allocations (provided by El Dorado Irrigation District)

^[1] 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 fees. 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 2005-2006 this allocation was 56% to the Water Fund, 42% to the Sewer Fund and 2% to the Recreation Fund.

Table #10

Major District Taxpayers
Fiscal Year 2005 - 2006
(in dollars)

Property Owner	Primary Land Use	2005-2006 Assessed Valuation	% of Total
1 West Valley LLC	Residential Development	\$63,250,141	1.51%
2 Serrano Associates LLC	Residential Development	\$34,021,054	0.81%
3 Centex Homes	Residential Development	\$25,418,234	0.61%
4 Standard Pacific Corp.	Residential Development	\$22,016,278	0.52%
5 AKT Promontory LLC	Residential Development	\$21,211,481	0.51%
6 Pulte Home Corp.	Residential Development	\$21,020,816	0.50%
7 GHC Company 5 LLC/Greenbriar Homes	Residential Development	\$13,444,500	0.32%
8 Shea Homes LP	Residential Development	\$11,904,000	0.28%
9 Valley View Investors LLC	Residential Development	\$11,537,445	0.28%
10 K. Hovnanian Forecast Homes	Residential Development	\$8,854,642	0.21%
11 Laffery Homes at Sierra	Residential Development	\$8,089,874	0.19%
12 Safeway Inc.	Commercial	\$7,946,687	0.19%
13 CH Blackstone LP	Residential Development	\$7,625,000	0.18%
14 Promontory Investors LP	Undeveloped	\$6,490,199	0.15%
15 PAC/SIB LLC	Undeveloped	\$6,467,000	0.15%
16 Min Nan Tseng, Trust	Residential Development	\$6,317,843	0.15%
17 RPA Inc.	Undeveloped	\$6,050,848	0.14%
18 Westwood Promontory Ltd.	Residential Development	\$5,656,567	0.13%
19 WRI Golden State LLC	Commercial	\$5,609,599	0.13%
20 628 Harvard Cameron LLC	Commercial	<u>\$5,572,260</u>	0.13%
		\$298,504,468	

Source: California Municipal Statistics, Inc.

Table #11

<p style="text-align: center;">Voter Approved Debt Tax Levy Net of Overlapping Debt ^[1] (in dollars)</p>			
Tax Year	Secured Land Assessed Value District Boundaries	Tax Rate per \$100 Assessed Value ^{[2] [3]}	Collections/Debt Payments ^[4]
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
2005-06	\$4,206,890,631	.0092	\$385,117

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 therefore. 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.

Table #12

Special Assessment District Collections ^[1] (in dollars)					
Fiscal Year	Assessment District #3 ^[2]	Assessment District #4 ^[3]	Improvement Districts ^[4]	Maintenance Collections ^[5]	Miscellaneous Collections ^[6]
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
2005-06	-	-	-	\$9,737	\$40,238

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.

Table #13

**Total Tax Burden ^[1]
All Overlapping Governments Per \$100
of Assessed Valuation
County Fiscal Years Ending June 30, 1997 – 2006**

Fiscal Year	General Property Tax Levy	State Assessed Unitary Value Properties	School Districts	Special Districts	EID Voter Approved Tax ^[2]	Total
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%
2005-06	1.000%	.0934%	.0288%	.0128%	.0092%	1.1442%

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

^[1] 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.

Table #14

Demographics and Statistical Summary						
Water	2005	2004	2003	2002	2001	2000
Facilities:						
Miles of Main Line (estimated)	1,245	1,229	1,220	1,200	1,150	1,150
Miles of Ditches (estimated)	27	37	40	40	40	40
Number of Treatment Plants	6	6	6	6	6	6
Total Plant Capacity (cfs)	177	177	164	161	190	147
Number of Pumping Stations	38	38	36	34	21	21
Number of Storage Tanks/Reservoirs	35	35	32	28	33	33
Supply (Acre Feet Delivered):						
Sly Park Reservoir	20,144	22,919	23,312	25,738	23,280	17,492
USBR-Folsom Lake	7,555	8,424	7,528	7,728	7,136	6,436
Forebay - Project 184	9,957	12,016	6,298	4,719	7,730	10,253
Crawford Ditch ^[2]	n/a	n/a	n/a	700	700	700
Total Supply	37,656	43,359	37,138	38,885	38,846	34,881
Water Customer Accounts:						
<i>Contiguous Zones</i>						
Residential ^[1]	34,901	33,860	32,864	31,262	30,142	28,934
Commercial and Industrial	1,298	1,249	1,212	1,176	1,125	1,099
Agricultural ^[2]	391	380	397	349	342	372
Recreational Turf	104	101	97	99	99	97
Municipal	11	11	11	11	11	10
Total Contiguous	36,705	35,601	34,581	32,897	31,719	30,512
<i>Satellite Zones</i>						
Residential	320	320	320	316	316	316
Commercial	5	5	5	5	5	5
Total Satellites	325	325	325	321	321	321
Total Accounts	37,030	35,926	34,906	33,218	32,040	30,833
Consumption (acre feet):						
<i>Contiguous Zones</i>						
Residential ^[1]	20,274	22,514	20,125	20,046	19,424	18,031
Commercial and Industrial	2,796	2,797	2,768	2,596	2,599	2,353
Agricultural ^[2]	4,712	6,433	6,074	5,242	5,742	5,950
Recreational Turf	1,235	1,605	1,112	1,357	1,383	2,044
Municipal	1,666	1,811	1,709	1,696	1,669	1,637
Total Contiguous	30,683	35,160	31,788	30,937	30,817	30,015
<i>Satellite Zones</i>						
Residential	45	45	44	44	45	37
Commercial	9	9	10	17	14	8
Total Satellites	54	54	54	61	59	45
Total Consumption	30,737	35,214	31,842	30,998	30,876	30,060

Source: Annual Consumption Report and Facilities Management Dept.

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

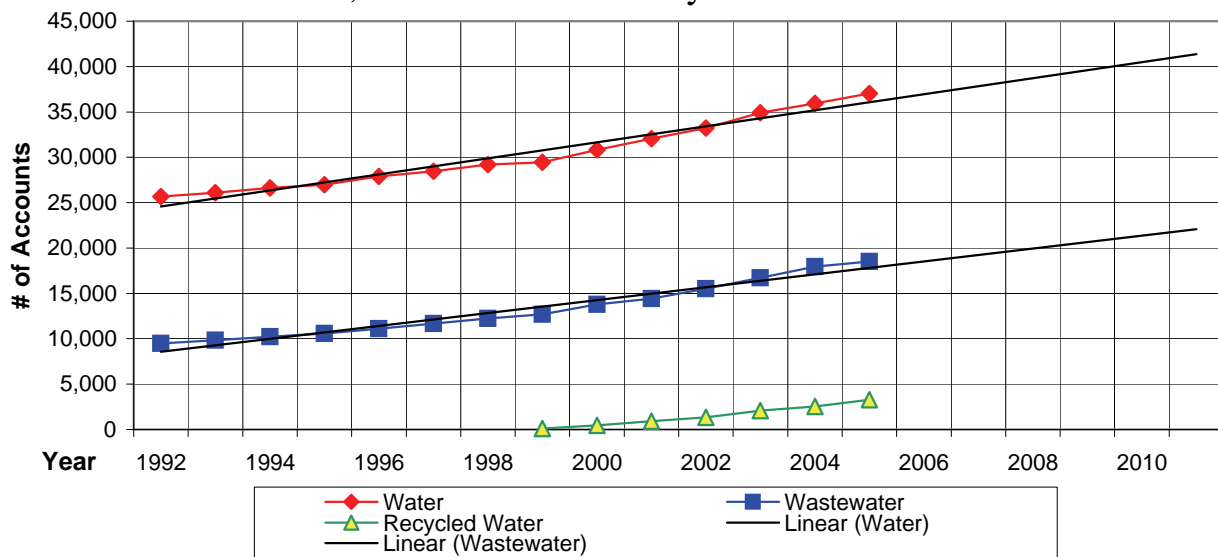
^[2] As of 2003 the Crawford Ditch is not connected to the contiguous piped system. It meets the irrigation needs of ditch customers as a separate delivery system.

Table #15

Demographics and Statistical Summary						
Wastewater	2005	2004	2003	2002	2001	2000
Facilities:						
Miles of Sewer Line	377	377	338	305	300	300
Number of Treatment Plants	5	5	5	5	5	5
Plant Capacity-Dry Weather (mgd)	6.6	6.60	6.60	6.60	6.60	6.60
Plant Capacity-Wet Weather (mgd)	22.4	22.40	7.50	7.50	7.50	7.50
Avg. Dry Weather Daily Plant Flow (mgd)	4.55	4.65	4.47	4.05	3.92	4.74
El Dorado Hills Plant (mgd)	2.07	2.15	1.95	1.66	1.65	1.79
Deer Creek Plant (mgd)	2.48	2.50	2.52	2.39	2.27	2.95
Number of Lift Stations	60	60	60	58	58	57
Customer Accounts (Active):						
Residential	17,849	17,310	16,111	14,946	13,882	13,264
Commercial & Industrial	644	608	581	551	532	511
Schools	22	21	20	23	19	19
Total Wastewater Accounts	18,515	17,939	16,712	15,520	14,433	13,794
Total Recycled Water Accounts	3,271	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.						

Chart #13

20 Year History and Projections for Water, Wastewater and Recycled Water Accounts



This chart shows that growth of the District's water, wastewater and recycled customer accounts from 1992 to 2005, along with projected account growth through the year 2011.

Table #16

Demographics and Statistical Summary						
Recreation	2005	2004	2003	2002	2001	2000
Day Visitors	78,144	76,930	75,706	72,343	90,865	85,735
Overnight Campers	85,760	77,968	75,080	74,963	90,971	99,700
Boat Use	24,825	18,823	13,285	13,671	12,762	11,278
Museum Visitors	500	1,100	1,200	1,300	1,580	1,475
Guided Hikes	4	4	2	5	8	11
Fish Plants	7	9	9	9	6	6
Volunteer Hours	0	5,000	4,900	4,700	4,500	4,000
Museum Volunteer Hours	0	500	500	500	500	515

Facilities at Sly Park Recreation Area:

Jenkinson Lake Shoreline	9 Miles
Boat Ramps	2
Individual Camp Areas	166
Adult Group Camping Areas	5
Youth Group Camping Areas	2
Equestrian Group Camping Areas	1
Handicapped Group Camping Areas	1
Hiking Trails	9 Miles
Equestrian Trails	9 Miles
Nature Trail	1/2 Mile
Native American/Historical Museum	1

Chart #14

Recreation Statistics
2000 - 2005

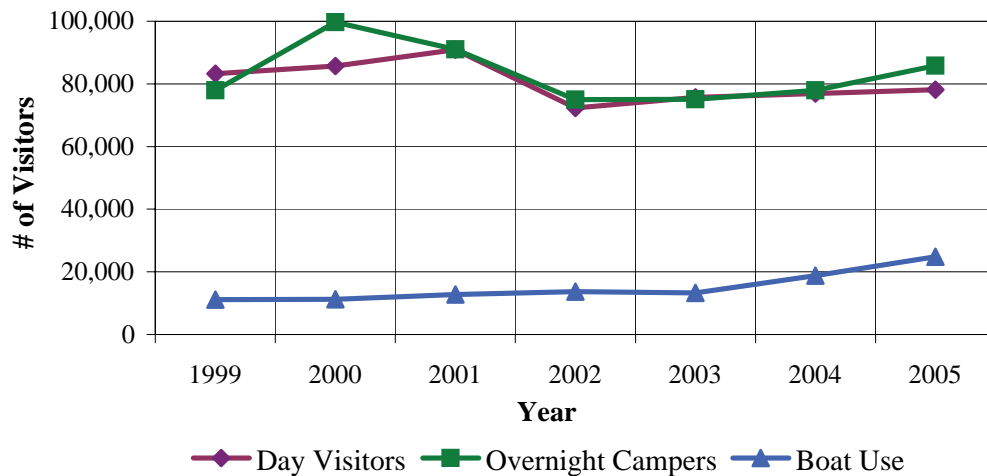


Table #17

Average Daily Flow of District Wastewater Facilities			
Average Daily Dry Weather Flow (mgd) ^[1]			
Year	Total	3.6 Permit Rating Deer Creek	3.0 Permit Rating El Dorado Hills
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
2005	4.55	2.48	2.07

Source: EID Wastewater Engineering Dept.

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

Table #18

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
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 ^[1]	4,579	700	1,222 ^[1]	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	^[2]	6,298	37,138
2004	23,000	7,550	^[3]	15,080	45,630	22,919	8,424	^[2]	12,016	43,359
2005	23,000	7,550	^[3]	15,080	45,630	20,144	7,555	^[2]	9,957	37,656

Source: 2005 EID Water Diversion Report

^[1] Due to January 1997 floods, water delivery increased from past years.

^[2] Beginning with 2003, the Crawford Ditch meets the irrigation needs of ditch customers as a separate delivery system not connected to the piped system.

Table #19

Water Supply and Demand Data (in acre feet)						
Year	Total Raw Water Diversions ^[1]	Metered Consumption ^[2]	Other Authorized Uses ^[3]	Supplement to Recycled System	System Firm Yield ^[4]	Real and Apparent Losses ^[5]
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	43,359	35,160	1,692	(918)	54,550	5,588
2005	37,656	30,683	1,408	(433)	54,550	5,132

Source: 2006 EID Water Resource Report

- ^[1] Raw water diverted from all District water sources, including metered consumption, beneficial uses and losses.
- ^[2] Authorized, metered, billed potable water to District customers in the contiguous service area.
- ^[3] Other authorized, billed and unbilled water utilized for operational flushing, sewage lift station and collection system flushing, private fire services, construction meters, and aesthetics maintenance.
- ^[4] The System Firm Yield is calculated using a hydrology computer model to 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.

Chart #15

Water Supply and Demand Trends 1996 - 2005

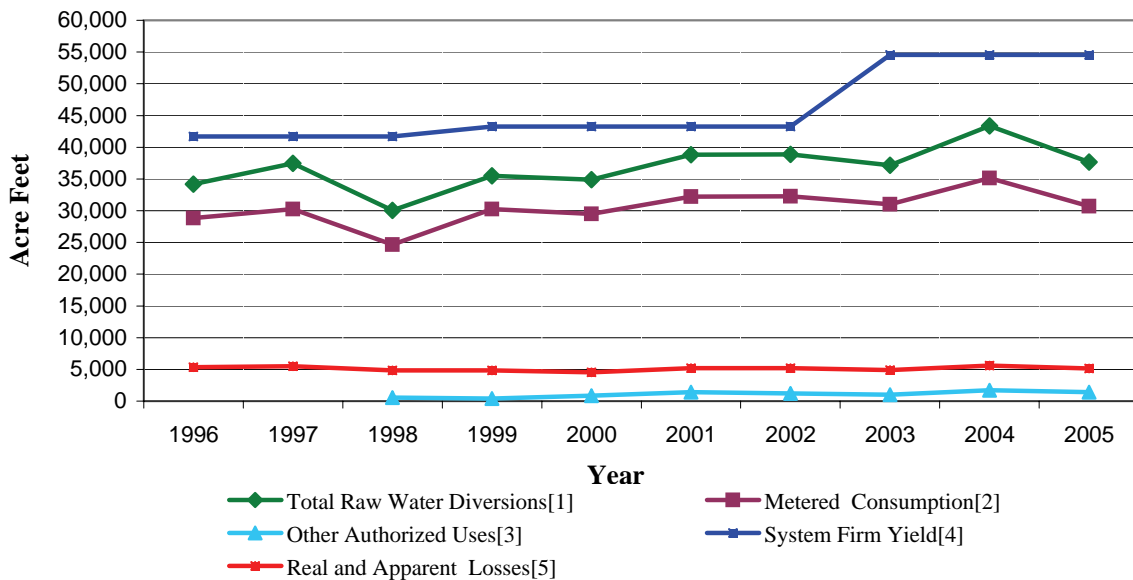


Table #20

District Growth History of Newly Purchased Equivalent Dwelling Units (EDUs) ^[1]			
Year	Water	Wastewater	Recycled Water
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
2005	734	823	335

Source: EID Customer & Development Services Division

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

Chart #16
EDU Sales and Building Permit History
(single family)

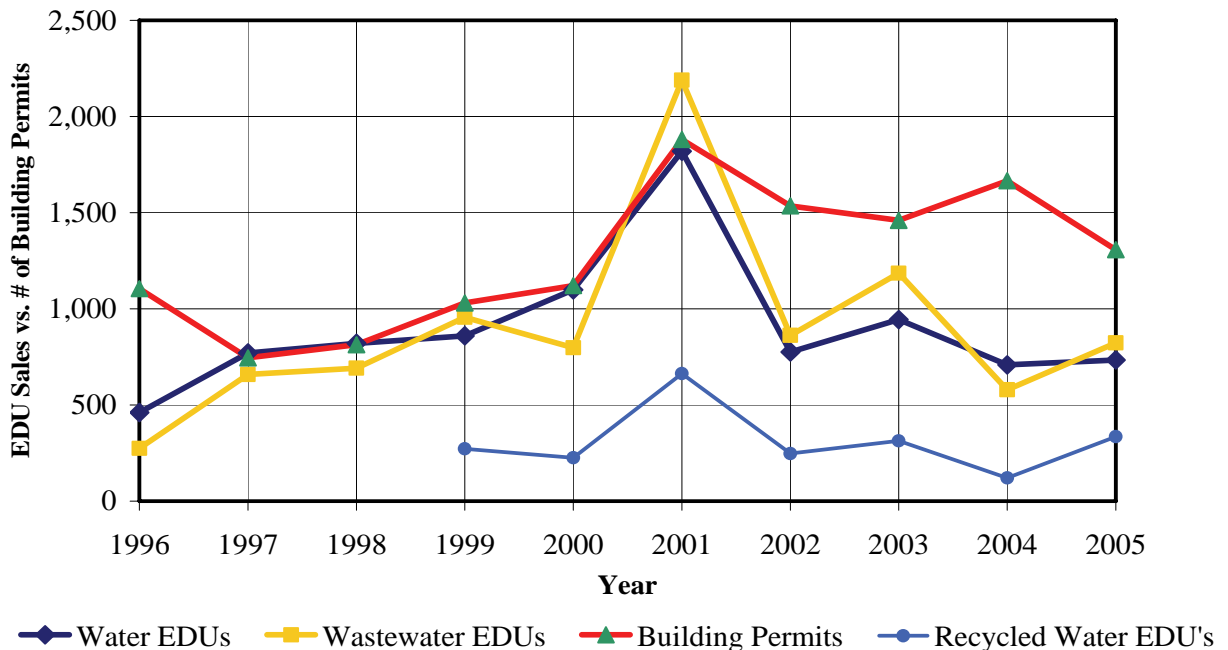


Table #21

Building Permit Valuations for EID Service Area						
	2005	2004	2003	2002	2001	2000
Valuations (in thousands) :						
Residential	\$ 392,462	\$ 487,301	\$ 441,499	\$ 399,147	\$ 364,150	\$ 303,566
Non-Residential	41,802	48,569	37,912	39,242	38,013	34,408
Total	\$ 434,264	\$ 535,870	\$ 479,411	\$ 438,389	\$ 402,163	\$ 337,974
New Dwelling Units (# Units Issued) :						
Single Family	1179	1,566	1,448	1,349	1,135	1,117
Multi-Family	128	100	12	186	745	4
Total	1,307	1,666	1,460	1,535	1,880	1,121
Source: El Dorado County Land Mgmt. Information System						

Table #22

New Construction Finals for EID Service Area						
	2005	2004	2003	2002	2001	2000
Single Family	1,309	1,459	1,413	1,235	1,170	748
Multi-Family	386	398	183	2	-	72
Commercial	99	95	66	45	64	61
Total	1,794	1,952	1,662	1,282	1,234	881
Source: El Dorado County Land Mgmt. Information System						

Table #23

Population						
Year	El Dorado County	Annual % Change	Decennial % Change	State 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%
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	170,456	2.7%		36,271,091	1.9%	
2005	173,407	1.7%		36,810,358	1.5%	

Source: 1960, 1970, & 1980 U.S. Census;
1996 - 2005 Economic Development Division, California Labor Market Information

Chart #17

Annual Percentage Change in Population
1996 - 2005

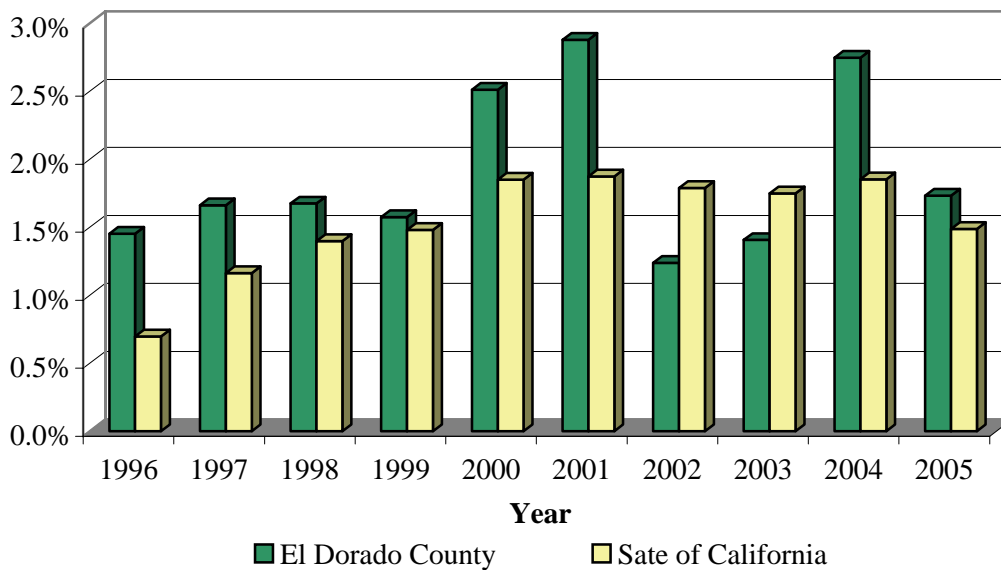


Table #24

Civilian Labor Force Employment and Unemployment				
Year	<u>El Dorado County</u>		<u>California</u>	
	Civilian Labor Force	Unemployment Rate (%)	Civilian Labor Force	Unemployment Rate (%)
1996	74,000	6.4	15,435,900	7.3
1997	75,700	5.5	15,792,500	6.4
1998	76,900	5.0	16,166,900	6.0
1999	79,300	3.9	16,430,600	5.3
2000	82,500	3.9	16,857,500	4.9
2001	84,100	3.8	17,152,100	5.4
2002	82,300	5.0	17,330,700	6.7
2003	82,600	5.4	17,403,900	6.8
2004	88,900	4.8	17,499,600	6.2
2005	90,900	4.6	17,695,600	5.4

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

Table #25

El Dorado County Major Employers			
Company Name	Location	Type of Business	Total Employees
1. El Dorado County	El Dorado County	County Government	1,973
2. Blue Shield of California	El Dorado Hills	Healthcare	1,365
3. DST Output	El Dorado Hills	Billing Output Solutions	1,153
4. Marshall Medical Center	Placerville	Healthcare	975
5. Raley's Inc.	Various	Retail Grocery	693
6. Sierra-at-Tahoe	Twin Bridges	Ski Resort	635
7. El Dorado County Office of Education	Placerville	Education	515
8. Roebbelen Contracting Inc.	El Dorado Hills	General Contractor	375
9. State of California	Various	State Government	341
10. El Dorado Irrigation District	Placerville	Local Government Agency	302
11. Doug Veerkamp General Engineering	Placerville	General Engineering	279
12. Embassy Suites Lake Tahoe Resort	South Lake Tahoe	Hospitality	240

Source: Sacramento Business Journal, April 28, 2006

Table #26

Top Ten Water Customers		
	Customer Name	% of Total Water Revenue
1.	City of Placerville	1.652%
2.	Lake Oaks Mobile Home Park	0.969%
3.	Cameron Park Mobile Home Park	0.750%
4.	Sierra Pacific Industries	0.657%
5.	Cameron Oaks Investment Comany	0.645%
6.	Diamond Springs Mobile Home Park	0.625%
7.	Crestview Mobile Home Park	0.488%
8.	Fuller-Sunset Mobile Home Parl	0.477%
9.	Bridge-Cameron Park LP	0.355%
10.	Shingle Springs Apartments	0.301%

Source: El Dorado Irrigation Accounting Department

Table #27

Top Ten Wastewater Customers		
	Customer Name	% of Total Wastewater Revenue
1.	Serrano Associates LLC	1.108%
2.	Best/SCV Cameron Park PTSP	0.411%
3.	PW Eagle Inc.	0.334%
4.	IBJTC Leasing Corp.	0.255%
5.	Point Loma Center	0.255%
6.	Syers Properties III LLC	0.249%
7.	Raleys #424	0.248%
8.	Bel Air Store #515	0.237%
9.	ITW Rippey Corp.	0.202%
10.	Chiou, Frank	0.165%

Source: El Dorado Irrigation Accounting Department

Table #28

Residential Rate Increases 1996 - 2005		
Year	Water	Wastewater
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]	0.0% ^[3]
2005	7.0% ^{[1][2]}	4.0% ^[4]

Source: El Dorado Irrigation District

^[1] In addition to the 7% rate increase, a separate 1% rate increase was adopted, effective September 1, 2004, to help offset lost property tax revenues.

^[2] A temporary 4.3% water surcharge was adopted, effective April 1, 2005, to recoup lost property tax revenues.

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

^[4] In addition to the 4% rate increase, a separate 2% increase was established to help offset lost property tax revenues.

WATER RATES

RETAIL:

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

** CCF = 100 Cubic Feet; 1 Cubic Foot = 7.48 Gallons
 All gravity and pumped amounts in dollars

Table #29

	Gravity	Pumped
Bi-monthly Basic Charge (3/4" meter)	\$26.11	\$26.11
0 – 1,500 <i>cf</i>	\$0.637 <i>per ccf</i>	\$0.717 <i>per ccf</i>
1,501 – 20,000 <i>cf</i>	\$0.682 <i>per ccf</i>	\$0.775 <i>per ccf</i>
over 20,000 <i>cf</i>	\$0.797 <i>per ccf</i>	\$0.913 <i>per ccf</i>

	Gravity	Pumped
Bi-monthly Basic Charge (1" meter)	\$26.11	\$26.11
Bi-monthly Basic Charge (1-1/2" meter)	\$27.41	\$27.41
0 – 7,800 <i>cf</i>	\$0.637 <i>per ccf</i>	\$0.717 <i>per ccf</i>
7,801 – 100,000 <i>cf</i>	\$0.682 <i>per ccf</i>	\$0.775 <i>per ccf</i>
over 100,000 <i>cf</i>	\$0.797 <i>per ccf</i>	\$0.913 <i>per ccf</i>

	Gravity	Pumped
Bi-monthly Basic Charge (2" meter)	\$28.72	\$28.72
Bi-monthly Basic Charge (3" meter)	\$31.59	\$31.59
Bi-monthly Basic Charge (4" meter)	\$34.74	\$34.74
Bi-monthly Basic Charge (6" meter)	\$38.22	\$38.22
Bi-monthly Basic Charge (8" meter)	\$46.26	\$46.26
Bi-monthly Basic Charge (10" meter)	\$55.97	\$55.97
Bi-monthly Basic Charge (12" meter)	\$67.72	\$67.72
0 – 25,000 <i>cf</i>	\$0.637 <i>per ccf</i>	\$0.717 <i>per ccf</i>
25,001 – 133,300 <i>cf</i>	\$0.682 <i>per ccf</i>	\$0.775 <i>per ccf</i>
over 133,300 <i>cf</i>	\$0.797 <i>per ccf</i>	\$0.913 <i>per ccf</i>

Multi-Family:

Table #30

	Gravity	Pumped
Bi-monthly Basic Charge Per Unit	\$12.98	\$14.20
0 – 1,500 <i>cf</i>	\$0.637 <i>per ccf</i>	\$0.717 <i>per ccf</i>
1,501 – 20,000 <i>cf</i>	\$0.682 <i>per ccf</i>	\$0.775 <i>per ccf</i>
over 20,000 <i>cf</i>	\$0.797 <i>per ccf</i>	\$0.913 <i>per ccf</i>

Strawberry-Pumped (29)	Bi-Monthly Basic Charge	\$31.40
------------------------	-------------------------	---------

Small Farms:

Table #31

	Gravity	Pumped
Bi-monthly Basic Charge	\$46.43	\$52.53
0 – 1,760 <i>cf</i> (residential tier)	\$0.682 <i>per ccf</i>	\$0.775 <i>per ccf</i>
1,761 – 6,500 <i>cf</i>	\$0.070 <i>per ccf</i>	\$0.070 <i>per ccf</i>
6,501 – 100,000 <i>cf</i>	\$0.081 <i>per ccf</i>	\$0.081 <i>per ccf</i>
over 100,000 <i>cf</i>	\$0.093 <i>per ccf</i>	\$0.093 <i>per ccf</i>

DITCHES:

Table #32

	Bi-Monthly Basic Charge	Commodity Charge
Metered Landscape Irrigation	\$50.60	\$0.093 <i>per ccf</i>
Metered Landscape Irrigation (Outside District)	\$75.98	\$1.310 <i>per ccf</i>
Raw Water-1/2-inch Flow (37)	\$46.64	N/A
Raw Water-1-inch Flow (39)	\$103.59	N/A
Raw Water-2-inch Flow (40)	\$207.17	N/A
Raw Water-4-inch Flow (44)	\$414.34	N/A
Raw Water-Continuous Flow	\$80.09	\$0.0618 <i>per ccf</i>
Raw Water-Continuous Flow (Outside District)	\$120.14	\$0.0827 <i>per ccf</i>
Raw Water-Metered Garden Irrigation	\$48.59	\$0.1160 <i>per ccf</i>

AGRICULTURAL METERED IRRIGATION:

Table #33

The structure with the residential tier would be applicable only to those AMI meters serving a residence. Each AMI account has been surveyed to determine which rate structure is applicable.

AMI (with residence)	Gravity	Pumped
Bi-monthly Basic Charge	\$46.43	\$52.53
0 – 1,760 <i>cf</i> (residential tier)	\$0.682 <i>per ccf</i>	\$0.775 <i>per ccf</i>
1,761 <i>cf</i> – 16 inches per acre	\$0.070 <i>per ccf</i>	\$0.070 <i>per ccf</i>
16.01 – 47 inches per acre	\$0.081 <i>per ccf</i>	\$0.081 <i>per ccf</i>
over 47 inches per acre	\$0.093 <i>per ccf</i>	\$0.093 <i>per ccf</i>

AMI (without residence)	Gravity	Pumped
Bi-monthly Basic Charge	\$46.43	\$52.53
0 – 16 inches per acre	\$0.070 <i>per ccf</i>	\$0.070 <i>per ccf</i>
16.01 – 47 inches per acre	\$0.081 <i>per ccf</i>	\$0.081 <i>per ccf</i>
over 47 inches per acre	\$0.093 <i>per ccf</i>	\$0.093 <i>per ccf</i>

DOMESTIC IRRIGATION:

Table #34

GRAVITY (WA) (DG)	
Basic Charge	\$44.17
0 – 6,500 <i>cf</i>	\$0.093 <i>per 100 ccf</i>
6,501 – 100,000 <i>cf</i>	\$0.104 <i>per 100 ccf</i>
over 100,000 <i>cf</i>	\$0.138 <i>per 100 ccf</i>

PUMPED (WA) (DP)	
Basic Charge	\$49.31
0 – 4,500 <i>cf</i>	\$0.219 <i>per 100 ccf</i>
4,501 – 46,500 <i>cf</i>	\$0.243 <i>per 100 ccf</i>
over 46,500 <i>cf</i>	\$0.312 <i>per 100 ccf</i>

RECREATIONAL TURF SERVICES:

Table #35

GRAVITY (LS) (RG)	
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¾ - inch, 1-inch, 1 ½ - inch meter	
Bi-Monthly Basic Charge	\$88.47
0 – 13,300 <i>cf</i>	\$0.324 <i>per 100 ccf</i>
13,301 – 75,000 <i>cf</i>	\$0.335 <i>per 100 ccf</i>
over 75,000 <i>cf</i>	\$0.416 <i>per 100 ccf</i>

2-inch, 3-inch meter	
Bi-Monthly Basic Charge	\$88.47
0 – 37,500 <i>cf</i>	\$0.324 <i>per 100 ccf</i>
37,501 – 166,700 <i>cf</i>	\$0.335 <i>per 100 ccf</i>
over 166,700 <i>cf</i>	\$0.416 <i>per 100 ccf</i>

4-inch, 6-inch, 8-inch meter, “other” meter	
Bi-Monthly Basic Charge	\$88.47
0 – 500,000 <i>cf</i>	\$0.324 <i>per 100 ccf</i>
500,001 – 1,666,700 <i>cf</i>	\$0.335 <i>per 100 ccf</i>
over 1,666,700 <i>cf</i>	\$0.416 <i>per 100 ccf</i>

WHOLESALE (CITY OF PLACERVILLE):

Table #36

WHOLESALE (WA) (MU)	
Bi-Monthly Basic Charge	\$0.00
0 - 295,500 <i>cf</i>	\$0.358 <i>per 100 cubic feet</i>
295,501 - 12,160,000 <i>cf</i>	\$0.406 <i>per 100 cubic feet</i>
over 12,160,000 <i>cf</i>	\$0.462 <i>per 100 cubic feet</i>

Table #37

FIRE HYDRANT	
Fire Hydrant/Construction Service (FH)	
Bi-Monthly Basic Charge	\$58.00
Commodity Charge	\$1.16 <i>per 100 cubic feet</i>
Fire Hydrant/Reclaimed Lines (CM)	
Bi-Monthly Basic Charge	\$90.03
Commodity Charge	\$0.521 <i>per 100 cubic feet</i>

RECYCLED WATER RATES

Table #38

	Bi-Monthly Basic Charge	Commodity Charge
(CG) Gravity (see Comm/Ind WC)	\$90.03	\$0.521 <i>per ccf</i>
(SC) Gravity – Dual (see Residential WA)	N/A	\$0.521 <i>per ccf</i>
(CP) Pumped (see Comm/Ind WC/LS)	\$90.03	\$0.521 <i>per ccf</i>
(SD) Pumped – Dual (see Residential WA)	N/A	\$0.521 <i>per ccf</i>

WASTEWATER RATES

Table #39

Rate codes are listed in parentheses.

SMALL FARM/RECREATIONAL TURF (SW) DOMESTIC IRRIGATION / SEWER ONLY	Bi-Monthly Basic Charge	Commodity Charge
	\$96.93	N/A

SINGLE FAMILY RESIDENTIAL/ MULTI-FAMILY (SQ)	Bi-Monthly Basic Charge	Commodity Charge
	\$46.00	\$1.724 <i>per ccf</i>

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	Commodity Charge
Laundromat (SL)	\$41.51	\$2.292 <i>per ccf</i>
Market (SM)	\$41.51	\$4.950 <i>per ccf</i>
Repair Shop/Service Station (SV)	\$41.51	\$3.450 <i>per ccf</i>
Light Industrial (SI)	\$41.51	\$4.616 <i>per ccf</i>
Restaurant (SR)	\$41.51	\$6.384 <i>per ccf</i>
Other (CG)	\$41.51	\$2.957 <i>per ccf</i>

COMMERCIAL (Without Water Service)		
Bi-Monthly Basic Charge (CW)	\$48.57	
Each Additional Business Unit	\$55.42	

SCHOOL WASTEWATER (SW) (Yearly)	\$3.29	per student & staff
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SEPTAGE TRANSFER (SW)	\$117.29	per 1,000 gallon load
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SURCHARGES

WATER RATE SURCHARGE – RESERVOIR LINE AND COVER:

Table #40

District Wide = \$0.49 per EDU, per month, or \$0.98 per bi-monthly billing cycle

Meter Size	Meter Type	EDU's	Phase I (LCS)	Phase II (LCS2)
5/8" & 3/4"	D	1	\$0.98	\$0.98
1"	D	2	\$1.96	\$1.96
1 1/2"	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

- 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 3/4-inch meter, regardless of meter size.
- Water rate surcharge Phase I adopted February 1, 1999, Resolution No. 99-04. The first effective billing period beginning period was February 7, 1999. Phase I revised and Phase II adopted by Board on November 1, 2001.

WASTEWATER RATE SURCHARGE:

Table #41

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.
- Wastewater rate surcharge adopted January 19, 1996, Resolution No. 96-16. First effective billing period beginning March 7, 1999

Table #42

Facility Capacity Charges
for the year ending December 31, 2005
(in dollars)

*all figures stated based on water flows

AREA	WATER	RECYCLED WATER	TOTAL
El Dorado Hills			
Residential/Commercial/Landscape (Potable only)			
FCC	\$11,954		
Gabbro Soil	\$345		
Line & Cover 1	\$101		
Line & Cover 2	\$118		
TOTAL	\$12,518		\$12,518
El Dorado Hills			
Residential (Dual Plumbed)			
FCC	\$5,977	\$2,241	
Gabbro Soil	\$345		
Line & Cover 1	\$101		
Line & Cover 2	\$118		
TOTAL	\$6,541	\$2,241	\$8,782
El Dorado Hills			
Commercial/Landscape (Recycled Water)			
FCC		\$4,482	
TOTAL		\$4,482	\$4,482
El Dorado Hills			
Residential - AFA Entitlement (Potable only)			
FCC	\$7,865		
Gabbro Soil	\$345		
Line & Cover 1	\$101		
Line & Cover 2	\$118		
TOTAL	\$8,429		\$8,429
El Dorado Hills			
Residential - AFA Entitlement (Dual Plumbed)			
FCC	\$3,932	\$2,241	
Gabbro Soil	\$345		
Line & Cover 1	\$101		
Line & Cover 2	\$118		
TOTAL	\$4,496	\$2,241	\$6,737
El Dorado Hills			
Residential - AFA w/no Entitlement			
FCC	\$7,865		
Gabbro Soil	\$345		
Line & Cover 1	\$101		
Line & Cover 2	\$118		
AFA/Weber	\$4,000		
TOTAL	\$12,429		\$12,429
General District - Potable only			
FCC	\$7,953		
Gabbro Soils	\$345		
Line & Cover 1	\$101		
Line & Cover 2	\$118		
TOTAL	\$8,517		\$8,517

Source: EID Customer & Development Services Division

Table #43

Facility Capacity Charges		
for the year ending December 31, 2005		
*all figures stated based on water flows (in dollars)		
AREA	WASTEWATER	TOTAL
El Dorado Hills		
Wastewater Buy In	\$8,443	
Recycled Costs Share	\$1,412	
TOTAL	\$9,855	\$9,855
Cameron Park		
Wastewater Buy In	\$4,418	
Recycled Costs Share	\$1,412	
TOTAL	\$5,830	\$5,830
Motherlode		
Wastewater Buy In	\$6,246	
Recycled Costs Share	\$1,412	
TOTAL	\$7,658	\$7,658
Satellite Areas		
Wastewater Buy In	\$6,181	
Recycled Costs Share	\$0	
TOTAL	\$6,181	\$6,181

Source: EID Customer & Development Services Division

Table #43

Installation and Inspection Fees		
(in dollars)		
Water Meter Installation Fees		
3/4 Outlet with PR		\$537
3/4 Outlet with no PR		\$428
1 Outlet with PR		\$653
1 Outlet with no PR		\$508
Wastewater Commercial	\$145	
Residential	\$70	





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