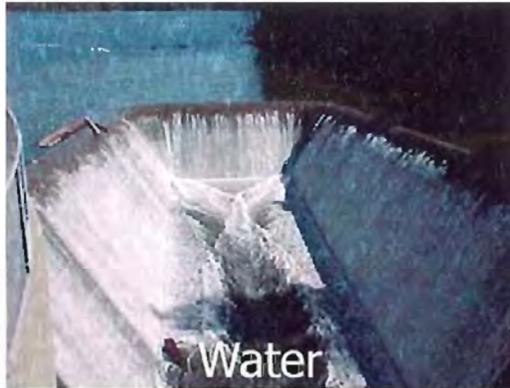


El Dorado Irrigation District

Placerville, California



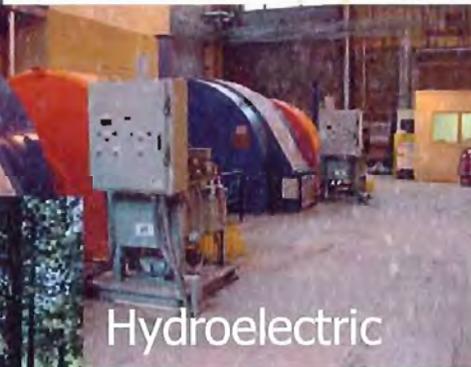
Water



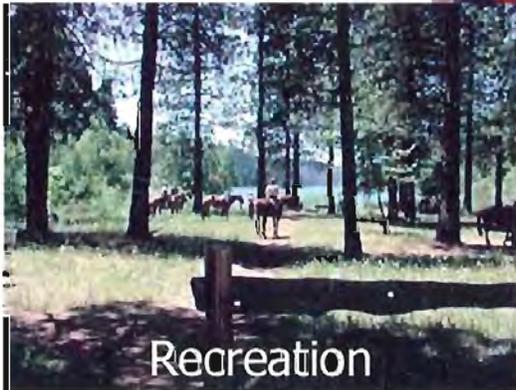
Wastewater



Recycled



Hydroelectric



Recreation

2002 Comprehensive
Annual Financial Report
For the Year Ended December 31, 2002

2002 Comprehensive Annual Financial Report

For the Year Ended December 31, 2002



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

Prepared by the Finance
and Management Services Department



El Dorado Irrigation District

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June 30, 2003

Members of the Board
El Dorado Irrigation District

Directors and Customers:

We are pleased to transmit the 2002 Comprehensive Annual Financial Report of the El Dorado Irrigation District (EID or District). EID is one of only a few local districts publishing this report, and this is the ninth edition. It is structured to enable the District to meet the annual reporting requirements demanded by the U.S. Securities and Exchange Commission as well as meet Government Finance Officers Association (GFOA) guidelines.

The District annually commissions an independent audit of its accounting records, consistent with the EID Board's fiduciary duty to preserve and protect District assets. The audit, performed by the accounting firm of Richardson & Company, Certified Public Accountants, was conducted in accordance with generally accepted auditing standards. The auditor has no material weaknesses to report and states that the financial statements fairly represent the financial position of the District at December 31, 2002.

As portrayed in this report, 2002 was a generally positive year. In part, this was the result of specific strategies put into place in late 2001 and early 2002, including a District-wide reorganization. This report is primarily fiscal in nature, and is set in the context of several issues specifically affecting the District, many of which have been reported previously:

- ◆ The District took possession of FERC Project 184 in 1999 following four years under an operating agreement with the previous owner, Pacific Gas and Electric Company (PG&E), although the project has been unable to generate power since January 1997, due to damage sustained in the 1997 floods. Costly repairs have been under way and continued throughout 2002. The rebuilding and restoration of the project has been a significant undertaking for the District and has included rebuilding the powerhouse and replacing a substantial part of the conveyance system. A setback occurred when an integral part of the conveyance system, the Mill to Bull Creek Tunnel, was determined to be misaligned at the initial hole-through in September of 2002, requiring additional work. Generation of power is now expected in late summer or early fall 2003.

- ◆ A 1998 compliance order issued by the State Department of Health Services initiated a multi-million dollar program of converting the District's open reservoir system, a part of the water distribution system, to a covered reservoir system. This includes replacing the open reservoirs with above or below ground tanks on some, constructing concrete covers on others, and abandoning some others. This project is slated to be complete in 2005.

- ◆ Voters approved the Measure Y Traffic Control Initiative in November 1998, which has slowed the formation of new subdivisions. However, the County is slated to approve a new General Plan in early 2004 which will include density changes. Depending on the outcome of the General Plan, the Measure Y initiative may affect the rate of development in the County.

- ◆ A 1998 court challenge to the El Dorado County General Plan has necessitated the preparation of a new general plan. Plan completion and subsequent adoption is expected in early 2004. The delay in completion of the plan has slowed the approval of new subdivisions, although previously approved development has kept growth rates high.

- ◆ In response to the new security requirements imposed by the Federal Government following the 9/11 attacks, EID has undertaken the development of a district-wide vulnerability assessment. This effort will include an evaluation of the existing security systems, computer systems, threats to, and physical vulnerabilities of critical District facilities. The effort will also include use of this information to quantify the risk posed to each facility in order to meet the new Federal Vulnerability Assessment requirement, and to develop an appropriate emergency response plan.

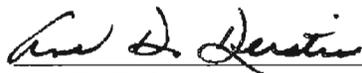
This report is divided into three parts. The Introductory section includes an overview of the District's environment, background, highlights of the past year, introductory facts and figures, and overall organizational and functional structures. The Financial section includes the independent auditor's report, management's discussion and analysis (MD&A), and the basic financial statements, including notes and supplemental information. These statements follow generally accepted accounting principles and illustrate the early implementation of the Government Accounting Standard, GASB 34. Finally, the Statistical section summarizes selected, unaudited financial, operational, and demographical information.

This report is designed to facilitate clear information about EID and its regional community to the reader. It is also intended to meet the Securities and Exchange Commission's continuing disclosure requirements (Rule 15c2-12) in connection with the

El Dorado Public Agency Financing Authority 1996 and 1999 Revenue Bonds. The required continuing disclosure items and their locations within the report are as follows:

1. Audited Financial Statements Pages 25-58
2. Tabular or numerical information of the types contained in the Official Statement relating to the Bonds under the following subscriptions:
 - District Operations – Water Supply Page 85
 - District Operations – Average Daily Dry Weather Flows Page 84
 - District Operations – Customers: Water Page 68
 - District Operations – Customers: Wastewater Page 69
 - District Operations – Rates and Charges Pages 92-99
 - District Operations – Property Tax Revenues Page 78
 - District Finances – Budgetary and Financial Procedures Page 59
 - District Finances – Outstanding Indebtedness of the District Page 47-50
 - District Finances – Projected Operating Results and Debt Service Coverage Pages 73-74
3. Legal Proceedings Pages 53-54
4. Status of Construction of the Projects Pages 75-77

While the information presented herein is derived from many sources, the responsibility for the accuracy and completeness of the information presented rests with the District's management.



Ane D. Deister
General Manager/Secretary



Martha R. (Dee) Brookshire
Director of Finance and Management
Services/Treasurer



El Dorado Irrigation District

Mission Statement

The El Dorado Irrigation District is a public agency primarily dedicated to serving customer needs for water and sewer service in a cost efficient and responsible manner.

Goals:

- ◆ Maintain continuous, dependable water service and a clean, healthy water supply.
- ◆ Provide quality wastewater collection, treatment, and disposal service.
- ◆ Protect the natural environment.
- ◆ Ensure opportunities for quality recreation.

Values:

As a public agency, EID is represented by its employees and the Board of Directors. In fulfilling its mission, the District acknowledges its responsibility to positively contribute to the community's vitality and stability. To effectively respond to public needs, the District encourages community involvement and participation in decision-making.

In serving the many needs of its customers, the District recognizes its primary responsibility of meeting the needs of existing ratepayers, its obligation to accommodate additional customers and its relationship to the many stakeholders who rely on the District in various ways. To perform in an efficient and responsible manner, employee participation, effective planning, and dedication to the process of continuous improvement are fundamental beliefs shared by the Board of Directors and employees alike.

District Profile

The El Dorado Irrigation District (EID) is an irrigation special district duly organized in 1925 and existing since under the Irrigation District Act (Water Code §§20500, et seq.) and authorizing statutes (Water Code §§22975, et seq.). Its purpose was to provide domestic water to the City of Placerville and irrigation water to local farmers. Under existing law, EID provides water, wastewater, and recycled water services within its service area, located in the western slope of the Sierra Nevadas in the County of El Dorado and serves approximately 100,000 customers. EID also owns and operates a 21 megawatt hydroelectric electric generation project licensed by the Federal Energy Regulatory Commission (FERC Project 184) which consists of 4 reservoirs (Echo Lake, Lake Aloha, Caples Lake and Silver Lake), dams, and approximately 23

miles of flumes, canals, siphons, and tunnels located through the Sierra Nevada Mountains east of Placerville in the Counties of El Dorado, Alpine, and Amador.

The original District delivery system was a ditch conveyance system. Following many years of effort on the part of early Boards and committed staff to develop additional water supplies, the United States Bureau of Reclamation (USBR) authorized the Sly Park Unit under the American River Act of October 14, 1949. The Sly Park Unit included the construction of Sly Park Dam and Reservoir, Camp Creek Diversion Dam and Tunnel, and conduits and canals used to convey, treat, and store water delivered from Sly Park's Jenkinson Lake. The project was completed in 1955, as a non-contiguous part of the Central Valley Project. The Sly Park Unit has operated under contract by EID since 1955. The District is finishing the purchase of the Sly Park Unit, which will be completed by September 30, 2003. Federal legislation in October of 2000 provided the necessary legal framework to transfer ownership from the federal government to EID.

The District's other main source of supply is at Folsom Reservoir. The District currently has two USBR water service contracts totaling 7,550 acre-feet and is working on a new 7,500 acre-feet USBR contract for use in 2004. Additionally, the District was awarded a new water right for 17,000 acre-feet for diversion at Folsom Reservoir by the State Water Resources Control Board.

Over the years, EID has changed from its original rural focus to one that not only continues to support agriculture, but also includes providing services to growing residential, commercial, and industrial sectors. This has resulted in a change in the District's interim water supply contract with the USBR. The Sly Park contract is now based on consumptive use at a higher cost for non-agricultural water.

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

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 1,150 miles of pipe, 40 miles of ditches, 6 treatment plants, 33 storage reservoirs and 21 pumping stations. In addition, the wastewater system operates 58 lift stations, 300 miles of pipe, and 5 treatment facilities. The El Dorado Hills and the Deer Creek wastewater treatment facilities now produce Title 22 recycled water which is used at golf courses and on front and backyard landscapes in single family homes within selected communities within the District. EID's recycled water program is entering its third decade, and is considered a leader in the recycled water industry in California.

The District has no financial or other interdependence with El Dorado County or any of the communities served by the District. Most of the District's revenues are derived from sales of its water and wastewater services. It has broad powers to finance, construct, and operate systems

for the transportation, treatment, and distribution of raw and treated water, wastewater, recycled water, and hydroelectricity. It has full authority to set rates for services without review of any governmental unit and is accountable only to its electors.

The District also operates the 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 191 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.

District Location

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



El Dorado Irrigation District is located in Placerville, California

EID Operations

Board of Directors

District 1 - George Osborne
District 2 - John Fraser
District 3 - Richard Akin
District 4 - George Wheeldon
District 5 - Al Vargas

An elected five-member Board governs the District. Each director is elected to a staggered four-year term. The Board is responsible for setting District policy. Each Director must be a resident of the district served and is elected by citizens within that district.

Office of the General Manager

Ane Deister, General Manager/ District Secretary

The General Manager provides oversight and direction for the District and is responsible for the coordination of departmental affairs and maintaining the District's inter-governmental and community liaisons in accordance with Board policy. In addition, the Office of the General Manager is responsible for water policy coordination, special projects, environmental compliance and resource management, human resources, and legal affairs.

Facilities Management

David Powell, Director of Facilities Management

This department is the largest in the District and utilizes more than half of the District's staffing resources. Facilities Management also administers the majority of the capital improvement program (CIP) projects of the District. The department provides an array of services, including engineering and technical services related to planning, designing, contracting and construction, and project management to implement the CIP. Staff within Facilities Management work in cooperation with the Environmental Compliance staff in the Office of the General Manager to ensure that appropriate water and wastewater quality standards are maintained and reported, and that the operations are conducted in an effective, cost-conscious, safe, and consistent manner. The Hydroelectric Division oversees the continuing restoration and rehabilitation of the hydroelectric project for the District. Upon completion later this year, the ongoing operation and maintenance of the hydroelectric facilities will continue to reside within this department. The divisions within this department are Construction, Drinking Water, Facilities Maintenance, Hydroelectric and Watershed Management, Laboratory, and Wastewater/Recycled Water.

Finance and Management Services

Martha R. (Dee) Brookshire, Director of Finance and Management Services

This department manages the District's financial resources and provides management services for the District. The department provides financial control and administrative services for the District, including customer services, purchasing, risk management, and all other financial

services. In addition, management services such as plan check, design, construction inspection, and water conservation services reside within this department. The divisions within the department are: Treasury, Accounting, Administrative Services, Customer and Development Services, General Services, and Information Services.

Recreation Department

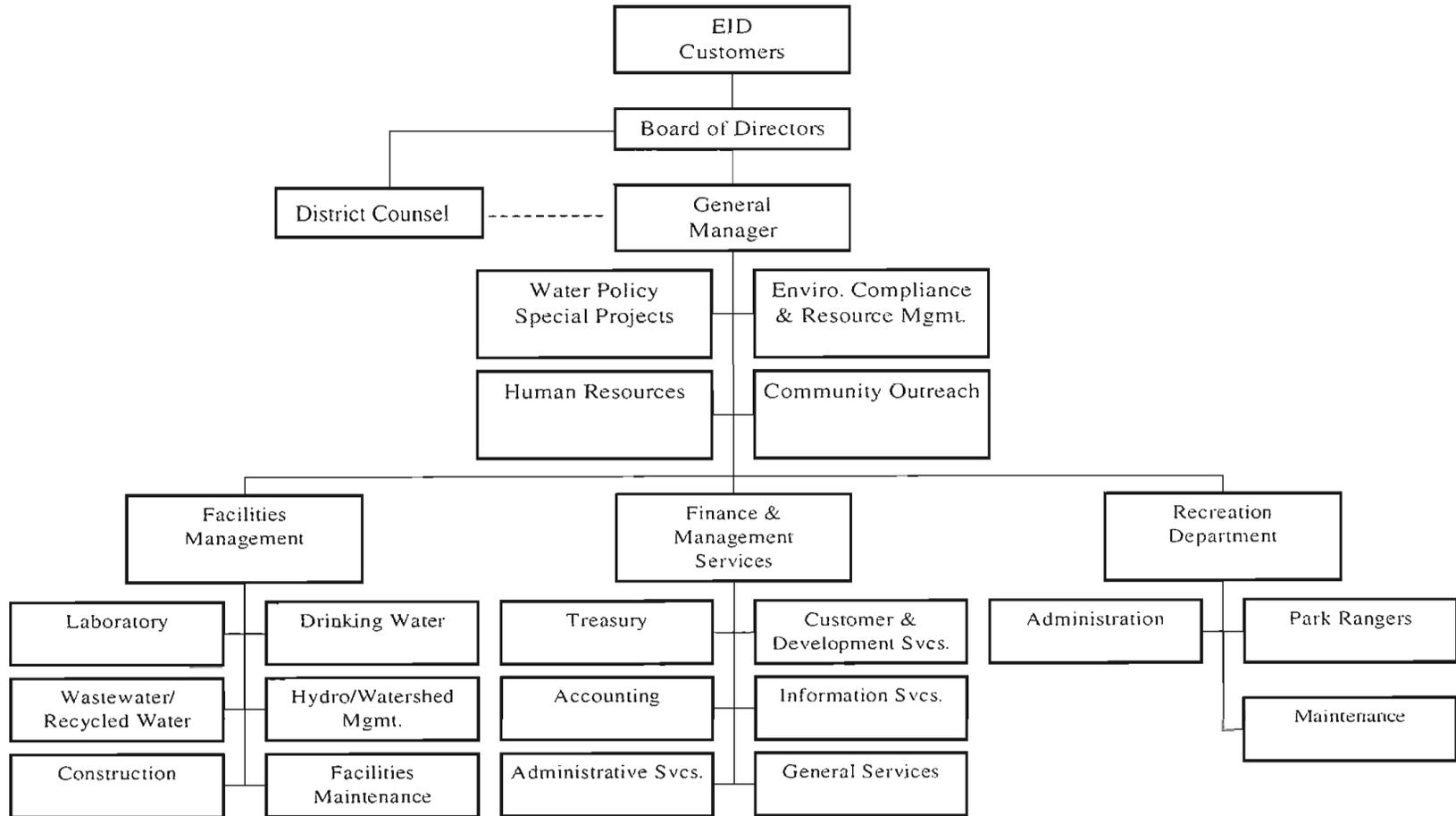
Don Pearson, Director of Recreation

This department operates and maintains the Sly Park Recreation Area facility. The primary mission is custodial over the USBR facilities. The facility provides camping, picnicking, water-use, hiking, equestrian, and outdoor opportunities for the public's use. The Department also operates the El Dorado Projects recreational facilities. Staff in this department plan improvements to facilities and coordinate their funding and development. As a part of the Project 184 relicensing process and settlement agreement, a number of recreational improvements are slated over the next 20 to 30 years. This work will be led by this department in coordination with Facilities Management and Finance and Management Services.



Sly Park Recreation Area

El Dorado Irrigation District Organization Chart



Economic Condition and Outlook

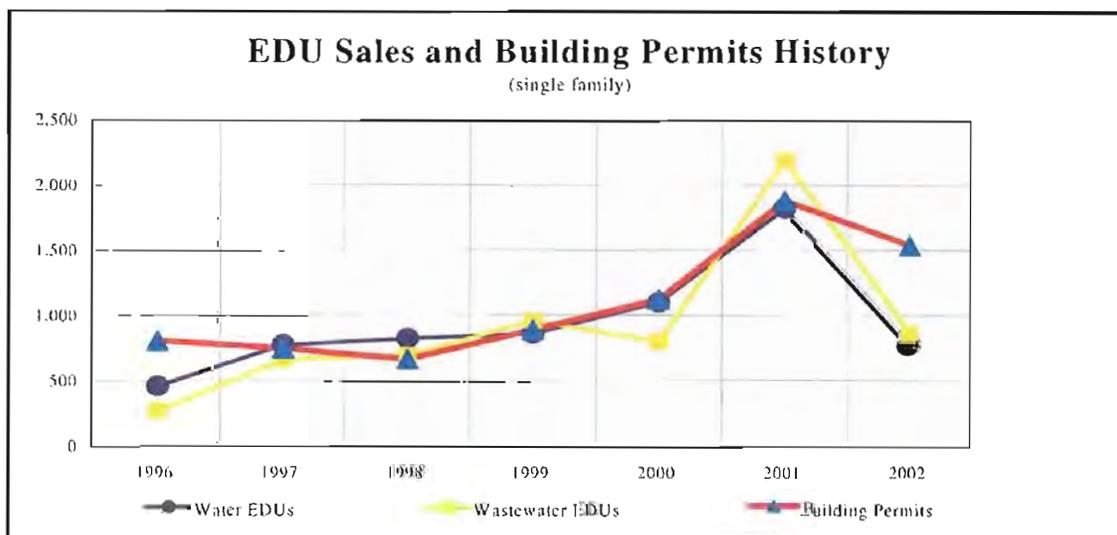
Population:

In the last two decades the Sacramento/San Joaquin Valley basin has seen overall population growth and prosperity. This has spilled over into the neighboring foothill communities, including the Western El Dorado County region served by EID. In the last 10 years, from 1993 to 2002, El Dorado County's population has increased by 18% to 166,000. During the same period, the population of the State of California increased by 13%. A more detailed account of population growth in El Dorado County and California can be found on Page 88 of the Statistical Section of this report.

Economic Growth:

The 1990s were a period of mixed economic growth, with the recession slowing regional growth in the early part of the decade. However, the region has recovered in recent years and the long-run regional outlook shows a continued growing trend. The Sacramento Area Council of Governments (SACOG) projects that El Dorado County, excluding the Tahoe Basin, is projected to add 41,075 housing units between January 1, 1997 and July 1, 2020, an increase of 86.8%. Almost half of this growth will occur in the El Dorado Hills area.¹

Single-family building permits in EID's service area have averaged 958 per year from 1996 to 2002, with 2002 seeing an increase to 1,349. The chart below shows the equivalent dwelling unit (EDU) sales and the building permits obtained from 1996 to 2002. Additional historical information on EDU and building permits can be found on Pages 86 and 87 of the statistical section.

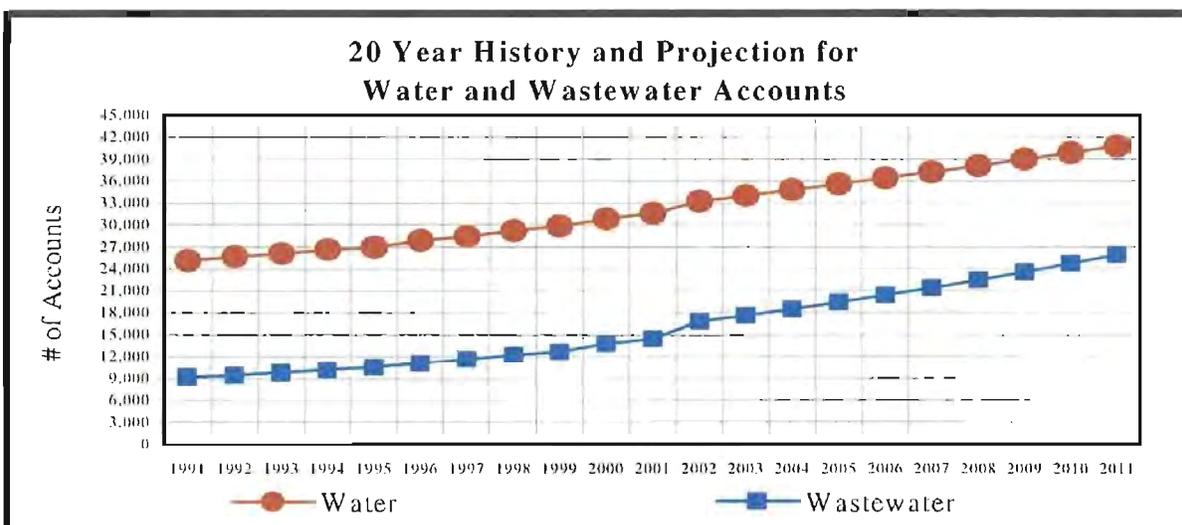


¹ Projections Summary for the Sacramento Region: Housing, Population & Employment - 1997-2022 *Sacramento Area Council of Governments*

While the long-term regional forecast shows a continued demand for housing, the El Dorado County General Plan has been challenged by growth control advocates, environmental groups, and other entities, causing a delay in adoption of the Plan. In February, 1999, the Superior Court of California voided the County's certification of the Environmental Impact Report (EIR) for the 1996 General Plan. The County must now repeat portions of its environmental review and re-adopt a General Plan. A draft General Plan and new EIR have been circulated for comments, and a final General Plan is expected to be adopted in early 2004. In the interim, most actions on discretionary permits have been suspended. This ruling will not affect existing development projects that were approved prior to the court action. However, the District's future EDU sales for new projects could be affected in the near term.

District master plans are based on a range of density levels that will accommodate modest changes in the density projections on the draft General Plan without changing existing infrastructure development plans for the District.

Account Growth:



This chart shows the growth in the District's water and wastewater customer accounts from 1991 to 2002, along with projected account growth through the year 2011.

Service Area:

The District's service area encompasses approximately 220 square miles. The total secured assessed valuation of the properties within the District's service area increased 10% in 2002 to \$2.9 billion. Property taxes and miscellaneous tax collections allocated from El Dorado County increased 7% in 2002, totaling \$5.68 million. The District allocates 75% of annual property tax revenues received toward its Capital Improvement Program, and 25% toward operations.

Employment:

El Dorado County residents are employed in a variety of industries both inside and outside EID’s service area, as most residents are within commuting distance of the greater Sacramento metropolitan area. Traditionally dependent on the defense industry and State government for employment, the region has emerged from the recession of the early 1990s to become much more diversified, with the addition of computer technology, financial services, healthcare, and biotechnology employers.

Residents employed within the District’s service area work in a variety of industries, including agriculture, construction, manufacturing, utilities, retail and wholesale trade, financial, public, and other services. The County’s largest employers are in the public service, data processing, healthcare, and trade industries. For more detailed information on County employers and industries, refer to Pages 89 and 90 in the Statistical Section of this report.

The 2002 average unemployment rate for El Dorado County was 5.0%. This compares to 6.7% for the State of California and 5.8% for the United States overall.

Current Water Supply:

The District manages its water resources according to an established Water Supply and Demand model. This model is adjusted each April/May in the Annual Update to the Water Supply and Demand Report. This report projects the annual firm yield amount of water that will be available to the District in the following year. The 2003 Update to the 2002 report indicates that for 2003, the overall system firm yield is 43,280 acre-feet (AF). Using the firm yield of 43,280 AF and subtracting the total potential demand of 40,875 AF, the 2003 unallocated water supply, which is available for growth, for the overall district is calculated to be 2,405 AF. This equates to 4,962 EDU’s.

Water Supply	
	AF
System Firm Yield*	43,280
Total Potential Demand	40,875
Unallocated Supply	2,405
Available Current Supply EDU’s**	4,962
<small>(at 0.70 AF for El Dorado Hills, 0.52 AF for Western region and 0.38 AF for Eastern region)</small>	
<small>* Current</small>	
<small>** Equivalent Dwelling Unit (EDU): The average water demand for a detached single family dwelling unit which is typically measured in gallons per day or AF per year, but which does not include unaccounted-for-water.</small>	

Unaccounted-for Water:

The District has been able to more fully utilize its existing water resources by reducing the amount of unaccounted-for water. Unaccounted-for water represents water taken into the system from all of EID’s main sources, but is not billed to the consumer, or otherwise accounted for. The unaccounted-for water has decreased from 21% in 1992 to 13.3% in 2002. The industry goal for a rural/urban system like EID’s is 15%. This reduction is a significant achievement resulting from expanded efforts in leak detection, spill recovery, SCADA upgrades, meter calibration, and repairs.

Total raw water delivered in 2002 for the contiguous service was 38,885 AF, which is an increase of 38 AF from 2001. Total consumption for the contiguous service area was 32,252 AF with an additional 1,201 AF for beneficial uses. The resulting unaccounted-for water was 5,177 AF or 13.3%, which is slightly less than 2001. A graphical representation of the District's water supply and demand trends from 1993 to 2002 can be found on Page 85 of the Statistical Section of this report.

Water Efficiency:

The District has long promoted the wise use of water resources. EID began implementing its water conservation programs during the 1977 drought. It was the first water conservation plan developed by an irrigation district in California. In the same year, the District initiated the first Irrigation Management Service (IMS) program in the State. The IMS program provides irrigation water scheduling for agricultural customers by combining weekly on-site moisture readings at local farms with weather data, resulting in a computer-generated crop-watering schedule. This program saves an estimated 2,000 AF of water per year.

In 1994, the District prepared a new water conservation plan to meet updated requirements from the U.S. Bureau of Reclamation (USBR) following the passage of the Central Valley Project Improvement Act of 1992. EID's plan was recognized by the USBR as an exemplary effort of outstanding planning and was selected as a model for combined urban and agricultural districts within the western United States.

A formal water conservation program implementing Best Management Practices (BMPs) is a prerequisite for receiving new USBR water contracts, as well as consideration for new water rights from the State. Accordingly, the District has an expanded water conservation program to meet all federal and state requirements.

The major BMPs include water audits for residential (interior and exterior), commercial, industrial, and large landscape customers; ultra low-flow toilet (ULF) cash rebates; plumbing retrofit for older homes; and the agricultural IMS program. Customer incentives are used to help achieve program goals.

Other BMPs include metering of all water, education programs, water waste prohibitions, and leak detection. Full implementation of the BMPs is estimated to conserve 3,000 AF of water per year by the end of ten years.

Additional Water Supplies:

The District has been successful in acquiring additional water supplies from the following sources:

- ◆ 7,500 AF of USBR water delivered at Folsom Lake as authorized by Public Law PL101-514. The use of this water effectively requires completion of the County General Plan, estimated to be adopted in early 2004.

- ◆ The State Water Resources Control Board awarded 17,000 AF of Consumptive Water Rights from EID's Project 184 in August, 2001. The first diversions are expected in 2003.

These supplies, together with ongoing water-use efficiency measures, are expected to supply all the water needed to serve projected growth to the year 2030.

Financial Information

Debt Management:

The District's general philosophy is to utilize pay-as-you-go funds to construct minor projects and to utilize debt service funds for major long-life construction projects. This enables future users to share in the costs without overburdening existing ratepayers. The District's outstanding debt at year-end 2002 is shown in the table. However, external funding options are considered and used when it is prudent to do so.

2002 Outstanding Debt	
Debt Category	Millions
U.S. Bureau of Reclamation	\$12.9
Economic Development Admin (EDA)	\$1.8
State of California	\$2.9
1996 Revenue Bonds	\$59.1
1999 Revenue Bonds	\$13.1
County of El Dorado	\$1.5
Leases – Bank of America	\$0.5
LaSalle National Bank Bridge Loan	\$15.0
TOTAL	\$106.8

Internal Control

Over the years, EID has developed a system of accounting policies and procedures to assure that assets of the District are protected from loss, theft, or misuse. These are reviewed periodically to assure their continuing compliance with generally accepted accounting principles. The District's annual financial audit also makes recommendations regarding internal control procedures. The internal control structure provides reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived.

Budgetary Controls

Budgetary controls are set at the department level. Department managers have the discretion to transfer appropriations between activities within their departments, and two consenting departments can transfer appropriations between their departments when needed. The General Manager has limited ability to increase overall appropriations by moving funds from contingency funds to specific programs. Major contingency transfers and overall budget appropriation increases require Board approval.

The District is currently on a two-year budget schedule. The biannual budget is evaluated mid-cycle at the end of the first year. Changes in appropriation levels can be recommended at that

time for Board approval. The EID Board adopts operating and capital budgets annually. The District's Purchasing Manual provides specific limits for committing District resources.

EID earned the GFOA Distinguished Budget Presentation Award in 1995, 1996, 1997 1998, 1999, and again in 2000, along with the California Society of Municipal Finance Officers' Award for Excellence in Budgeting for its Annual Financial Plans. Budgets were not submitted for review in 2001 or 2002.

Financial Reporting

EID received the GFOA Certificate of Achievement for Excellence in Financial Reporting in 1996, 1997, 1998, 1999, 2000, and 2001 for its Comprehensive Annual Financial Report, along with the California Society of Municipal Finance Officers' Award for Excellence in Outstanding Financial Reporting. See Page 23 for the latest GFOA award received.

Cash and Investment Management

The District's cash is invested in certain eligible investments as defined by state law and the District's comprehensive Investment Policy (revised and adopted annually by the Board of Directors). The District earned a Certification of Excellence for its investment policy from the Municipal Treasurers Association of the United States and Canada (MTA) in 1996 and 1999. The District submits its policy every three years for certification.

General Portfolio	
Type of Investment	Millions
General	
Government Agency Securities	\$21.8
Corporate Securities	\$4.1
Local Agency Investment Fund (LAIF)	\$35.2
Municipal Securities	\$2.4
TOTAL	\$65.5
<u>1996 Revenue Bond Portfolio</u>	
LAIF	\$2.5
Guaranteed Investment Contracts	\$5.2
Trustee Debt Accounts	\$3.3
TOTAL	\$11.0
1999 Revenue Bond Portfolio	
Bank Certificate of Deposits	\$4.4
Guaranteed Investment Contract	\$1.0
Trustee Debt Accounts	\$0.6
TOTAL	\$6.0
LaSalle Bridge Loan	
Local Agency Investment Fund (LAIF)	\$5.0
Total	\$87.5

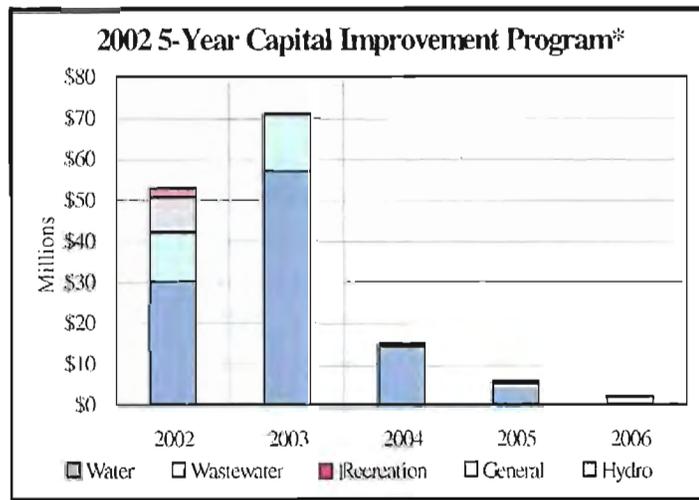
The District's general portfolio is passively managed. Securities are purchased with maturities to match known monthly liabilities around a five-year laddering process. Proceeds from the 1996 and 1999 revenue bonds are invested in separate portfolios. For the 1996 bonds, the remaining construction fund is invested in the State Treasurer's California Local Agency Investment fund. The reserve fund is invested in a guaranteed investment agreement that pays a stated rate of interest. The 1999 revenue bond portfolio consists of Guaranteed Investment Contracts for the reserve funds and a certificate of deposit for the construction funds. Trustee debt service accounts are also included in these portfolios. Investment objectives are to provide liquidity and safety while maintaining a competitive yield. These objectives are benchmarked to maintain a

yield at least equivalent to the one-year Treasury note. The Treasurer submits quarterly reports on investments to the Board of Directors, which provides fiduciary oversight of this activity. As the table above shows, the District’s cash and investments total a market value of \$87.5 million as of December 31, 2002.

Major Initiatives for 2003 and Beyond

General Plan Issues:

The District’s master planning process and capital improvement programs ideally reflect and are built upon the El Dorado County General Plan. Two significant issues, which emerged in 1998, have altered this process. The first was the adoption of Measure Y – Traffic Control Initiative, and the second was the successful legal challenge to the County General Plan Environmental Impact Report. El Dorado County has yet to resolve these issues.



*As of 1/21/02

The District’s master planning process and capital improvement programs ideally reflect and are built upon the El Dorado County General Plan. Two significant issues, which emerged in 1998, have altered this process. The first was the adoption of Measure Y – Traffic Control Initiative, and the second was the successful legal challenge to the County General Plan Environmental Impact Report. El Dorado County is slated to adopt an updated General Plan in early 2004, and it is unknown if these issues will be resolved as a result.

The District currently bases its planning processes on its ability to provide service, considering reliable water supplies and projected demands, facility capacities, regulatory and other requirements, and constraints. The past policy was focused on meeting the County-controlled General Planning process and the development schedules and direction prescribed by that plan. This anticipated the perfection of known water rights. The current approach plans and develops services based on existing, available water rights. Both approaches embody some risks. In the first case, the risk is that facilities are built that may not be fully utilized, or may be built earlier than needed. In the second case, the facilities are not sized to meet future utilization, and additional facilities may need to be constructed, at additional cost.

Without proper planning, timing, and staging, District ratepayers could be placed in the position of assuming the costs already committed for added capacity facilities, much like the “stranded costs” affecting the electrical utility deregulation process. However, if facilities are built without

some additional capacity, District ratepayers may assume costs for accelerated construction activities as new demands come on line. As a result, the District has completed a master planning process for water, wastewater, and recycled water, and is initiating an Integrated Resource Plan process to minimize and mitigate adverse impacts to ratepayers.

Water:

The District continues to build on the initiatives started in 1997. These concern developing a long-term water supply strategy, renovating the Weber Dam, and establishing ownership of the District's water supplies. This has been achieved in part with the California Public Utilities Commission (CPUC) and Federal Energy Regulatory Commission (FERC) initial approval of the transfer of the El Dorado Canal Project to EID in 1999. Weber Dam was successfully renovated by December, 2001. Additionally, the District will finalize acquisition from the U.S. Bureau of Reclamation (USBR) of the Sly Park Unit, including the Sly Park dam and reservoir and its related facilities, along with the associated water rights. The acquisition required legislative action. President Clinton signed legislation sponsored by Congressman John Doolittle into law on October 25, 2000. The actual transfer from the USBR is expected to take place in the fall of 2003.

Ditch System Conversions

A strategy evolving from the District's Water Supply Master Plan is to identify and utilize all of the District's existing water supplies. One strategy is to change the point of diversion for pre-1914 existing ditch water rights and to move these water supplies from their former area of use for recapture into the District's potable water system at Folsom Reservoir. This will add between 600 and 4,300 acre-feet of "firm-yield" water.

Uncovered Reservoirs

The covering of EID's treated water storage facilities was a major water initiative started in 1999. This was the result of a 1998 compliance order issued by the State Department of Health Services. After years of working with the District staff to find an effective potable water supply storage alternative, the State changed to an enforcement mode, requiring the District to initiate a program to cover its reservoirs within a specific timeframe that is now expected to be completed in 2005. The Federal/State revolving fund loan program will provide EID low-interest loans for the actual construction projects. These will be repaid from surcharges on existing customer accounts, which are potentially anticipated to increase to slightly over \$4.00 per month.

Weber Dam

This \$4.5 million project was undertaken and substantially completed in 2001. The dam was also renovated in lieu of demolition. Additionally, the 1,200 acre-feet of water from this source is important to the overall complement of future District water supplies. This facility could fit into a major Weber Creek basin water supply program for the future.

El Dorado Canal

The District secured ownership of PG&E's former El Dorado Canal water conveyance and hydroelectric system in September, 1996 through a joint operating agreement. Transfer of ownership occurred in December, 1999. This facility was critically damaged in the 1997 New Year's Day flood. Construction of the Mill Creek to Bull Creek Tunnel is considered to be the permanent repair needed based on environmental and economic analyses and reliability assessments for the District's existing 15,080 acre-feet of water supply from the El Dorado Forebay Reservoir. The construction has been under way since 2001. Completion was anticipated in 2002; however, on bore-through the tunnel was found to be misaligned, resulting in additional costly repairs to complete. The tunnel completion is now expected in July, 2003.

Wastewater:

National Pollution Discharge Elimination Systems (NPDES) Compliance

The 1996 bond-funded \$40 million upgrade and expansion of the Deer Creek and El Dorado Hills wastewater treatment plant projects has been completed. However, as the NPDES permit for the Deer Creek plant was being readied, the Regional Water Quality Control Board introduced new discharge criteria that were above and beyond the design standards built into the upgraded plants. The mid-range planning estimates indicate that the costs of meeting these new standards could be \$25.3 million for the Deer Creek facility, including a \$5.8 million expansion phase. Similar scenarios are expected to be in the works for the El Dorado Hills plant. Staff efforts are focused to bring the discharge standards more in line with the technology governing the plants' design, based on science and commitment to public health assurances. The worst case cost estimates for both plants is \$118 million if all possible criteria are included. However, staff has demonstrated to the Board that meeting Title 22 Recycled Water standards with marketing of the product would result in increased storage and significant savings to the District. Initial estimates are that the recycled approach is \$100 million less than the discharge approach. As a result, the Board adopted a policy to pursue aggressive water recycling as the preferred alternative.

General District

Administrative Facilities

The District has made significant progress in response to the City of Placerville's zoning enforcement action concerning temporary facilities. Several trailers were used to house operational divisions of the District. When the zoning enforcement action was taken, the District hired an architect to perform a needs assessment and ultimately to design a new building. In April 1998, the District adopted a strategy of upgrading facilities at its existing site, and the City Planning Commission approval was given to the master plan in August, 2001. The EID Board approved a financing plan in May, 2001, and approved a contract in August, 2001 for Phase I, the customer service building. The building was completed earlier than expected, and occupancy of the new building by approximately 100 District employees occurred in October, 2002. The

building was dedicated as the “Harry J. Dunlop Customer Services Building” on November 4, 2002. The trailers have been moved and Phase II, renovation of the existing buildings, is under design. Consideration for renovation or replacement by the Board of Directors will be made in 2003.

Safety and Security Focus

In 2002, EID improved its safety and security programs by adding a safety officer to develop and enhance a variety of safety programs throughout the District. Recognizing the importance of keeping employees safe by promoting safe work habits, while at the same time reducing safety-related insurance costs, safety has become a key initiative for the District. Thanks to the focus on safety, the number of reported accidents was significantly reduced from the prior year.

Rate Studies

The District is involved in a series of actions designed to bring its rate structures into line with the costs of providing services while simplifying the rate structures. For example, wastewater FCC's are updated annually to include recent debt and expanded facility costs. In light of the pending NPDES process and its potential impacts on District rates and FCC's, EID commissioned an absorption study to test whether these rates would be accepted in the market. This study found that four development areas were approaching the 15% maximum backbone infrastructure cost-test. This “rule-of-thumb” indicates that the total cost of infrastructure should not exceed 15% of the total cost of a home. The principle is that costs exceeding this either drive the price of the home too high or make it non-economic for the developer to absorb the cost. This issue will become even more germane as the County explores options for implementing Measure Y. As proposed, the traffic impact fees will be assessed to new parcels.

The District plans a study of both FCC's and rates in 2003 to update current charges to include increases in operating expenses over time and the cost of proposed projects included in the 2003-2007 CIP.

External Funding

The District is committed to aggressively seeking external funding to augment internal resources to fund capital projects with the goal of lessening the burden on District ratepayers. Some of the sources of external funding are Proposition 13; Proposition 50; Water Resources Development Acts (WRDA); legislation; and other grant sources.

In 2002 the District received over \$700,000 in grants funds for capital improvement, recreation, and water conservation projects. Grantors were the Federal Emergency Management Agency (FEMA), California Department of Parks and Recreation, and United States Bureau of Reclamation (USBR).

The Future

Pending issues include the following:

- ◆ The acquisition of the Sly Park Unit and its related facilities, including associated water rights required legislation, which was signed into law in October, 2000. The actual transfer from the USBR will be made in 2003.
- ◆ General direction has been made on acquiring and developing future water supplies.
- ◆ The Board has approved a general strategy of converting District-owned pre-1914 ditch water rights for potable use. This will provide additional water for consumptive use in the range of 600 to 4,300 acre-feet.
- ◆ A minimum of 7,500 acre feet of USBR water enabled by PL 101-514 (Fazio) is being negotiated on behalf of the District by the El Dorado County Water Agency (a total of 15,000 acre feet is available).
- ◆ An amount of 17,000 acre feet of new consumptive water rights from Project 184 water has been awarded by the State Water Resources Control Board and is scheduled for use in the year 2003 or later, pending completion of environmental and court challenges.

Conclusions

Overview

In general, 2002 was an up-beat year from a financial standpoint. From a consumer standpoint, water was delivered reliably and healthfully, at a competitive cost; wastewater was removed and treated, at a competitive cost as well. The increasing costs associated with the new wastewater treatment processes leveled off, and, with a more normalized operation, staff is reviewing all operational processes to make any reasonable savings consistent with discharge standards. Wastewater rate structures are designed to fully recover operating and debt expenditures with a nominal capital replacement contribution.

The District grew, with a total of 776 water and 862 wastewater EDU's being sold. The District now serves more than 15,520 wastewater and 33,218 water accounts.

Sales

Slightly higher than normal rainfall in 2002 built up the District's water supplies. Total water sales of 30,998 acre-feet were delivered to customers. Consumption increased 21 acre-feet over 2001. Water and wastewater sales and services increased by \$0.46 million, or 2%, from 2001.

Compliance

The Department of Health Services uncovered reservoir compliance order resulted in added levels of water monitoring, water purchases, and water pumping to areas that otherwise would have flowed by gravity. Those operations are performed at higher than usual costs. This will continue through 2004 as the reservoirs are converted to steel tanks and covered concrete reservoirs.

CIP

The District continues with an aggressive CIP/Capital Replacement Program (CRP). This program exceeds current revenue projections. It will require debt or other financing programs to meet the time schedule. The District plans to undertake an independent review of rates and FCC's in 2003 so that recommendations can be presented to the Board to ensure adequate funding is available.

Like many local entities, the District finds itself in a dynamic tension between growth and non-growth issues. This is manifested in initiatives, lawsuits, political conflicts, and general discord. El Dorado County's Measure Y – the Traffic Control Initiative, together with the successful challenge of the El Dorado County General Plan EIR, typifies this dilemma. Until these issues are resolved and until the District affirms how it will specifically relate to and interact with the General Plan, District plans will continue to be closely monitored and updated carefully.

Planning

The District annually undergoes a strategic planning workshop with community members, the Board, senior staff, and others to consider goals and objectives that determine the direction of the District. The Board has adopted master plans for water, wastewater, and recycled water, and staff are preparing to coordinate these plans through an Integrated Resource Plan.

The District annually reaffirms its commitment, through adoption of the Capital Improvement Program, that planned projects are still in line with existing water, wastewater, and recycled water master plans. As previously stated, the master plans are developed in concert with the requirements of the proposed El Dorado County General Plan.

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, 2001

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.



William Patrick Pate
President

Jeffrey L. Esler
Executive Director

The Government Finance Officers Association for the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to El Dorado Irrigation District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



El Dorado Irrigation District

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the El Dorado Irrigation District (the District) as of December 31, 2002 and for the year 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 audit. The basic financial statements of the District as of December 31, 2001, were audited by other auditors whose report dated May 3, 2002, provided an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audit provides 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, 2002 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note K to the financial statements, the District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, as of January 1, 2001. Additionally, as described in Note K, certain errors resulting in the overstatement and understatement of previously reported assets, liabilities, net assets, and revenues as of December 31, 2000 and 2001, were discovered during the current year. Accordingly, an adjustment has been made to net assets as of December 31, 2000 and assets, liabilities and revenues, as of December 31, 2001, to correct these errors.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated April 4, 2003, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

To the Board of Directors
El Dorado Irrigation District

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Richardson & Company

April 4, 2003

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, 2002. This information is presented in conjunction with the audited financial statements and accompanying notes that follow this section.

FINANCIAL HIGHLIGHTS

The District's total net assets increased by \$8.8 million or 2.8 percent over fiscal year 2001. Operating revenues increased by \$0.4 million to \$23.7 million or 2 percent, while operating expenses increased by \$3.5 million to \$38 million or 10.2 percent. Non-operating revenues were lower by \$3.7 million in 2002 as a result of lower interest income (\$1.2 million), less flood related reimbursements from FEMA (\$1.0 million) and a combination of higher other expenses and lower other income resulting in a decrease of \$1.3 million. Capital contributions were lower by \$16.6 million in 2002. The primary factor for this decrease in capital contribution revenues was that the District had record sales in facility capacity charges/connection fees in 2001 and collected \$15.3 million more than was projected due to the rapid growth that took place in the Western region of the county. In fiscal year 2002 the District went through a significant reorganization realigning functions and operations to provide for more efficient management and communications. Also, the District completed and occupied the new Harry J. Dunlop customer services building at 2890 Mosquito Road, Placerville CA.

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, 2002 and 2001, the Statements of Revenues, Expenses and Changes in Fund Net Assets for the years ended December 31, 2002 and 2001, and the Statements of Cash Flows for the years ended December 31, 2002 and 2001.

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 Fund 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.

The final required financial statement is the *Statements of Cash Flows*. The primary purpose of these statements is to provide information about the District's cash receipts and cash payments during the reporting period. These statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. They 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 Fund Net Assets are used to attempt to answer this question. These two statements report the net assets and the changes in them. Net assets may be a useful indicator over time as to the District's financial position. But, there may be other non-economic factors that could cause a change in the District's financial situation.

NET ASSETS

Net assets increased \$8.8 million to \$319.0 million in 2002 up from \$310.2 million in 2001. Net assets invested in capital assets, net of related debt, increased by \$30.1 million and restricted net assets increased by \$1.9 million. Restricted net assets are the total of net assets that are restricted for new facilities and capital projects. The increase in total net assets reflects capital assets financed and existing cash and investments included in current assets; which decreased by \$19.6 million in 2002. Considerable cash outlay was made on "pay as you go" capital projects; Project 184; and overall operations which included significant increases in both health and workers compensation insurance costs, and electricity. In addition there were Employee Association personnel Memorandum of Understanding (MOU) requirements to fulfill that were costly and increased employer costs from PERS. The natural effect of this cash outlay is to draw down the cash and investments of the District. It follows that a reduction in interest revenue derived from keeping reserves on deposit would also be experienced.

The District's capital assets increased by \$27.1 million to \$342.6 million. A summary of the District's Balance Sheets is presented in Table A-1.

TABLE A-1
Condensed Balance Sheets
(In millions of dollars)

	FY 2002	FY 2001	Dollar Change	Total Percent Change
Current and Other Assets	\$ 100.2	\$ 119.8	\$ (19.6)	(16.5%)
Capital Assets	<u>342.6</u>	<u>315.5</u>	<u>27.1</u>	<u>8.6%</u>
Total Assets	<u>\$ 442.8</u>	<u>\$ 435.3</u>	<u>\$ 7.5</u>	<u>1.7%</u>
Current Liabilities	\$ 18.2	\$ 16.5	\$ 1.7	10.3%
Long-Term Liabilities	<u>105.6</u>	<u>108.6</u>	<u>(3.0)</u>	<u>(2.8%)</u>
Total Liabilities	<u>\$ 123.8</u>	<u>\$ 125.1</u>	<u>\$ (1.3)</u>	<u>(1.0%)</u>
Invested in Capital Assets, Net of Related Debt	\$ 235.8	\$ 205.7	\$ 30.1	14.6%
Restricted Assets	49.0	47.0	2.0	4.0%
Unrestricted Assets	<u>34.2</u>	<u>57.5</u>	<u>(23.3)</u>	<u>(40.5%)</u>
Total Net Assets	<u>\$ 319.0</u>	<u>\$ 310.2</u>	<u>\$ 8.8</u>	<u>2.8%</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Balance Sheet is a snapshot that shows assets, liabilities and net assets at a specific point in time. The Statements of Revenues, Expenses and Changes in Fund Net Assets, provide information on the nature and source of these assets represented on the Balance Sheet. They also show that revenues exceeded expenses by \$8.8 million. Ending net assets totaled \$319 million or an increase in net assets of 2.8%. Total revenues were lower by \$19.8 million in 2002 totaling \$54.7 million. Operating revenues were largely unchanged from the prior year, increasing by only \$.5 million but nonoperating revenues declined by \$3.7 million. The large decrease in Facility Capacity Charges of \$15.3 million in 2002 was a result of the District having record sales in facility capacity charges/connection fees in 2001 due to the rapid growth that took place in the Western region of the county. Actual sales in 2001 exceeded projections by \$14.1 million.

On the statement of revenues, expenses and changes in fund net assets, the non-operating revenues and expenses are listed together, as follows:

TABLE A-2
Condensed Statements of Revenues,
Expenses, and Changes in New Assets
(In millions of dollars)

	FY 2002	FY 2001	Dollar Change	Total Percent Change
Operating Revenues	\$ 23.7	\$ 23.2	\$.5	2.0%
Non operating Revenues	13.1	16.8	(3.7)	(22.0%)
Facility Capacity Charges	9.0	24.3	(15.3)	(63.0%)
Developer Contributions	<u>8.9</u>	<u>10.2</u>	<u>(1.3)</u>	<u>(12.7%)</u>
Total Revenues	<u>\$ 54.7</u>	<u>\$ 74.5</u>	<u>\$ (19.8)</u>	<u>(26.6%)</u>
Depreciation Expense	\$ 8.6	\$ 9.1	\$ (.5)	(5.5%)
Other Operating Expense	29.4	25.4	4.0	15.7%
Nonoperating Expense	<u>7.9</u>	<u>6.4</u>	<u>1.5</u>	<u>23.4%</u>
Total Expenses	<u>\$ 45.9</u>	<u>\$ 40.9</u>	<u>\$ 5.0</u>	<u>12.2%</u>
Net (Loss) Before Capital Contributions	\$ (9.1)	\$ (.9)	\$ (8.2)	(911.1%)
Change in Net Assets	8.8	33.6	(24.8)	(73.8%)
Beginning Net Assets	<u>310.2</u>	<u>276.6</u>	<u>33.6</u>	<u>12.2%</u>
Ending Net Assets	<u>\$ 319.0</u>	<u>\$ 310.2</u>	<u>\$ 8.8</u>	<u>2.8%</u>

Significant items of operating revenues and expenses are as follows:

Table A-3
Operating Revenues
(In millions of dollars)

	FY 2002	FY 2001	Dollar Change	Percent Change
Water Sales & Service	\$ 13.7	\$ 13.7	\$ 0.0	0.0%
Wastewater Sales & Service	9.4	8.9	0.5	5.6%
Recreational revenues	<u>.6</u>	<u>.6</u>	<u>0.0</u>	<u>0.0%</u>
Total Operating Revenues	<u>\$ 23.7</u>	<u>\$ 23.2</u>	<u>\$.5</u>	<u>2.2%</u>

Table A-4
Operating Expenses (Excluding Depreciation)
(In millions of dollars)

	FY 2002	FY 2001	Dollar Change	Percent Change
Departmental Expenses				
Facilities Management	\$ 15.8	\$ 14.4	\$ 1.4	9.7%
Finance & Management Services	4.5	4.1	0.4	9.8%
Hydroelectric	3.4	2.7	0.7	25.9%
Office of the General Manager	3.0	2.1	0.9	42.9%
Recreation	.7	.7	0.0	0.0%
Other Operating Expenses				
Reimbursements to Developers	<u>2.0</u>	<u>1.4</u>	<u>0.6</u>	<u>42.9%</u>
Total Operating Expenses (Excluding Depreciation)	<u>\$ 29.4</u>	<u>\$ 25.4</u>	<u>\$ 4.0</u>	<u>(15.7%)</u>

Other operating expenses, excluding depreciation, increased by \$4 million from \$25.4 million in 2001 to \$29.4 million in 2002. This increase is primarily due to increased electricity costs and hydroelectric/FEMA related legal costs.

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

Table A-5
Operating Revenues vs Operating Expenses (Excluding Depreciation)
(In millions of dollars)

	FY 2002	FY 2001	Dollar Change	Percent Change
Operating Revenues	\$ 23.7	\$ 23.2	\$ 0.5	2.2%
Operating Expenses	<u>(29.4)</u>	<u>(25.4)</u>	<u>(4.0)</u>	<u>15.7%</u>
Net Operating Loss (Excluding Depreciation)	<u>\$ (5.7)</u>	<u>\$ (2.2)</u>	<u>\$ 3.5</u>	<u>159.1%</u>

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

Table A-6
Nonoperating Revenues
(In millions of dollars)

	FY 2002	FY 2001	Dollar Change	Percent Change
Property taxes	\$ 5.7	\$ 5.3	\$ 0.4	5.7%
Interest income	3.7	4.9	(1.2)	(24.5%)
Surcharges	1.8	2.2	(0.4)	(18.2%)
Voter approved debt	0.7	0.9	(0.2)	(22.2%)
Flood damage reimbursements	0.7	1.7	(1.0)	(58.8%)
Other	<u>0.5</u>	<u>1.8</u>	<u>(1.3)</u>	<u>(72.2%)</u>
Total Nonoperating Revenues	<u>\$ 13.1</u>	<u>\$ 16.8</u>	<u>\$ (3.7)</u>	<u>(22.0%)</u>

Interest income was lower than 2001 by \$1.2 million as a result of lower interest rates earned on the District's investments. Flood damage reimbursements were reduced by \$1.0 million to \$.7 million and surcharges were reduced by \$.4 million to \$1.8 million.

Table A-7
Nonoperating Expenses
(In millions of dollars)

	FY 2002	FY 2001	Dollar Change	Percent Change
Interest expense	\$ 4.8	\$ 4.6	\$ 0.2	4.3%
Flood damage expenses	1.9	1.2	0.7	58.3%
Other expenses	<u>1.2</u>	<u>0.6</u>	<u>0.6</u>	<u>100.0%</u>
Total Nonoperating Expenses	<u>\$ 7.9</u>	<u>\$ 6.4</u>	<u>\$ 1.5</u>	<u>23.4%</u>

The District is relying on the excess of nonoperating revenues over nonoperating expenses to partially fund operations.

Table A-8
Nonoperating Revenues vs Expenses
(In millions of dollars)

	FY 2002	FY 2001	Dollar Change	Percent Change
Nonoperating Revenues	\$ 13.1	\$ 16.2	\$ (3.1)	(19.1%)
Nonoperating Expenses	<u>(7.9)</u>	<u>(6.4)</u>	<u>(1.5)</u>	<u>23.4%</u>
Net Nonoperating Revenues	<u>\$ 5.2</u>	<u>\$ 9.8</u>	<u>\$ (4.6)</u>	<u>(46.9%)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets, net of accumulated depreciation, increased by \$27.1 million to \$342.6 million. This includes a broad range of infrastructure, such as water and wastewater plants in service, reclaimed water facility, construction in progress, and other assets such as vehicles, equipment, and office equipment and furniture. The increase of \$35.7 million in capital assets (excluding depreciation) is mainly due to the \$21.5 million increase in "construction in progress" associated with general plant, water, wastewater and hydroelectric systems. Some of the major projects include: Line and Cover projects (\$2.7 million); St. Andrews Lift Station (\$1.0 million); FERC Relicensing (\$2.4 million); Mill to Bull Tunnel project (\$8.5 million) and the Esmeralda Tunnel (\$0.5 million).

Additionally, the District brought the following water, wastewater and general plant projects into service during 2002: a 400,000 gallon water tank (\$1.2 million); wastewater lines, tertiary filters and equipment replacements (\$2.2 million) and the Harry J. Dunlop Customer Services Building (\$6.9 million). The details of the District's capital assets are as follows:

TABLE A-9
Capital Assets, Net
For the years ended December 31, 2002 and 2001
(In millions of dollars)

	FY 2002	FY 2001	Dollar Change	Total Percent Change
Water plant in service	\$ 201.7	\$ 198.7	\$ 3.0	1.5%
Wastewater plant in service	136.7	133.0	3.7	2.8%
Future use facilities	22.3	21.7	.6	2.8%
Land	5.3	5.3	0.0	0.0%
General plant	21.2	14.3	6.9	48.3%
Reclaimed water facility	7.2	7.2	0.0	0.0%
Electric power plant	0.1	0.1	0.0	0.0%
Construction in progress	<u>62.9</u>	<u>41.4</u>	<u>21.5</u>	<u>51.9%</u>
Subtotal	\$ 457.4	\$ 421.7	\$ 35.7	8.5%
Less Accumulated				
Depreciation	<u>(114.8)</u>	<u>(106.2)</u>	<u>(8.6)</u>	<u>(8.1%)</u>
Net Capital Assets	<u>\$ 342.6</u>	<u>\$ 315.5</u>	<u>\$ 27.1</u>	<u>8.6%</u>

The District has capital project commitments outstanding at December 31, 2002 of \$15.5 million. Additional information about the capital assets can be found in Note C to the financial statements.

LONG-TERM DEBT

At the end of 2002, the District had \$103.4 million in long-term debt, \$2.9 million less than the prior year, which was the result of principal payments made during 2002. Except for one small capital lease, there was no additional long-term debt incurred in 2002. The District's outstanding debt is as follows:

TABLE A-10
Debt Analysis
For the year ended December 31, 2002
(In millions of dollars)

	Balance January 1, 2002	2002 Payments	Balance December 31, 2002
Liability to the US Government	\$ 13.7	\$.8	\$ 12.9
Economic Development Admin loan	1.9	.1	1.8
State of California loans	2.9	0.0	2.9
County of El Dorado note	1.5	0.0	1.5
Revenue bonds	74.1	1.9	72.2
LaSalle Bank bridge loan	15.0	0.0	15.0
Motor Vehicle Leases	<u>0.6</u>	<u>0.1</u>	<u>0.5</u>
Total Debt	<u>\$ 109.7</u>	<u>\$ 2.9</u>	<u>\$ 106.8</u>
Less Current portion	<u>(3.3)</u>		<u>(3.4)</u>
Long-Term Debt	<u>\$ 106.4</u>		<u>\$ 103.4</u>

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

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

	Debt Balance	Average Coupon Rate
1996 Bonds	\$ 59.1	5.47%
1999 Bonds	13.1	5.92%
LaSalle Bridge Loan	15.0	4.67%
State of California Loans	<u>2.9</u>	<u>2.32%</u>
Total	<u>\$ 90.1</u>	

ECONOMIC FACTORS AND RATES

The District is currently developing a financing plan that will incorporate long-term financing to fund the 2003 – 2007 Capital Improvement Program (CIP) approved by the District's Board of Directors in January of 2003. The District also is currently undergoing a Facility Capacity Charge (connection fee) study and will have a rate study performed later in 2003 to determine if current fees and rates are adequate to support the capital and operational needs of the District.

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, 2002 and 2001

ASSETS	2002	Restated 2001
Current Assets		
Cash and Cash Equivalents	\$ 37,575,491	\$ 43,944,625
Accounts Receivable, Net	2,922,022	3,137,597
Due from Other Governmental Agencies	781,605	2,120,094
Interest Receivable	906,914	1,227,894
Taxes Receivable	6,257,068	3,066,124
Inventory	300,943	280,008
Prepaid Expenses and Other Current Assets	455,675	133,922
Total Current Assets	49,199,718	53,910,264
Restricted Assets		
Cash and Cash Equivalents	24,100,905	43,819,288
Other Long-Term Assets		
Investments	25,848,454	21,049,499
Deferred Bond Costs	907,569	953,850
Notes Receivable	99,016	102,683
Capital Assets		
Water Plant In Service	202,193,689	198,931,916
Wastewater Plant In Service	137,113,360	133,415,812
Future Use Facilities	26,255,992	25,719,559
General Plant	21,679,143	14,822,110
Reclaimed Water Facility	7,222,312	7,222,312
Electric Power Plant	121,893	121,893
Construction In Progress	62,869,699	41,413,777
Accumulated Depreciation	(114,818,105)	(106,190,958)
Capital Assets, Net	342,637,983	315,456,421
Total Assets	\$ 442,793,645	\$ 435,292,005

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

EL DORADO IRRIGATION DISTRICT
Balance Sheets
December 31, 2002 and 2001

LIABILITIES AND NET ASSETS	<u>2002</u>	<u>Restated 2001</u>
Current Liabilities		
Accounts Payable	\$ 5,587,042	\$ 3,479,402
Deposits	478,481	460,560
Accrued Compensated Absences	573,185	498,902
Accrued Payroll and Benefits Payable	593,733	405,832
Deferred Revenue	5,707,173	6,371,850
Current Contracts, Bonds and Leases Payable	3,398,796	3,337,542
Accrued Interest Payable	1,840,060	1,914,539
Total Current Liabilities	<u>18,178,470</u>	<u>16,468,627</u>
 Long-Term Liabilities		
Contracts, Bonds and Leases Payable	103,414,843	106,377,986
Reserve for Claims and Claims Expenses	833,000	2,233,000 ⁶
Other Liabilities	1,400,000	
Total Long-Term Liabilities	<u>105,647,843</u>	<u>108,610,986</u>
Total Liabilities	123,826,313	125,079,613
 NET ASSETS		
Invested in Capital Assets, Net of Related Debt	235,824,345	205,740,893
Restricted Net Assets		
Restricted for New Facilities	31,532,777	33,280,632
Restricted for Debt Service and Capital Projects	17,442,730	13,688,621
Unrestricted Net Assets	<u>34,167,480</u>	<u>57,502,246</u>
Total Net Assets	<u>318,967,332</u>	<u>310,212,392</u>
 Total Liabilities and Net Assets	<u>\$ 442,793,645</u>	<u>\$ 435,292,005</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 Fund Net Assets
For the years ended December 31, 2002 and 2001

	2002	Restated 2001
Operating Revenues		
Water Sales	\$ 11,124,715	\$ 11,985,485
Water Services	2,577,979	1,682,871
Reclaimed Water Reimbursements/Sales	323,326	359,300
Wastewater Sales	8,920,382	8,453,052
Wastewater Services	110,958	115,315
Recreation Fees	615,901	615,203
Total Operating Revenues	23,673,261	23,211,226
Operating Expenses		
Office of the General Manager	3,015,486	2,100,827
Finance and Management Services	4,470,541	4,086,298
Facilities Management	15,794,064	14,443,772
Recreation	719,911	648,716
Hydroelectric	3,405,238	2,711,609
Reimbursements to Developers	2,012,016	1,392,805
Depreciation and Amortization	8,627,147	9,129,458
Total Operating Expenses	38,044,403	34,513,484
Net Loss From Operations	(14,371,142)	(11,302,258)
Nonoperating Revenue (Expenses)		
Surcharges	1,826,112	2,168,455
Voter - Approved Taxes	736,073	857,653
Property Taxes	5,680,134	5,306,972
Interest Income	3,715,032	4,870,981
Flood Damage Expenses	(1,855,210)	(1,150,963)
Other Income	429,337	1,830,714
Other Expenses	(1,185,291)	(666,551)
Interest Expense	(4,789,688)	(4,572,793)
Flood Damage Reimbursements	679,725	1,746,180
Total Nonoperating Revenues (Expenses)	5,236,224	10,390,648
Net Loss Before Capital Contributions	(9,134,918)	(911,610)
Capital Contributions		
Facility Capacity Charges	8,956,472	24,271,660
Developer Contributions	8,933,386	10,204,092
Total Capital Contributions	17,889,858	34,475,752
Change in Net Assets	8,754,940	33,564,142
Net Assets, Beginning of Year	310,212,392	186,705,694
Prior Period Adjustment		89,942,556
Net Assets, Beginning of Year, as Restated	310,212,392	276,648,250
Net Assets, End of Year	\$ 318,967,332	\$ 310,212,392

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, 2002 and 2001

	<u>2002</u>	<u>Restated 2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 23,242,080	\$ 21,400,032
Cash paid to suppliers for goods and services	(16,061,535)	(15,489,873)
Cash paid to employees for services	<u>(11,016,085)</u>	<u>(9,764,353)</u>
NET CASH USED FOR OPERATING ACTIVITIES	(3,835,540)	(3,854,194)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Surcharges received	1,826,112	2,168,455
Property taxes received	3,225,263	8,407,220
Flood damage reimbursement	2,018,714	2,923,252
Flood damage payments	(1,855,210)	(1,150,963)
Other income/expenses	<u>(755,954)</u>	<u>8,353,093</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	4,458,425	20,701,057
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property and equipment	(27,130,543)	(22,743,783)
Principal payments on long-term debt	(3,155,987)	(3,290,764)
Proceeds from issuance of debt		16,043,581
Interest payments on long-term debt	(4,621,068)	(4,476,373)
Facility capacity charges	<u>8,956,472</u>	<u>24,271,660</u>
NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(25,951,126)	9,804,321
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and calls of investments	29,225,207	25,600,400
Purchases of investments	(34,000,000)	(16,500,000)
Interest received on investments	4,011,850	4,698,662
Payments on notes receivable	<u>3,667</u>	<u>3,462</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(759,276)	13,802,524
(DECREASE) INCREASE IN CASH	(26,087,517)	40,453,708
Cash and cash equivalents at beginning of year	<u>87,763,913</u>	<u>47,310,205</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 61,676,396	\$ 87,763,913
RECONCILIATION OF NET LOSS FROM OPERATIONS		
NET CASH USED FOR OPERATING ACTIVITIES:		
Net loss from operations	\$ (14,371,142)	\$ (11,302,258)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation and Amortization	8,627,147	9,129,458
Changes in operating assets and liabilities:		
Accounts Receivable	215,575	(608,642)
Inventory	(20,935)	16,367
Prepaid Expenses and Other Current Assets	(9,253)	192,855
Accounts Payable	2,107,640	(59,538)
Deposits	17,921	(1,202,552)
Accrued Compensated Absences	74,283	(4,328)
Accrued Payroll and Benefits Payable	187,901	(15,556)
Deferred Revenue	<u>(664,677)</u>	<u></u>
	<u>\$ (3,835,540)</u>	<u>\$ (3,854,194)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Borrowing under capital leases	\$ 57,280	\$ 419,873
Receipt of contributed assets	\$ 8,933,386	\$ 10,204,092
Change in fair value of investments	\$ (24,162)	\$ 311,389

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



El Dorado Irrigation District

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2002 and 2001

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, recreation and hydroelectric services in El Dorado County. As required by GAAP, the accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

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

Basis of Presentation: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net assets represents 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, 2002 and 2001

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

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

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

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

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

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

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

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

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

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

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

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

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

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

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

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

Reclassifications: Certain reclassifications have been made to the 2001 financial statements to conform to the current presentation.

NOTE B--CASH AND INVESTMENTS

California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. During the year ended December 31, 2002, the District's permissible investments included the following instruments:

- Local Agency Investment Fund (LAIF)
- California Asset Management Trust (CAMP)
- U.S. Treasury Issues
- Government agency obligations
- Bankers acceptances
- High grade commercial paper
- Medium term corporate notes
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Mutual funds
- Collateralized negotiable investments
- Monies held by a trustee or fiscal agent

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

NOTE B--CASH AND INVESTMENTS (Continued)

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

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

	<u>2002</u>	<u>2001</u>
Unrestricted cash and equivalents		
Investment in Local Agency Investment Fund (LAIF)	\$ 35,247,584	\$ 29,486,386
Investment in CAMP	2,367,995	14,732,198
Deposits in financial institutions	(43,708)	(277,579)
Cash on hand	<u>3,620</u>	<u>3,620</u>
	<u>37,575,491</u>	<u>43,944,625</u>
Restricted cash and equivalents		
Investment in LAIF	7,465,510	38,130,735
Money market mutual funds	4,820,275	4,453,272
Guaranteed investment agreements	6,221,859	
Deposits in financial institutions	<u>5,593,261</u>	<u>1,235,281</u>
	<u>24,100,905</u>	<u>43,819,288</u>
Total cash and cash equivalents	<u>\$ 61,676,396</u>	<u>\$ 87,763,913</u>

At December 31, 2002, the carrying amount of the District's deposits was \$5,549,553 and the balances in financial institutions was \$7,020,250. Of the balance in financial institutions, \$215,639 was covered by federal depository insurance and \$6,804,611 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies. State law requires that the market value of the common pool of collateral be equal to or greater than 110% of all public deposits with the pledging financial institution if governmental securities are used, or 150% if mortgages are used, as collateral. The collateral is not held by, or in the name of, the District. At December 31, 2001, the carrying amount of the District's deposits was \$961,322 and the balances in financial institutions was \$1,368,899. Of the balances in financial institutions, \$214,539 was covered by federal depository insurance and \$1,154,360 was collateralized, but the collateral was not held by, or in the name of, the District.

The District's investments in mutual funds, CAMP and LAIF are stated at fair value and are not subject to categorization under GASB Statement No. 3. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total amount invested by all public agencies in LAIF is \$56,211,702,653 managed by the State Treasurer. Of that amount, 97.6 percent is invested in non-derivative financial products and 2.4 percent in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

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

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

NOTE B--CASH AND INVESTMENTS (Continued)

Included in restricted cash are balances maintained for the repayment of debt service on 1996 and 1999 revenue bonds or for capital projects as authorized by the revenue bonds, balances held in escrow related to the LaSalle Bank Bridge Loan for the El Dorado Project, a certificate of deposit assigned to the U.S. Forest Service to guarantee performance under a Special Use Permit and a certificate of deposit assigned to the City of Placerville for a guarantee of performance for certain offsite improvements. The following are the components of restricted cash:

	<u>2002</u>	<u>2001</u>
Restricted for repayment of debt service and capital projects	\$ 17,002,978	\$ 27,100,158
Restricted for the El Dorado Project 184	5,017,479	14,948,392
Restricted for Safe Drinking Water Projects	845,167	535,457
Assigned to U.S. Forest Service	1,000,000	1,000,000
Assigned to City of Placerville	<u>235,281</u>	<u>235,281</u>
	<u>\$ 24,100,905</u>	<u>\$ 43,819,288</u>

Carrying values of investment securities at December 31, 2002 and 2001, are summarized as follows:

	<u>2002</u>	<u>2001</u>
U.S. Government agency securities	\$ 21,781,174	\$ 12,328,839
Corporate bonds	<u>4,067,280</u>	<u>8,720,660</u>
Total investments	<u>\$ 25,848,454</u>	<u>\$ 21,049,499</u>

The District's investments are stated at fair value and are categorized to give an indication of the level of credit risk assumed by the District at December 31, 2002 and 2001. The U.S. Government agency securities and corporate bonds are insured or registered, or the related securities are held by the District or its agent in the District's name and thus are credit risk Category 1 as defined by the GASB.

NOTE C--CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2002 and 2001 are as follows:

	Balance January 1, 2002	Additions	Transfers and Adjustments	Balance December 31, 2002
Capital assets not being depreciated:				
Land	\$ 5,306,862			\$ 5,306,862
Construction in progress	41,413,777	\$ 30,845,225	\$ (9,389,303)	62,869,699
Total capital assets not being depreciated	<u>46,720,639</u>	<u>30,845,225</u>	<u>(9,389,303)</u>	<u>68,176,561</u>
Capital assets being depreciated:				
Water plant in service	198,527,865	939,157	2,322,616	201,789,638
Wastewater plant in service	133,018,738	3,468,655	228,894	136,716,287
Future use facilities	21,738,421		536,432	22,274,853
General plant	14,297,511	555,672	6,301,361	21,154,544
Reclaimed water facility	7,222,312			7,222,312
Electric power plant	<u>121,893</u>			<u>121,893</u>
Total capital assets being depreciated	<u>374,926,740</u>	<u>4,963,484</u>	<u>9,389,303</u>	<u>389,279,527</u>

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

NOTE C--CAPITAL ASSETS (Continued)

	Balance January 1, 2002	Additions	Transfers and Adjustments	Balance December 31, 2002
Less accumulated depreciation for:				
Water plant in service	\$ (56,154,846)	\$ (4,896,153)		\$ (61,050,999)
Wastewater plant in service	(27,869,114)	(3,225,839)		(31,094,953)
Future use facilities	(18,627,000)			(18,627,000)
General plant	(2,148,911)	(261,365)		(2,410,276)
Reclaimed water facility	(1,345,742)	(240,743)		(1,586,485)
Electric power plant	(45,345)	(3,047)		(48,392)
Total accumulated depreciation	<u>(106,190,958)</u>	<u>(8,627,147)</u>		<u>(114,818,105)</u>
Total capital assets being depreciated, net	<u>268,735,782</u>	<u>(3,663,663)</u>	<u>9,389,303</u>	<u>274,461,422</u>
Capital assets, net	<u>\$ 315,456,421</u>	<u>\$ 27,181,562</u>	<u>\$ _____</u>	<u>\$ 342,637,983</u>
	Balance January 1, 2001	Additions	Transfers and Adjustments	Balance December 31, 2001
Capital assets not being depreciated:				
Land	\$ 5,306,862			\$ 5,306,862
Construction in progress	30,068,266	\$ 32,958,781	\$(21,613,270)	41,413,777
Total capital assets not being depreciated	<u>35,375,128</u>	<u>32,958,781</u>	<u>(21,613,270)</u>	<u>46,720,639</u>
Capital assets being depreciated:				
Water plant in service	184,221,732	169,332	14,136,801	198,527,865
Wastewater plant in service	126,594,742		6,423,996	133,018,738
Future use facilities	21,738,421			21,738,421
General plant	13,339,225		958,286	14,297,511
Reclaimed water facility	7,128,125		94,187	7,222,312
Electric power plant	121,893			121,893
Total capital assets being depreciated	<u>353,144,138</u>	<u>169,332</u>	<u>21,613,270</u>	<u>374,926,740</u>
Less accumulated depreciation for:				
Water plant	(51,648,762)	(4,506,084)		(56,154,846)
Wastewater plant	(24,035,992)	(3,833,122)		(27,869,114)
Future use facilities	(18,627,000)			(18,627,000)
General plant	(1,840,514)	(308,397)		(2,148,911)
Reclaimed water facility	(1,106,569)	(239,173)		(1,345,742)
Electric plant	(42,298)	(3,047)		(45,345)
Total accumulated depreciation	<u>(97,301,135)</u>	<u>(8,889,823)</u>		<u>(106,190,958)</u>
Total capital assets being depreciated, net	<u>255,843,003</u>	<u>(8,720,491)</u>	<u>21,613,270</u>	<u>268,735,782</u>
Capital assets, net	<u>\$ 291,218,131</u>	<u>\$ 24,238,290</u>	<u>\$ _____</u>	<u>\$ 315,456,421</u>

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

NOTE D--CONTRACTS, BONDS AND LEASES PAYABLE

Contracts, bonds and leases payable consists of the following at December 31, 2002:

Liability to the United States Government: Pursuant to the Sly Park Bureau Contract, the U.S. Bureau of Reclamation (USBR) constructed the Sly Park Unit and the District's main water distribution system. That construction was financed with the issuance of United States Government debt totaling \$25,000,000. Under its agreement with the Bureau, the District is responsible for funding the repayment of this debt. Voter approved taxes are being collected by the District to fund this repayment. Approximately 86% of the debt is related to construction for agricultural use, 12% of the debt issuance does not bear any interest, and the remaining debt bears interest at 3.5%. Annual principal and interest payments ranging from \$45,015 to \$853,015 are due through 2023.

Economic Development Administration Loan: On August 22, 1977, the District borrowed \$2,306,000 from the Economic Development Administration of the U.S. Department of Commerce, under the Community Emergency Drought Relief Program. The interest rate is 5%. Annual principal and interest payments of \$161,102 are due through July 2017.

State of California Loans: The State of California, Department of Water Resources issued three Safe Drinking Water loans to finance water filtration and other water quality projects. In 1999, the District repaid two of the three outstanding loans. The remaining outstanding loan was repaid during 2001. In March 2000, the State of California Department of Water Resources issued to the District four additional Safe Water Drinking Loans in the aggregate amount of approximately \$4,843,500, of which \$2,933,841 was drawn down as of December 31, 2002. Interest rates range from 2.32% to 3.2205%. Annual interest payments are due through completion of construction and certification by the State. Upon completion of construction and the certification process, principal and interest payments are due over a twenty year repayment period.

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.

1996 Revenue Bonds: On April 1, 1996, the District issued the 1996 Revenue Bonds in the amount of \$69,415,000. Proceeds from these bonds were used to refund the District's outstanding certificates of participation and to finance the acquisition of a hydroelectric generating plant and related facilities and the costs of improvements to the District's water supply, wastewater treatment and hydroelectric facilities. The Bonds are secured by a lien on the net revenue of these facilities. Interest rates range from 4.75% to 5.6%. Principal payments ranging from \$1,920,000 to \$4,925,000, are payable annually on February 15 and interest payments, ranging from \$67,718 to \$1,613,723, are payable semi-annually on February 15 and August 15 through February 15, 2021.

1999 Revenue Bonds: On December 3, 1999, the District issued the 1999 Revenue Bonds in the amount of \$13,685,000. Proceeds from these bonds were used to finance certain improvements to the District's sewer and water systems and other facilities, including the acquisition and construction of a new administrative headquarters. The Bonds are secured by a lien on the net revenue of these facilities. Interest rates range from 4.65% to 6.375%. Principal payments, ranging from \$290,000 to \$1,035,000, are payable annually on February 15 and interest payments, ranging from \$65,981 to \$389,524, are payable semi-annually on February 15 and August 15 through February 15, 2025.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

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

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

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

The activity of the District's contracts, bonds and leases payable during the years ended December 31, 2002 and 2001 are as follows:

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002	Due Within One Year
Liability to U.S. Government Economic Development	\$ 13,657,993		\$ (764,159)	\$ 12,893,834	\$ 791,145
Administration loan	1,842,481		(83,932)	1,758,549	87,194
State of California loans	2,933,841			2,933,841	204,255
County of El Dorado note	1,533,000			1,533,000	
Revenue Bonds					
1996 Series	60,746,602		(1,672,211)	59,074,391	1,819,577
1999 Series	13,388,800		(273,639)	13,115,161	288,639
LaSalle Bank bridge loan	15,000,000			15,000,000	
	109,102,717		(2,793,941)	106,308,776	3,190,810
Motor vehicle capital leases	599,727	\$ 57,280	(197,895)	459,112	207,986
Total	109,702,444	\$ 57,280	\$(2,991,836)	106,767,888	\$ 3,398,796
Add: Revenue bond arbitrage liability	13,084			45,751	
Less: Current portion of long-term debt	(3,337,542)			(3,398,796)	
	<u>\$ 106,377,986</u>			<u>\$ 103,414,843</u>	

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

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

	Balance January 1, 2001	Additions	Reductions	Balance December 31, 2001	Due Within One Year
Liability to U.S. Government Economic Development	\$ 14,377,153		\$ (719,160)	\$ 13,657,993	\$ 764,160
Administration loan	1,923,307		(80,826)	1,842,481	83,932
State of California loans	1,616,473	\$ 1,463,454	(146,086)	2,933,841	199,597
County of El Dorado note	1,533,000			1,533,000	
Revenue Bonds					
1996 Series	62,338,814		(1,592,212)	60,746,602	1,835,000
1999 Series	13,652,439		(263,639)	13,388,800	275,000
LaSalle Bank bridge loan		15,000,000		15,000,000	
	95,441,186	16,463,454	(2,801,923)	109,102,717	3,157,689
Motor vehicle capital leases	774,501		(174,774)	599,727	179,853
Total	96,215,687	\$ 16,463,454	\$(2,976,697)	109,702,444	\$ 3,337,542
Add: Revenue bond arbitrage liability	327,151			13,084	
Less: Current portion of long-term debt	(3,241,829)			(3,337,542)	
	\$ 93,301,009			\$ 106,377,986	

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

Year Ended December 31,	Principal	Interest	Total
2003	\$ 3,190,809	\$ 4,942,586	\$ 8,133,395
2004	3,301,604	4,822,376	8,123,980
2005	4,615,864	4,678,010	9,293,874
2006	4,899,634	4,475,385	9,375,019
2007	5,106,781	4,260,453	9,367,234
2008-2012	29,574,922	17,553,801	47,128,723
2013-2017	27,858,334	10,600,985	38,459,319
2018-2022	23,142,386	3,716,709	26,859,095
2023-2027	4,618,442	2,203,796	6,822,238
Total	\$ 106,308,776	\$ 57,254,101	\$ 163,562,877

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

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

The following is a schedule of the future minimum lease payments required under capital leases and the present value of the net minimum lease payments as December 31, 2002:

Year Ended December 31,	
2003	\$ 228,260
2004	163,297
2005	<u>102,119</u>
Total minimum lease payments	493,676
Less: Amount representing interest	<u>(34,564)</u>
Present value of minimum lease payments	<u>\$ 459,112</u>

NOTE E--NET ASSETS

Restrictions: Restricted net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restrictions include a reserve for capital projects, which represents the portion of retained earnings legally restricted for the use of capital projects as required by the related debt covenants. Net assets are also 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, 2002 and 2001, designations included:

	<u>2002</u>	<u>2001</u>
Insurance	\$ 974,573	\$ 1,057,608
Construction and capital replacement	24,096,873	36,692,017
Operations		2,875,530
Rate stabilization	3,798,780	3,647,639
USBR emergency	<u>155,000</u>	<u>155,000</u>
Total	<u>\$ 29,025,226</u>	<u>\$ 44,427,794</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 operations represents the amount to provide cash flow for the District's operations.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

NOTE E--NET ASSETS (Continued)

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 smooths out high and low revenue demand years.

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

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 the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; currently no contributions are required. 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, 2002, the District incurred no annual pension cost. The required contribution was determined as part of the June 30, 1999 actuarial valuation using entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary in duration of service ranging from 3.75% to 14.20% for miscellaneous members and (c) 3.75% cost of living adjustment. Both (a) and (b) include an inflation component of 3.5%. 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 December 31, 1999 was 14 years.

Three-Year Trend Information for the District

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
December 31, 2000	\$ 207,598	100%
December 31, 2001	-	100%
December 31, 2002	-	100%

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

NOTE F--EMPLOYEES' RETIREMENT PLAN (Continued)

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</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess Assets As a % of Covered Payroll</u>
June 30, 1999	\$ 28,354,548	\$ 22,545,226	\$ 5,809,322	125.80%	\$ 8,845,874	65.67%
June 30, 2000	32,006,680	25,203,347	6,803,333	126.99%	8,865,943	76.73%
June 30, 2001	33,207,102	27,800,215	5,406,887	119.45%	8,342,846	64.81%

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, 2002, fifty-one retired employees/survivor 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 \$121,500 and \$83,341 for the years ended December 31, 2002 and 2001, 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:

<u>Type of Claim</u>	<u>Self-Insured Portion (Per Occurrence)</u>
Personal injury	\$ 50,000
General liability	50,000
Property (including building, boiler, machinery, contractor equipment and inland marine)	500 to 5,000
Fire damage	50,000
Employee dishonesty, forgery or alteration	250
Theft, disappearance and destruction	250
Computer fraud	250

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

The reserve for claims and claims expense of \$833,000 reported at December 31, 2002 and 2001 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, 2002 and 2001, the entire claims liability is reported as a long-term liability on the balance sheet. These claim estimates are based on the

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

NOTE H--INSURANCE (Continued)

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 2002 and 2001, were as follows:

	<u>General Liability and Other</u>	<u>Dental and Vision</u>	<u>Total</u>
Reserve for claims and claims expenses at January 1, 2000	\$ 2,219,238	\$ 13,762	\$ 2,233,000
Current year incurred claims and changes in estimates	(61,364)	(7,152)	(68,516)
Net (payments) recoveries	<u>61,364</u>	<u>7,152</u>	<u>68,516</u>
Reserve for claims and claims expenses at December 31, 2001	2,219,238	13,762	2,233,000
Current year incurred claims and changes in estimates	(1,238,837)	240,805	(998,032)
Net (payments) recoveries	<u>(175,080)</u>	<u>(226,888)</u>	<u>(401,968)</u>
Reserve for claims and claims expenses at December 31, 2002	<u>\$ 805,321</u>	<u>\$ 27,679</u>	<u>\$ 833,000</u>

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 \$1,400,000 at December 31, 2002. There were no amounts accrued at December 31, 2001 for lawsuits where the District expected a probable loss to occur. The outcome of the remaining claims cannot be determined at this time.

The District is also the plaintiff in a lawsuit for breach of contract on a capital project. The outcome 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 2004. The District is working to renew this license; however, nonrenewal would have a significant impact on future District hydroelectric revenues.

The District is a multi-county district currently exempt from the effects of the State of California Educational Revenue Augmentation Fund (ERAF), which requires a transfer of a portion of the property tax revenues from non-exempt districts over to school districts. Currently, the special districts that are subject to the ERAF rules must pay the lower of 10% of total revenue or 40% of property tax revenue into this fund. Because of budget difficulties, the State may decide to subject the currently exempt districts to the ERAF rules regardless of their multi-county status. This action would jeopardize an unknown portion of the District's future property tax revenue.

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

NOTE I--COMMITMENTS AND CONTINGENCIES (Continued)

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, 2002:

Line and cover projects	\$ 8,608,768
Mill to Bull Creek tunnel	2,360,307
El Dorado Hills Wastewater Plant	1,616,722
Deer Creek Wastewater Plant improvements	1,178,518
Various other projects	548,361
Headquarters building	412,751
Powerhouse generating equipment	376,237
Federal Energy Regulatory Commission relicensing	189,996
Sly Park Purchase	153,277
Various flood damage repairs related contracts	<u>74,148</u>
Total	<u>\$ 15,519,085</u>

NOTE K--RESTATEMENTS

In June 1999, the GASB unanimously approved Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." Net assets at January 1, 2001 have been restated to reflect the cumulative effect of the implementation of GASB Statement No. 34. Implementation of this Statement resulted in an increase in net assets of \$78,516,008 at January 31, 2001, a decrease in contributed capital and depreciation applied to contributed capital of \$76,981,132 and \$1,534,876, respectively, at December 31, 2001.

In addition, certain errors resulting in both the overstatement and understatement of assets, liabilities, net assets, and revenues at December 31, 2000 and 2001 were corrected this year. The changes to net assets as of December 31, 2000 are summarized as follows:

	<u>Net Assets</u>
December 31, 2000, as previously reported	\$ 186,705,694
Recognize deferred revenue related to the hydroelectric facility purchase, which was earned in 1999	5,700,264
Recognize fees received in 2000 and prior for the right to purchase sewer meters when earned at the time the sewer meter was purchased	29,355
Recognize revenue from a legal settlement when received in 1996	764,294
Recognize deferred flood reimbursement revenue when earned in 2000	725,533
Recognize flood damage reimbursement revenue recorded in 2001 and 2002 when eligible expenses were incurred in 2000 and prior years	3,297,166

EL DORADO IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

December 31, 2002 and 2001

NOTE K--RESTATEMENTS (Continued)

	<u>Net Assets</u>
Remove credit balances in fixed asset clearing (construction in progress) accounts	\$ 909,936
Reclassify contributed capital to net assets according to GASB 34	<u>78,516,008</u>
Total prior period adjustments	<u>89,942,556</u>

January 1, 2001, as restated \$ 276,648,250

The changes to net income as of December 31, 2001 are summarized as follows:

	<u>Change in Net Assets</u>
Net income for the year ended December 31, 2001, as previously reported	\$ 24,371,180
Recognize revenue and reduce deferred revenue for fees received in 2001 for the right to purchase sewer meters at the time the sewer meter was purchased	165,942
Reverse flood damage reimbursement revenue and, reduce due from other agencies to recognize revenue when eligible expenses were incurred in 2000 and prior years	(1,177,072)
Recognize capital contribution revenue previously recorded as a reduction to construction in process	<u>10,204,092</u>
Change in net assets year ended December 31, 2001, as restated	<u>\$ 33,564,142</u>

Additionally, restricted cash and investment balances of \$24,100,905 and \$43,819,288 at December 31, 2002 and 2001, respectively, were presented separately on the balance sheet and deferred revenue of \$2,221,704, previously recorded as a reduction of accounts receivable was reclassified to deferred revenue at December 31, 2001. These restatements had no effect on previously reported change in net assets for the year ended December 31, 2001.

EL DORADO IRRIGATION DISTRICT
Combining Balance Sheets
December 31, 2002

ASSETS	Operating	Capital Improvement	Debt Service	El Dorado Public Agency Financing Authority	Recreation	Hydroelectric	Totals
Current Assets							
Cash and Cash Equivalents	\$ (3,990,326)	\$ 28,272,875	\$ 2,064,744	\$ 15,056,903	\$ 354,176	\$ (4,182,881)	\$ 37,575,491
Accounts Receivable, Net	2,680,504	(230)	75,602	167,813		(1,667)	2,922,022
Due from Other Governmental Agencies						781,605	781,605
Interest Receivable	529,172		37,396	340,346			906,914
Taxes Receivable	5,407,415		740,293		109,360		6,257,068
Inventory	300,943						300,943
Intrafund Receivable/Payable	5,796,773	1,318,057			(299,830)	(6,815,000)	
Prepaid Expenses and Other Current Assets	412,245		2,260	4,274		36,896	455,675
Total Current Assets	<u>11,136,726</u>	<u>29,590,702</u>	<u>2,920,295</u>	<u>15,569,336</u>	<u>163,706</u>	<u>(10,181,047)</u>	<u>49,199,718</u>
Restricted Assets							
Cash and Cash Equivalents	1,235,281		5,862,646	17,002,978			24,100,905
Other Long-Term Assets							
Investments	25,848,454						25,848,454
Deferred Bond Costs				907,569			907,569
Notes Receivable	99,016						99,016
Capital Assets							
Water Plant In service	202,007,055				186,634		202,193,689
Wastewater Plant In Service	137,113,360						137,113,360
Future Use Facilities	5,655,472					20,600,520	26,255,992
General Plant	17,884,255				3,201,957	592,931	21,679,143
Reclaimed Water Facility	7,222,312						7,222,312
Electric Power Plant	121,893						121,893
Construction In Progress	1,221,474	27,543,891			438,178	33,666,156	62,869,699
Accumulated Depreciation	(94,910,756)				(1,083,880)	(18,823,469)	(114,818,105)
Capital Assets, Net	<u>276,315,065</u>	<u>27,543,891</u>			<u>2,742,889</u>	<u>36,036,138</u>	<u>342,637,983</u>
Total Assets	<u>\$ 314,634,542</u>	<u>\$ 57,134,593</u>	<u>\$ 8,782,941</u>	<u>\$ 33,479,883</u>	<u>\$ 2,906,595</u>	<u>\$ 25,855,091</u>	<u>\$ 442,793,645</u>

EL DORADO IRRIGATION DISTRICT
Combining Balance Sheets
December 31, 2002

	Operating	Capital Improvement	Debt Service	El Dorado Public Agency Financing Authority	Recreation	Hydroelectric	Totals
LIABILITIES AND NET ASSETS							
Current Liabilities							
Accounts Payable	\$ 1,824,111	\$ 2,800,244			\$ 10,537	\$ 952,150	\$ 5,587,042
Deposits	478,481						478,481
Accrued Compensated Absences	530,416				20,111	22,658	573,185
Accrued Payroll and Benefits Payable	533,717	8,370			3,911	47,735	593,733
Deferred Revenue	5,627,837					79,336	5,707,173
Current Contracts, Bonds and Leases Payable	1		\$ 1,290,579	\$ 2,108,216			3,398,796
Accrued Interest Payable			348,753	1,491,307			1,840,060
Total Current Liabilities	8,994,563	2,808,614	1,639,332	3,599,523	34,559	1,101,879	18,178,470
Long-Term Liabilities							
Contracts, Bonds and Leases Payable			33,287,756	70,127,087			103,414,843
Reserve for Claims and Claims Expenses	833,000						833,000
Other Liabilities	1,400,000						1,400,000
Total Long-Term Liabilities	2,233,000		33,287,756	70,127,087			105,647,843
Total Liabilities	11,227,563	2,808,614	34,927,088	73,726,610	34,559	1,101,879	123,826,313
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	276,315,064	27,543,892	(34,578,334)	(72,235,305)	2,742,890	36,036,138	235,824,345
Restricted Net Assets							
Restricted for New Facilities	9,020,083		1,912,964	20,599,730			31,532,777
Restricted for Debt Service and Capital Projects				17,442,730			17,442,730
Unrestricted Net Assets	18,071,832	26,782,087	6,521,223	(6,053,882)	129,146	(11,282,926)	34,167,480
Total Net Assets	303,406,979	54,325,979	(26,144,147)	(40,246,727)	2,872,036	24,753,212	318,967,332
Total Liabilities and Net Assets	\$ 314,634,542	\$ 57,134,593	\$ 8,782,941	\$ 33,479,883	\$ 2,906,595	\$ 25,855,091	\$ 442,793,645

El Dorado Irrigation District
Combined Statement of Revenues, Expenses and Changes in Fund Net Assets
Budget and Actual
For the year ended December 31, 2002

	2002	Budget	Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 11,124,715	\$ 12,328,350	\$ (1,203,635)
Water Services	2,577,979	653,770	1,924,209
Reclaimed Water Reimbursements/Sales	323,326	334,790	(11,464)
Wastewater Sales	8,920,382	8,900,000	20,382
Wastewater Services	110,958	152,190	(41,232)
Recreation Fees	615,901	681,000	(65,099)
Hydroelectric Sales	—	463,904	(463,904)
Total Operating Revenues	23,673,261	23,514,004	159,257
Operating Expenses			
Office of the General Manager	3,015,486	3,434,140	418,654
Finance and Management Services	4,470,541	4,984,408	513,867
Facilities Management	15,794,064	14,520,952	(1,273,112)
Recreation	719,911	647,013	(72,898)
Hydroelectric	3,405,238	3,049,574	(355,664)
Reimbursements to Developers	2,012,016	—	(2,012,016)
Total Operating Expenses	29,417,256	26,636,087	(2,781,169)
Net Loss from Operations	(5,743,995)	(3,122,083)	(2,621,912)
Nonoperating Revenue (Expenses)			
Facilities Capacity Charges	8,956,472	10,325,771	(1,369,299)
Surcharges	1,826,112	1,547,545	278,567
Voter-Approved Taxes	736,073	829,660	(93,587)
Property Taxes	5,680,134	4,849,500	830,634
Interest Income	3,715,032	3,000,000	715,032
Flood Damage Expenses	(1,855,210)	—	(1,855,210)
Other Income	429,337	188,690	240,647
Other Expenses	(1,185,291)	—	(1,185,291)
Interest Expense	(4,789,688)	(8,068,000)	3,278,312
Flood Damage Reimbursements	679,725	—	679,725
Total Nonoperating Revenues (Expenses)	14,192,696	12,673,166	1,519,530
Excess of Budgeted Revenues over Budgeted Expenses	8,448,701	\$ 9,551,083	\$ (1,102,382)
Non-Budgeted Items			
Developer Contributions	8,933,386		
Depreciation and Amortization	8,627,147		
Change in Net Assets	\$ 8,754,940		

EL DORADO IRRIGATION DISTRICT
Combining Statements of
Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2002

	El Dorado Public Agency					Totals
	Operating	Capital Improvement	Debt Service	Financing Authority	Recreation	
Operating Revenues						
Water Sales	\$ 11,124,715					\$ 11,124,715
Water Services	2,577,979					2,577,979
Reclaimed Water Reimbursements/Sales	323,326					323,326
Wastewater Sales	8,920,382					8,920,382
Wastewater Services	110,958					110,958
Recreation Fees					\$ 574,456	\$ 41,445
Total Operating Revenue	<u>23,057,360</u>				<u>574,456</u>	<u>41,445</u>
Operating Expenses						
Office of the General Manager	3,015,398					88
Finance and Management Services	4,470,371					170
Facilities Management	15,791,716				2,348	
Recreation					656,099	63,812
Hydroelectric						3,405,238
Reimbursements to Developers	2,012,016					
Depreciation and Amortization	8,557,383				17,469	52,295
Total Operating Expenses	<u>33,846,884</u>				<u>675,916</u>	<u>3,521,603</u>
Net Loss From Operations	(10,789,524)				(101,460)	(3,480,158)
Nonoperating Revenue (Expenses)						
Surcharges			\$ 778,258	\$ 1,047,854		1,826,112
Voter-Approved Taxes			736,073			736,073
Property Taxes	5,567,448				112,686	5,680,134
Interest Income	1,448,749		60,392	1,939,706	16,237	249,948
Flood Damage Expenses						(1,855,210)
Other Income	337,056	\$ 1,705			30,306	60,270
Other Expenses	(340,322)		(61,640)	(217,895)		(565,434)
Interest Expense	(1)		(876,827)	(3,900,016)	(12,844)	
Flood Damage Reimbursements						679,725
Total Non-operating Revenue (Expense)	<u>7,012,930</u>	<u>1,705</u>	<u>636,256</u>	<u>(1,130,351)</u>	<u>146,385</u>	<u>(1,430,701)</u>
Net (Loss) Income Before Contributions/Transfers	(3,776,594)	1,705	636,256	(1,130,351)	44,925	(4,910,859)
Capital Contributions and Operating Transfers						
Facilities Capacity Charges	5,424,689			3,531,783		8,956,472
Developer Contributions	8,933,386					8,933,386
Operating Transfers In	5,627,758	19,861,300	1,016,015	3,235,681	391,822	10,501,128
Operating Transfers Out	(22,113,803)	(5,690,309)	(9,961,874)	(915,148)	(390,324)	(1,562,246)
Change in Net Assets	(5,904,564)	14,172,696	(8,309,603)	4,721,965	46,423	4,028,023
Net Assets, Beginning of Year, as Restated	<u>309,015,563</u>	<u>40,153,282</u>	<u>(17,668,605)</u>	<u>(44,968,688)</u>	<u>2,809,438</u>	<u>20,871,402</u>
Net Assets, End of Year	<u>\$303,110,999</u>	<u>\$ 54,325,978</u>	<u>\$ (25,978,208)</u>	<u>\$ (40,246,723)</u>	<u>\$ 2,855,861</u>	<u>\$ 24,899,425</u>



El Dorado Irrigation District
Adjusted Budget for the Fiscal Years ended
December 31, 1999, 2000, 2001, & 2002

	2002	2001	2000	1999
OPERATING REVENUES:				
Water Sales	\$12,328,350	\$11,892,850	\$11,143,200	\$10,752,000
Water Services	653,770	581,700	611,800	503,400
Reclaimed Water Reimbursements/Sales	334,790	324,050	153,600	67,000
Wastewater Sales	8,900,000	8,800,000	9,476,300	8,404,100
Wastewater Services	152,190	149,450	45,500	105,700
Recreation Fees	681,000	627,000	505,500	505,500
Hydroelectric Sales	463,904	341,000	0	0
Total Operating Revenue	\$23,514,004	\$22,716,050	\$21,935,900	\$20,337,700
OPERATING EXPENSES⁽¹⁾ :				
Office of the General Manager	\$3,434,140	\$2,647,720	\$2,435,200	\$2,178,786
Finance and Management Services	5,134,408	5,841,455	5,555,644	5,689,630
Facilities Management	15,170,952	14,555,126	14,469,829	14,322,688
Recreation	652,013	614,254	547,571	583,929
Hydroelectric	3,049,574	2,564,754	1,944,928	2,052,119
Reimbursements to Developers	0	0	0	0
Total Operating Expenses	\$27,441,087	\$26,223,309	\$24,953,172	\$24,827,152
Net Loss from Operations	(\$3,927,083)	(\$3,507,259)	(\$3,017,272)	(\$4,489,452)
NON-OPERATING REVENUE-(EXPENSE)				
Facilities Capacity Charges	\$10,325,771	\$10,070,352	\$7,118,310	\$7,286,600
Surcharges ⁽²⁾	1,547,545	1,535,700	1,467,000	2,270,000
Voter-Approved Taxes ⁽³⁾	829,660	788,290	773,921	714,600
Property Taxes	4,849,500	4,575,060	4,261,500	3,999,300
Interest Income	3,000,000	3,200,000	3,276,150	3,086,600
Flood Damage Expenses	0	0	0	0
Other Income	188,690	174,340	147,850	0
Interest Expenses	(8,068,000)	0	0	(4,108,325)
Flood Damage Reimbursement	0	5,030,000	3,716,200	3,008,100
Total Non-Operating Revenue (Expenses)	\$12,673,166	\$25,373,742	\$20,760,931	\$16,256,875
Total Income	\$8,746,083	\$21,866,483	\$17,743,659	\$11,767,423
DEBT SERVICE (Principal Only)				
Federal Loans	\$791,145	\$764,160	\$779,027	\$713,210
State Loans	283,529	291,449	95,593	252,438
Revenue Bonds	2,210,000	2,110,000	1,685,000	1,615,000
Motor Vehicle Capital Leases	207,986	179,853	113,459	55,881
Texas Hill	0	0	402,039	382,666
Total Debt Service-Principal	\$3,492,660	\$3,345,462	\$3,075,118	\$3,019,195
Net Income after Debt Service	\$5,253,423	\$18,521,021	\$14,668,541	\$8,748,228

(1) Operating expenses exclude CIP offset.

(2) Represent surcharges assessed in connection with water and sewer debt.

(3) Represents 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.



El Dorado Irrigation District

2002 5-year CIP Budget

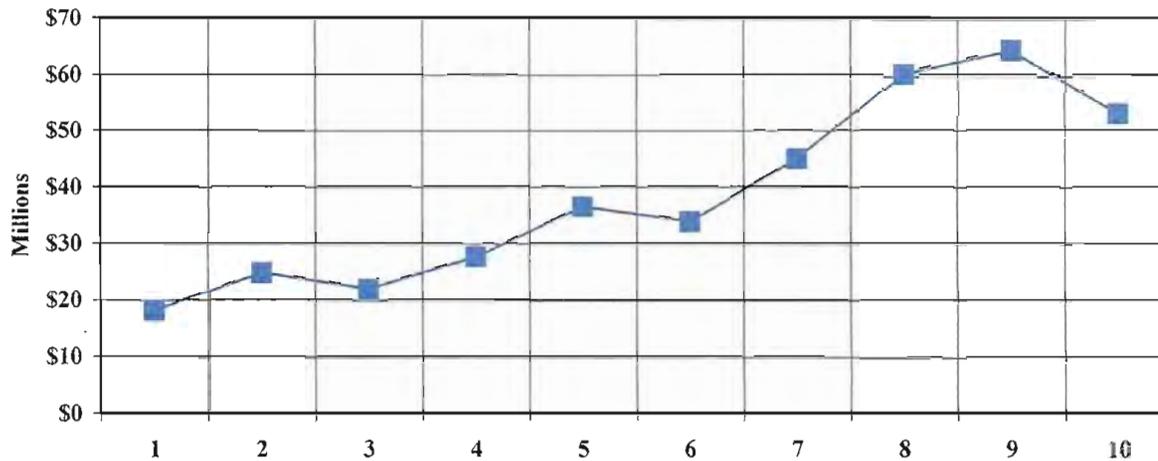
	2002	2003	2004	2005	2006
WATER					
Reservoir Program	\$ 14,400,000	\$ 28,400,000	\$ 9,000,000		
Reservoir Chlorine Scrubber Installation	\$ 500,000			145,000	\$ 725,000
Eng Water Facilities Improvements		\$ 500,000	\$ 500,000	500,000	\$ 500,000
Bass Lake Storage/Pipes/Pump Station	\$ 5,000,000				
Chlorine & PH Monitoring	\$ 210,000				
Water Distribution System Improvements	\$ 500,000	\$ 500,000	\$ 500,000	500,000	\$ 500,000
EDH WTP Exp to 24 MGD	\$ 700,000	\$ 11,850,000			
EDH WTP Exp to 16 MGD	\$ 900,000				
Water Master Plan	\$ 150,000				
Hwy 50/Latrobe Rd Interchg Realignment	\$ 300,000				
Latrobe Road Realignment	\$ 2,200,000	\$ 1,250,000			
Oakridge Pump Station	\$ 360,000	\$ 1,000,000			
Baumhoff Tank Replacement	\$ 100,000	\$ 500,000			
Oakridge Water Storage Tank - 2 MG	\$ 1,000,000				
Promontory Tank and Pipeline	\$ 1,725,000				
Parallel the Diamond Springs Main		\$ 4,000,000	\$ 4,000,000	4,000,000	
SCADA Phase II	\$ 291,300	\$ 400,000	\$ 67,000		
Silva Valley Parkway Transmission Line	\$ 500,000	\$ 8,400,000			
Silva Valley Pkwy/White Rock Rd Waterline	\$ 850,000				
Water Rights for 17,000 Acre Feet	\$ 200,000				
Other Water Projects	\$ 315,120	\$ 349,300	\$ 79,300	79,300	\$ 79,300
Total Water	\$ 30,201,420	\$ 57,149,300	\$ 14,146,300	5,224,300	\$ 1,804,300
WASTEWATER					
DCWWTP Phase II Expansion/Compliance		\$ 8,900,000			
DCWWTP Post Permit Appeal	\$ 300,000				
EDHWTP CAP	\$ 300,000				
Camino Heights Disposal Upgrade	\$ 450,000				
SCADA Phase II (includes 972714)	\$ 205,000	\$ 187,500	\$ 72,600		
Mother Lode Force Main Repairs		\$ 200,000	\$ 200,000	200,000	
Sewer Collection Sys & I/I Improvement:	\$ 200,000	\$ 200,000	\$ 200,000	200,000	\$ 200,000
DCWWTP Regulatory Compliance	\$ 8,000,000				
EDHWTP Regulatory Compliance	\$ 200,000	\$ 3,050,000			
Green Valley Road Sewerline	\$ 125,000				
Hwy 50/Latrobe Rd Interchg Realignment	\$ 650,000				
Latrobe Road Realignment	\$ 450,000	\$ 1,150,000			
Lifeway Assessment District	\$ 100,000				
Wastewater Master Plan	\$ 100,000				
New York Creek 16" Forcemain	\$ 1,040,000				
Other Wastewater Projects	\$ (259,000)	\$ 20,000	\$ 20,000	20,000	\$ 20,000
Total Wastewater	\$ 11,861,000	\$ 13,707,500	\$ 492,600	420,000	\$ 220,000
GENERAL DISTRICT					
Hansen System Expansion	\$ 50,000	\$ 50,000	\$ 50,000	50,000	
Sly Park Purchase	\$ 8,123,021				
New Headquarters Facility	\$ 95,000				
Other General District Projects	\$ 189,100	\$ 10,000	\$ -	0	\$ -
Total General District	\$ 8,457,121	\$ 60,000	\$ 50,000	50,000	\$ -
RECREATION					
Sly Park Road Improvements	\$ 25,000				
Water System Upgrade	\$ 80,000	\$ 80,000	\$ 80,000	80,000	
Park Management System	\$ 16,075				
Park Facility Enhancements	\$ 35,535				
Dock Facilities	\$ 60,495				
Total Recreation	\$ 217,105	\$ 80,000	\$ 80,000	80,000	\$ -
HYDROELECTRIC					
ISO Interconnect	\$ 68,527				
Automate Spill Gates at Silver Lake	\$ 60,000				
Replace Flumes 39 & 40	\$ 522,000				
Replace Flume 41	\$ 1,384,000				
Total Hydroelectric	\$ 2,034,527	\$ -	\$ -	0	\$ -
TOTAL 2002 5-YR CIP	\$ 52,771,173	\$ 70,996,800	\$ 14,768,900	5,774,300	\$ 2,024,300

Total Actual Revenue by Source 1993-2002

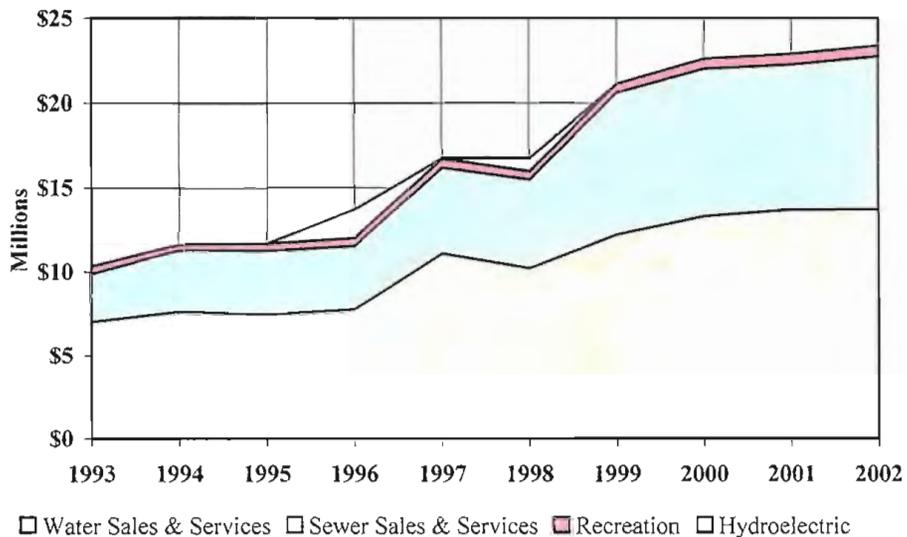
Revenue Source	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Water Sales & Services	\$13,702,694	\$13,668,356	\$13,297,855	\$12,202,225	\$10,209,773	\$11,089,042	\$7,726,939	\$7,427,931	\$7,600,236	\$6,991,262
Wastewater Sales & Services	\$9,031,340	\$8,568,367	\$8,700,880	\$8,396,107	\$5,268,633	\$5,084,984	\$3,829,133	\$3,837,561	\$3,697,672	\$2,902,214
Reclaimed Water Reimbursement & Sales	\$323,326	\$359,300	\$106,435	\$234,304	\$106,045	-	-	-	-	-
Recreation	\$615,901	\$615,203	\$590,795	\$516,429	\$460,905	\$502,170	\$441,223	\$405,774	\$315,726	\$437,842
Hydroelectric	-	-	-	-	\$789,542	\$36,451	\$1,717,509	-	-	-
Facility Capacity Charges	\$8,956,472	\$24,271,660	\$11,651,265	\$9,582,702	\$5,404,752	\$5,691,123	\$2,954,937	\$2,054,747	\$5,927,901	\$443,815
Surcharges	\$1,826,112	\$2,168,455	\$3,028,138	\$3,848,999	\$3,503,528	\$2,471,779	\$2,357,220	\$1,477,168	\$1,833,862	\$917,436
Voter Approved Taxes	\$736,073	\$857,653	\$872,161	\$798,645	\$714,551	\$592,834	\$530,160	\$512,160	\$476,160	\$458,789
Property Taxes	\$5,680,134	\$5,306,972	\$4,549,483	\$4,364,904	\$4,116,097	\$3,774,466	\$3,577,668	\$3,599,549	\$3,233,334	\$3,472,111
Interest Income	\$3,715,032	\$4,870,981	\$5,157,355	\$2,786,610	\$3,796,313	\$4,492,656	\$4,613,297	\$2,811,719	\$2,035,855	\$2,318,402
Other Income (Expense)	(\$76,229)	\$2,910,343	\$12,542,167	\$2,435,997	(\$375,486)	\$2,870,345	\$37,299	(\$58,042)	(\$152,702)	\$330,975
Developer Contributions	\$8,933,386	\$10,204,092								
TOTAL REVENUE	\$53,444,241	\$73,801,382	\$60,496,534	\$45,166,922	\$33,994,653	\$36,605,850	\$27,785,385	\$22,068,567	\$24,968,044	\$18,272,846

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

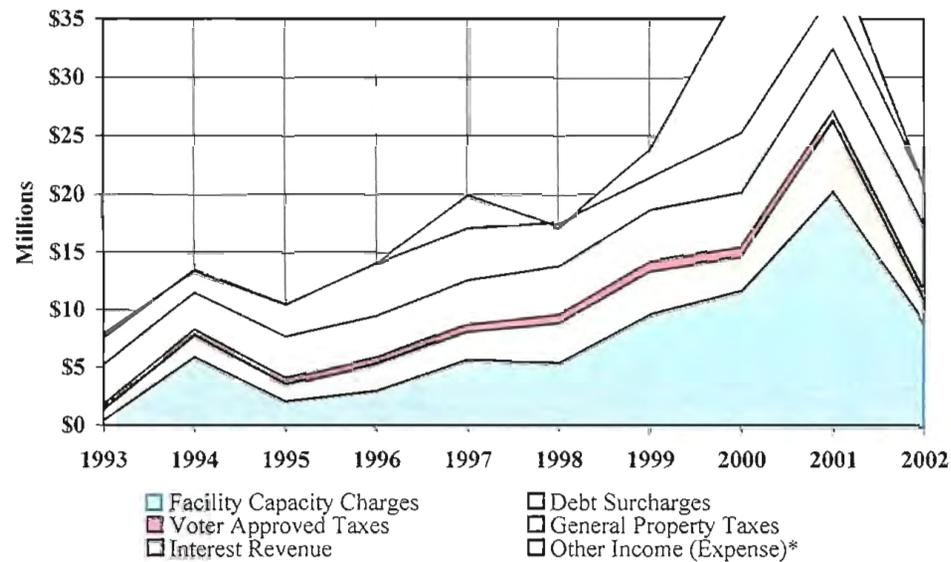
Total Revenues 1993 - 2002



Operating Revenues 1993 - 2002



Other Revenues 1993 - 2002





El Dorado Irrigation District

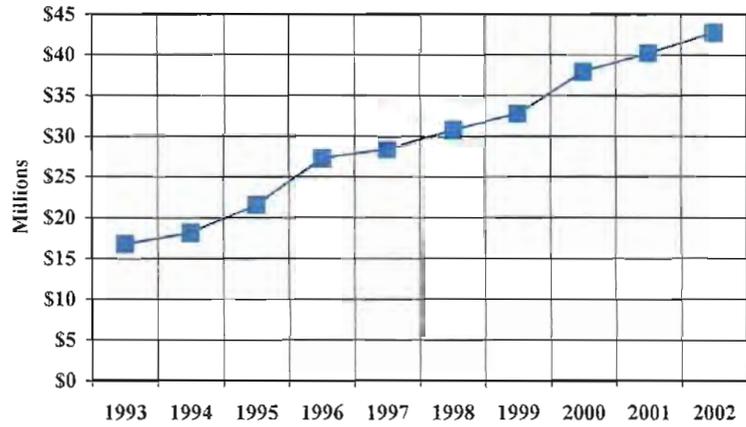
Total Actual Expenses by Function 2001-2002

Expense Source	2002	2001 Restated for Reorg/GASB 34
Office of the General Manager	\$3,015,486	\$2,100,827
Finance and Management Services	\$4,470,541	\$4,086,298
Facilities Management	\$15,794,064	\$14,443,772
Recreation	\$719,911	\$648,716
Hydroelectric	\$3,405,238	\$2,711,609
Reimbursement to Developers	\$2,012,016	\$1,392,805
Depreciation	\$8,627,147	\$9,129,458
Interest Expense	\$4,789,688	\$4,572,793
Flood Damage Expenses	\$1,855,210	\$1,150,963
TOTAL EXPENSE	\$42,834,091	\$40,237,241

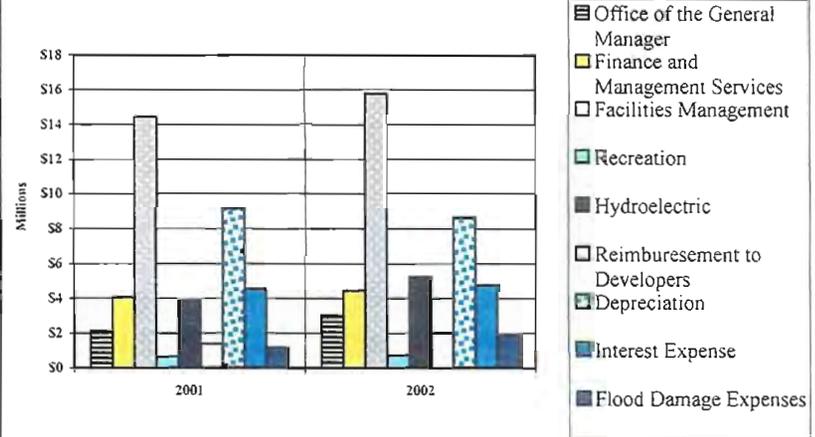
Total Actual Expenses by Function 1993-2000

Expense Source	2000	1999	1998	1997	1996	1995	1994	1993
Administration & General	\$3,460,506	\$1,303,927	\$1,227,012	\$2,802,000	\$3,130,000	\$1,728,000	\$1,160,000	\$1,159,000
Finance	\$2,796,773	\$2,864,360	\$2,940,271	\$2,735,000	\$2,399,000	\$2,302,000	\$1,829,000	\$810,000
Engineering	\$1,593,153	\$1,519,994	\$1,509,079	\$1,637,000	\$1,560,000	\$1,541,000	\$571,000	\$836,000
Operations & Maintenance (includes electricity)	\$11,709,093	\$11,753,461	\$10,653,760	\$9,066,000	\$8,741,000	\$7,649,000	\$7,012,000	\$6,533,000
Purchased Water	\$1,422,119	\$653,534	\$585,393	\$499,000	\$560,000	\$492,000	\$377,000	\$215,000
Recreation	\$503,962	\$492,498	\$484,448	\$521,000	\$469,000	\$467,000	\$418,000	\$445,000
Legal	\$419,724	\$1,053,871	\$1,331,507	-	-	-	-	-
Hydroelectric	\$2,102,195	\$1,414,954	\$735,171	\$483,000	\$1,213,000	\$286,000	-	-
Depreciation	\$9,515,538	\$7,646,949	\$7,101,032	\$6,075,000	\$5,410,000	\$5,130,000	\$4,837,000	\$4,556,000
Interest Expense	\$4,471,684	\$4,094,840	\$4,324,879	\$4,667,000	\$3,866,000	\$2,008,000	\$2,035,000	\$2,281,000
TOTAL EXPENSE	\$37,994,747	\$32,798,388	\$30,892,552	\$28,486,000	\$27,348,000	\$21,603,000	\$18,239,000	\$16,835,000

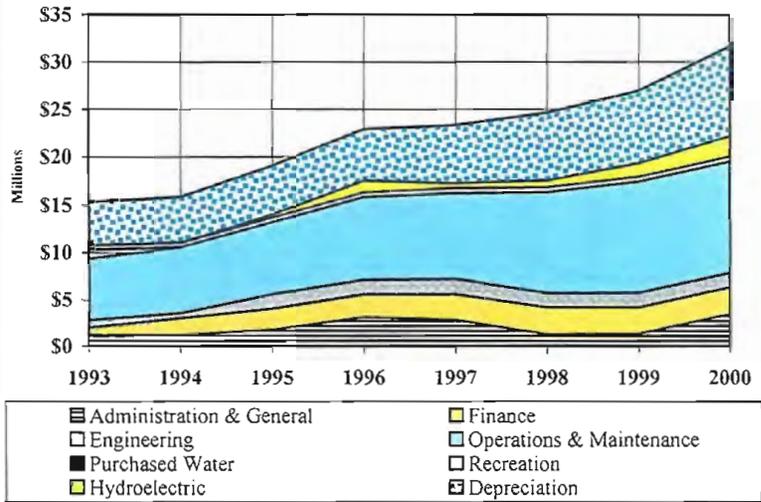
Total Expenses 1993 - 2002



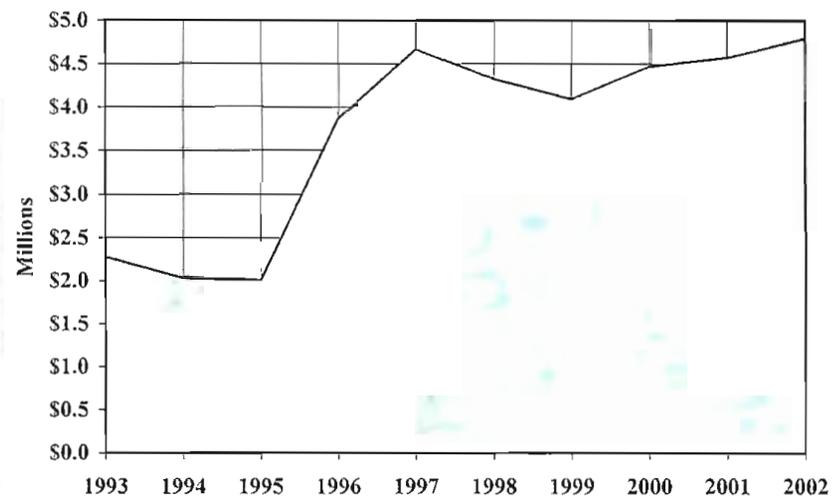
Operating Expenses 2001 - 2002



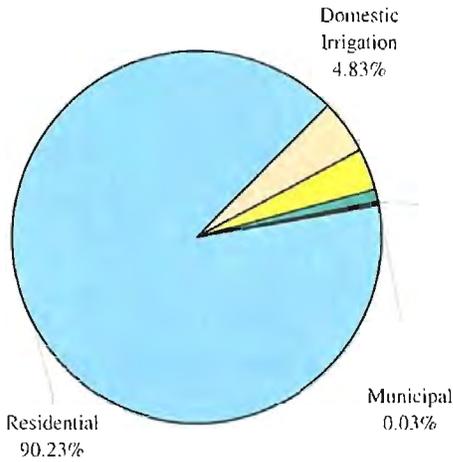
Operating Expenses 1993 - 2000



Interest Expense 1993 - 2002



Water Accounts

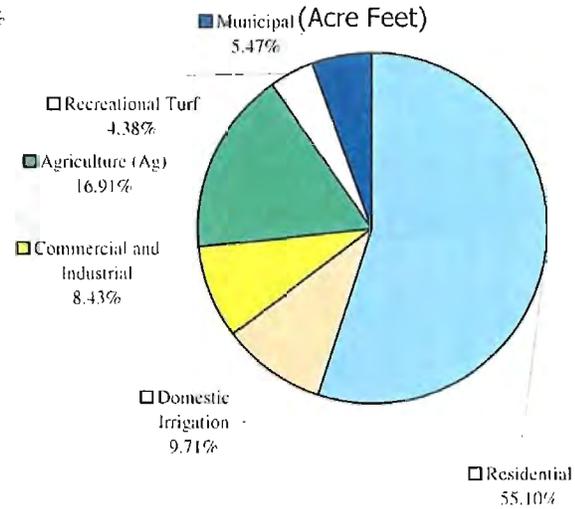


Commercial and Industrial
3.56%

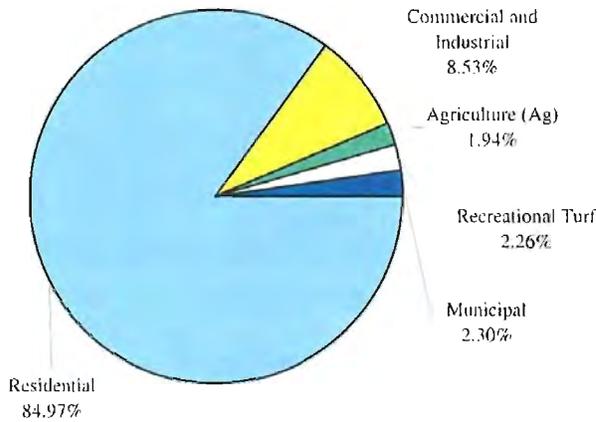
Agriculture (Ag)
1.05%

Recreational Turf
0.30%

Water Consumption



Sales Revenues



Commercial and Industrial
8.53%

Agriculture (Ag)
1.94%

Recreational Turf
2.26%

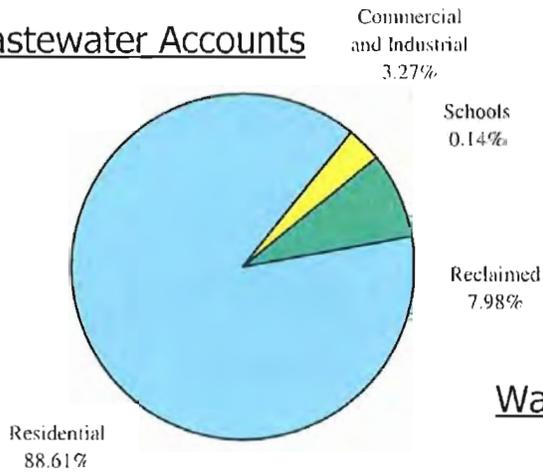
Municipal
2.30%

Water Customer Accounts For Fiscal Year Ended December 31, 2002

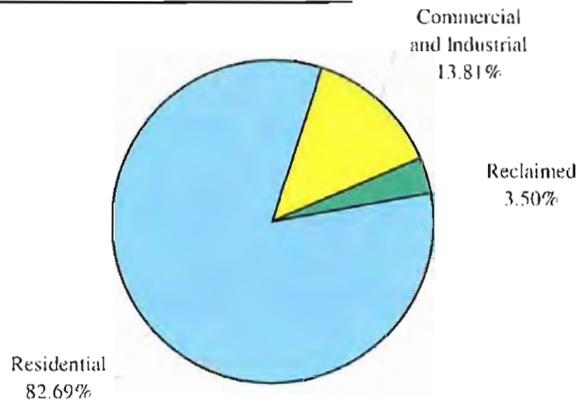
	Water Accounts	% of Total Water Accounts	Water Consumption (Acre Feet)	% of Total Consumption	Sales Revenues	% of Total Revenues
Residential	29,975	90.23%	17,081	55.10%	\$9,451,820 ¹¹¹	84.97%
Domestic Irrigation	1,603	4.83%	3,009	9.71%	0	-
Commercial and Industrial	1,181	3.56%	2,613	8.43%	949,278	8.53%
Agriculture (Ag)	349	1.05%	5,242	16.91%	216,249	1.94%
Recreational Turf	99	0.30%	1,357	4.38%	251,601	2.26%
Municipal	11	0.03%	1,696	5.47%	255,767	2.30%
TOTAL	33,218	100.00%	30,998	100.00%	\$11,124,715	100.00%

¹¹¹Sales Revenues for Residential include Domestic Irrigation
Sources: EID Consumption Report by Zone and Category
and Year-end Revenue Report (Unaudited)

Wastewater Accounts



Wastewater Revenues



Wastewater Customer Accounts For Fiscal Year Ended December 31, 2002

Category	Wastewater Accounts	% of Total Wastewater Accounts	Wastewater Revenues	% of Total Revenues
Residential	14,946	88.61%	\$7,643,901	82.69%
Commercial and Industrial	551	3.27%	1,276,481 ⁽¹⁾	13.81%
Schools	23	0.14%	-	-
Sub Total	15,520	92.02%	\$8,920,382	96.50%
Reclaimed	1,345	7.98%	323,326	3.50%
TOTAL	16,865	100.00%	\$9,243,708	100.00%

⁽¹⁾Schools and Recreation Turf included in Commercial and Industrial category

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

Summary of Net Revenue and Debt Service Coverage – All Debt

Fiscal Year	Gross Revenue <small>(1)</small>	Operating Costs <small>(2)</small>	Net Revenue Available for Debt Service	Annual Debt Service ⁽³⁾	Coverage
1991	\$20,068,337	\$14,275,844	\$ 5,792,493	\$ 4,283,262	1.35
1992	\$23,525,188	\$14,347,846	\$ 9,177,342	\$ 4,454,137	2.06
1993	\$18,272,846	\$14,557,618	\$ 3,715,228	\$ 4,087,684	0.91
1994	\$24,968,044	\$16,208,282	\$ 8,759,762	\$ 8,212,075 ⁽⁴⁾	1.07
1995	\$22,068,567	\$19,598,055	\$ 2,470,512	\$ 3,851,258	0.64
1996	\$27,785,385	\$23,486,330	\$ 4,299,055	\$ 3,660,032	1.17
1997	\$36,605,850	\$23,819,502	\$12,786,348	\$ 6,067,473	2.11
1998	\$33,888,608	\$26,567,673	\$ 7,320,935	\$ 7,186,396	1.02
1999	\$45,166,922	\$28,703,548	\$16,463,374	\$15,167,148 ⁽⁵⁾	1.09
2000	\$47,314,756	\$30,319,675	\$16,995,081	\$ 7,458,650	2.28
2001	\$62,446,328	\$34,513,484	\$27,932,844	\$ 7,549,490	3.70
2002	\$42,655,645	\$38,044,403	\$ 4,611,242	\$ 7,781,524	.593

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

(1) Gross Revenues include Operating Revenues, Facility Capacity Charges, Debt Surcharges, Taxes, Interest Income, and other non-operating income but does not include non-cash Developer Contributions.

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

(3) Annual debt service includes principal and interest on United States Bureau of Reclamation, State of California, U.S. Dept. of Commerce, El Dorado County Water Agency, El Dorado Irrigation District Certificates of Participation and 1996 and 1999 Revenue Bonds (of which a portion were issued to refund the COP's) and payments made to El Dorado County for Texas Hill properties.

(4) This amount includes a \$4.6 million of early payoff of State Safe Drinking Water Bond Law loans. Excluding the early paid debt, the ratio of total debt service to total operating expenses would be 2.43%.

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

Debt Capacity

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

The table below presents Moody's 1995 median debt service ratios for the water and wastewater industry along with EID's corresponding ratios for 1998, 1999, 2000, 2001 and 2002 budgeted. The medians serve as broad indicators of debt servicing capacity. Variations from the medians do not necessarily indicate credit quality, but rather highlight an enterprise's particular characteristics.

Ratio Water and Sewer Utility	Moody's Median Water & Sewer 1995	EID Actual 1999	EID Actual 2000	EID Actual 2001	EID Actual 2002	EID Budgeted 2003
Interest Coverage	4.8	5.2	7.4	8.8	3.9	3.9
Debt Service Coverage	2.3	1.4	3.1	5.2	2.2	2.4
Debt Service Safety Margin (%)	20.5%	13.2%	34.5%	50.5%	21.0%	25.1%
Debt Ratio (%)	24.1%	28.7%	26.1%	26.6%	26.6%	19.4%

The ratios are calculated on a total debt basis exclusive of Recreation and Hydroelectric related assets, revenues and expenses, and any extraordinary events. Property tax revenues are included at 25% of total and the other 75% is allocated for Capital Improvement Projects. Debt service coverage on the 1996 and 1999 Revenue Bonds is calculated separately per the 1.15 times coverage covenant required on these debt issues and is presented in the Debt Service Coverage 1996 and 1999 Revenue Bonds table on Pages 73 and 74. Debt Service Coverage for all debt (including Hydroelectric) is presented in the table on Page 70.

The Interest Coverage and Debt Service Coverage ratios demonstrate current and future debt repayment ability. Both the Interest Coverage Ratio and the Debt Service Coverage increased significantly in 2000 due to flood damage reimbursements received and in 2001 due to increased facility capacity charges and surcharges received. In 2002, the 3.9 interest coverage ratio is below median as FCC revenues declined by \$15,000,000 and expenses rose by \$3,500,000. For 2003, FCC revenues are expected to be about \$3,000,000 lower than they were in 2002.

The Debt Service Safety Margin indicates an additional level of debt service payment ability. It is the ratio of revenues less operating expenses and annual debt service to gross revenue and income. The Debt Service Safety Margin fell to 13.2% in 1999 due to the State loan pay-off but rose to 34.5% in 2000 due to significant flood damage reimbursements in that year and rose again to 50.5% in 2001 as a result of increased receipts of facility capacity charges and surcharges. In 2002 and 2003 the ratios are lower due to decreased FCC revenues.

The Debt Ratio represents the District's current reliance on debt financing and its capacity to support additional debt. It is the ratio of the District's funded debt (net of reserves) to its fixed assets and net working capital. EID has been above the Moody's median from 19998 through 2003. However, this is not a major concern because the District is expanding and meeting its needs to finance new and upgraded infrastructure. In 1996 EID began a major financing program with the issuance of \$69.4 million in revenue bonds for wastewater treatment plant improvements and other significant capital projects. Even with the issuance of an additional \$13.7 million in revenue bonds in 1999, this ratio has been declining since 1996, except for a slight rise in 2001, due to the other reductions in overall debt.

Debt Service Coverage 1996 and 1999 Revenue Bonds

	Budget 2001	Actual 2001	Budget 2002	Actual 2002
Revenues (1)	\$41,538,852	\$57,358,603	\$37,742,820	\$37,984,313
Operating Expenses (2)	\$23,318,021	\$25,180,146	\$24,800,946	\$27,125,374
Pre-existing Indebtedness (3)	\$0	\$0	\$0	\$0
Total Operating Expenses & Pre-existing Debt	\$21,318,021	\$25,180,146	\$24,800,946	\$27,125,374
Net Revenues Before Depreciation and 1996 & 1999 Bonds Debt Service	\$20,220,831	32,178,457	\$12,941,874	\$10,858,939
1996 Bond Debt Service	\$5,152,863	\$5,152,863	\$5,150,711	\$5,150,711
1999 Bond Debt Service	\$1,068,996	\$1,068,996	\$1,066,979	\$1,066,979
LaSalle Bridge Loan			554,563	554,563
SRF Loans	334,475	\$334,475	\$334,475	\$334,475
EDA Loan	<u>\$161,102</u>	<u>\$161,102</u>	<u>\$161,102</u>	<u>\$161,102</u>
Total Revenue Bond and Parity Debt	\$6,717,436	\$6,717,436	\$7,267,830	\$7,267,830
Net Revenues After 1996 & 1999 Bonds Debt Service	\$13,503,395	\$25,461,022	\$5,674,044	\$3,591,109
Debt Service Coverage on 1996 & 1999 Bonds (4)	3.01	4.79	1.78	1.49

Source: EID 1996 Revenue Bonds Coverage Requirement Analysis

- (1) Revenues include District operating revenues and other income net of property tax and recreation revenue.
- (2) Operating expenses include all maintenance and operations costs less the portion of property taxes applied to offset O & M costs in accordance with the bonds' Installment Purchase Contract. Capitalized costs in connection with Capital Improvement Plan projects are also credited against operating expenses.
- (3) Pre-existing indebtedness included State of California Safe Drinking Water Bond Law loans and U.S. Economic Development Department EDA loan prior to 1999. Except for the Strawberry Loan, the existing State Loans were paid off 10/1/99. The EDA loan is now also on parity with the Revenue Bonds.
- (4) Debt service coverage of 115%, or 1.15 times, is the required per covenant for the 1996 and 1999 Revenue Bonds. Coverage represents the ratio of net revenues before depreciation and debt service to 1996 and 1999 bonds Debt Service.

Projected Debt Service Coverage 1996 and 1999 Revenue Bonds

	Budgeted 2002	Escalating Factor	2003	2004	2005	2006
Revenues						
Water Sales	\$12,328,350	2.30% ⁽¹⁾	12,611,902	\$12,901,976	\$13,198,721	\$13,502,292
Water Service	653,770	2.30% ⁽¹⁾	668,807	684,189	699,926	716,024
Wastewater Sales and Service	8,900,000	4.91% ⁽¹⁾	9,336,990	9,795,436	10,276,392	10,780,963
Recycled Water Sales	334,790	4.91% ⁽¹⁾	351,228	368,473	386,566	405,346
Hydroelectric	463,904	varies	1,045,250	3,045,250	2,894,000	3,005,972
Water FCCs	4,646,597	2.30% ⁽¹⁾	4,753,469	4,862,799	4,974,643	5,089,060
Sewer FCCs	5,679,174	4.91% ⁽¹⁾	5,958,021	6,250,560	6,557,463	6,879,434
Sewer Surcharges	696,395	4.91% ⁽¹⁾	730,588	766,460	804,093	843,574
Water Surcharges	851,150	2.30% ⁽¹⁾	870,726	890,753	911,240	932,199
Interest Income	3,000,000	varies	3,000,000	3,200,000	3,300,000	3,500,000
Other Income	188,690	0.00%	170,800	140,000	140,000	125,100
Total Revenues	\$37,742,820		\$39,497,782	\$42,905,897	\$44,143,044	\$45,778,164
Maintenance and Operation Costs						
Office of the General Manager	\$3,434,140	3.00%	\$3,537,164	\$3,643,279	\$3,752,577	\$3,865,155
Finance and management services	4,984,408	3.00%	5,133,940	5,287,958	5,446,597	5,609,995
Facilities management	14,520,952	3.00%	14,956,581	15,405,278	15,867,436	16,343,459
Hydroelectric	3,049,574	3.00%	3,141,061	3,235,293	3,332,352	3,432,322
Property Taxes	(1,188,128)	4.00% ⁽²⁾	(1,235,653)	(1,285,079)	(1,336,482)	(1,389,942)
Total Maintenance and Operation Costs	\$24,800,946		\$25,533,093	\$26,286,729	\$27,062,480	\$27,860,990
NET REVENUES BEFORE DEPRECIATION AND DEBT SERVICE	\$12,941,874		\$13,964,688	\$16,619,167	\$17,080,563	\$17,917,174
Debt Service						
1996 Bond Debt Service	\$5,150,711		\$5,150,711	\$5,147,448	\$5,147,984	\$5,141,370
1999 Bond Debt Service	1,066,979		1,066,979	1,069,049	1,069,986	1,069,666
FDA Loan	161,102		161,102	161,102	161,102	161,102
State Loan Principal and Interest	334,475		314,824	314,824	314,824	314,824
LaSalle Bridge Loan	554,563		700,500	700,500	684,622	619,619
Total Debt Service	\$7,267,830		\$7,394,116	\$7,392,923	\$7,378,518	\$7,306,581
Funds Available after Debt Service	\$5,674,044		\$6,570,573	\$9,226,244	\$9,702,045	\$10,610,593
DEBT SERVICE COVERAGE	1.78		1.89	2.25	2.31	2.45
Subordinate Debt Service						
Texas Land Hill Purchase ⁽³⁾	\$0					
Funds Available for Capital Improvements, Rate Stabilization and Other Lawful Purposes	\$5,674,044		\$6,570,573	\$9,226,244	\$9,702,045	\$10,610,593

⁽¹⁾ Percent escalation is continued on from the 2000 Annual Financial Plan.

⁽²⁾ Per Board policy, 2% of the property tax revenues go to the Recreation Fund; of the remaining, 25% is allocated to offset operations.

⁽³⁾ Debt service of \$3,378,360 due on FY 2025 is subject to commencement of construction and District obtaining financing for the Texas Hill Reservoir.

Status of 1996 Revenue Bond Financed Projects as of December 31, 2002

Project Description and Status	96' Bonds Proceeds Funding [1]	Capital Expenditures	% of Bond Funding
<p>Project 184 – The El Dorado Project</p> <p>The El Dorado Project consists of the acquisition of FERC Project 184, the El Dorado Project, from PG&E pursuant to an asset sales agreement and the renovation performed in 1995/1996 on the basic facilities of the project used to convey water and produce power. The project is comprised of five lakes, 22 miles of canal, and a 21-megawatt hydroelectric power plant. Renovations include repair and upgrading of the hydroelectric generation facility, 810 lineal feet of wood stave pipe replacement with steel and lining, and corrosion removal and polyurethane lining of the high pressure section of pipe between the surge tank and power house. Construction on this project was completed in June 1996.</p> <p>Note: This project also received \$1 million in capitalization interest from the 1996 Revenue Bonds</p>	\$5,800,000	\$5,800,000	100.0%
<p>Deer Creek Wastewater Treatment Plant</p> <p><i>1996 Upgrade:</i> The 1996 upgrade includes renovation and upgrading of the wastewater treatment plant at its existing rated capacity. This project is designed to bring the plant into reliable compliance with the National Pollution Discharge Elimination System requirements. Construction on the project began in July 1996 and was completed in January of 1998.</p> <p><i>Corrective Action Plan:</i> The East Street lift station was constructed as a component of the Corrective Action Plan for the Deer Creek/Mother Lode Collection System at a cost of \$220,884. The Corrective Action Plan project included the upgrade of a total of eight lift stations and the replacement of approximately 12,000 feet of line. The balance of \$879,116 was spent on this project along with an additional \$900,000 of prior bond proceed funding for a total project cost of \$2,000,000.</p>	\$20,832,600	\$20,771,745	99.7%
<p>El Dorado Hills Wastewater Treatment Plant Expansion</p> <p>This renovation and expansion project replaced the existing treatment plant with an activated sludge, aeration process similar to that of the upgraded Deer Creek Wastewater Treatment Plant. Tertiary-level filtration systems, disinfection systems, and back-up power to enable reliable operation have been added. The plant's capacity is being expanded from its existing 1.6 mgd rated capacity to 3.0 mgd. Detailed design of this project was completed in January 1996.</p> <p>Construction of the plant was completed in December 1998. Construction of the new tertiary treatment system was completed in December 1996 and is fully operational to a capacity of 1.6 mgd. The expansion of the plant to 3.0 mgd was completed in June 1998. A third tertiary filter was constructed at the plant and was completed in April 2000.</p>	\$20,000,000	\$20,167,940	100.0%

Status of 1996 Revenue Bond Financed Projects as of December 31, 2002

Project Description and Status	'96 Bonds Proceeds Funding [1]	Capital Expenditures	% of Bond Funding
<p>Sly Park Reservoir Project</p> <p>This project consists of the acquisition by the District from the U.S. Bureau of Reclamation (USBR) of the Sly Park dam and reservoir and its related facilities, including associated water rights. The acquisition required legislative action by the Congress and President. Legislation sponsored by our Congressman, John Doolittle, was signed into law on October 25, 2000. Actual transfer will take about 24 months.</p>	\$4,000,000 [2]	\$144,813	3.6%
<p>Cameron Park Airport Interceptor Project</p> <p>This project consists of the construction of a sewer interceptor parallel to an existing interceptor that is nearing capacity. The project will allow for further development of lands to the east and northeast of Cameron Park Country Club. Construction began in September 1997, and was completed in November 1998. Remaining funds will be allocated to the other projects per Board direction.</p>	\$948,000	\$703,255	74.2%
<p>East Street – Phase II Project</p> <p>\$1,100,000 of the 1996 Revenue Bond proceeds were originally allocated for this project. However, the original project changed in scope. Please see discussion under Deer Creek Wastewater Treatment Plant on the previous page.</p>			
<p>Administration Facilities Project</p> <p>This project consists of the expansion and upgrading of administrative facilities at the Deer Creek and El Dorado Hills Wastewater Treatment Plants and at the District's headquarters site. Design and construction of a water quality lab and administrative facility at the El Dorado Hills Wastewater Treatment Plant was completed in March 1999. The Deer Creek Administrative facilities were also completed in March 1999. A master plan for the headquarters facilities was completed in October 1998 and construction began in November, 2001.</p>	\$6,717,030 [3]	\$6,137,214	91.37%

- [1] In addition to projects listed above, the 1996 bond revenue issuance also included \$9,260,504 in advanced refunding of COP's, \$1,015,000 in capitalized interest, \$2,529,808 in issuance costs and \$3,669,178 in reserves. The total proceeds for the 1996-1 revenue bonds were \$69,415,000.
- [2] Original funding for this project totaled \$2,659,910 in bond proceeds. The project subsequently received \$1,340,090 in interest earnings for a total project funding of \$4,000,000.
- [3] Original funding for this project totaled \$2,700,000 in bond proceeds. The project subsequently received \$4,017,030 in interest earnings for a total funding of \$6,717,030.

Status of 1999 Revenue Bond Financed Projects as of December 31, 2002

Project Description and Status	'99 Bonds Proceeds Funding [1]	Capital Expenditures	% of Bond Funding
<p>Weber Dam Reconstruction</p> <p>The Federal Regulatory Commission (FERC) and the Division of Safety of Dams (DSOD) has directed the District to correct certain safety deficiencies at Weber Dam, which is the source of 1,200 acre-feet of District water supplies. The District contracted with URS Engineers to prepare construction plans to reinforce the dam with roller compacted concrete. Bids for construction are expected to be opened in March 2001 with construction expected to commence in the Spring of 2001.</p>	\$4,000,000 ^[1]	\$0	0%
<p>Deer Creek Wastewater Treatment Plant – Expansion/Compliance</p> <p>This project consists of expanding the existing Deer Creek Wastewater Treatment Plant to accommodate increased flows from anticipated growth in the District's service area. The existing plant, which has a design capacity of 2.5 million gallons per day (mgd) average dry weather flow (ADWF), will be expanded by this construction to a capacity of 3.6 mgd ADWF. The construction work to be performed generally includes construction and renovation of sewage treatment plant facilities to include a grit washer, a secondary clarifier, gravity sludge thickeners, sludge storage facility improvements, sludge de-watering belt press installation, installation of lime sludge stabilization equipment, a metal building, related pumps and equipment, instrumentation and controls, and electrical power installations. The work also includes excavation, fill concrete, piping, electrical, instrumentation, building construction, paving, fencing and site restoration. Detailed design of the Deer Creek Wastewater Treatment Plant expansion was completed in August 1999. Bids for construction for the project were opened on September 22, 1999 and a construction contract was awarded in November 1999. Construction began in November 1999 and is expected to be completed in 2001.</p>	\$5,800,000	\$4,653,784	80.24%
<p>Administrative Facilities Project</p> <p>The Administrative Facilities project consists of the expansion and upgrading of office facilities at the Deer Creek and El Dorado Hills Wastewater Treatment Plants and at the District's headquarters site. Existing facilities at the plant were not sufficient to support the current and anticipated future administrative activities of the plant operators and maintenance personnel. The Deer Creek and El Dorado Hills Wastewater Treatment Plant projects were completed in 1998. In addition, the Administrative Facilities project will provide improved communications and coordination between the plants and the District's headquarters. The total estimated cost of the headquarters phase of the Administrative Facilities project (including engineering, architectural, legal and administrative costs and contingencies) is \$7.2 million, \$5.6 million of which will be funded with proceeds of the 1996 Bonds. The balance will be funded from proceeds of the 1999 Bonds. A Master Plan of the Headquarters Facilities was completed in May 1999. Final design commenced in October 1999, with completion expected in early 2001. Construction should be completed in 2002.</p>	\$4,113,850 ^[2]	\$902,085	19.5%

[1] Per Board action on May 25, 2001, these bond proceeds of \$4,000,000 were loaned to the Hydro division for Project 184.

[2] Original funding for the administrative facilities project was \$2,500,000 in bond proceeds. This project subsequently received \$1,613,850 in interest earnings for a total funding of \$4,113,850.

[3] The 1999 revenue bond issuance also included \$1,025,012 in reserves and \$359,988 in issuance costs.

El Dorado County
Secured Assessed Valuation and Tax Collection Record
 County Fiscal Years Ending June 30, 1992 – 2003

Fiscal Year	Total Secured Assessed Valuation	Secured Property Tax Levy	Taxes Collected	Rate of Tax Collections	District Allocations in Corresponding Calendar Year ⁽¹⁾
1991-92	\$8,290,353,197	\$92,645,476	\$91,172,077	98.41%	\$3,258,635
1992-93	\$8,893,792,624	\$99,608,422	\$97,183,833	97.57%	\$3,285,692
1993-94	\$9,351,606,616	\$104,753,902	\$101,441,288	96.84%	\$3,472,111
1994-95	\$9,664,511,963	\$107,871,117	\$103,478,008	95.93%	\$3,233,334
1995-96	\$10,157,754,128	\$113,010,913	\$107,227,524	94.88%	\$3,599,549
1996-97	\$11,994,630,489 ⁽²⁾	\$117,283,071	\$112,502,657	95.92%	\$3,569,577
1997-98	\$12,399,937,664	\$121,608,340	\$117,694,334	96.78%	\$3,772,380
1998-99	\$13,046,611,112	\$125,970,813	\$123,055,507	97.69%	\$3,993,168
1999-00	\$13,778,393,947	\$133,633,826	\$129,697,830	97.05%	\$4,261,469
2000-01	\$14,657,565,287	\$143,148,392	\$139,573,576-	97.50%-	\$4,434,471
2001-02	\$16,097,686,565	\$157,042,977-	\$153,630,525	97.83%	\$4,921,367
2002-03	\$17,813,317,184	\$175,046,199			

Source: El Dorado County Auditor-Controller, Sec. Collection Ledger report and Tax Extension (TRJ636/TRB140).
 Except 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 Property Tax Administration Reimbursement Fee. Other assessments and charges collected by the County for EID are not included here.
- (2) 1996-97 Total Secured Assessed Valuation dollar amount was adjusted in 1998 per El Dorado County Auditor-Controller.

Note: Per Board policy the District allocates 75% of General Property Taxes received to Capital Improvement projects, and the remaining 25% to operations. Property taxes are also allocated among funds. For tax year 1999-2000 this allocation was 56% to the Water Fund, 42% to the Sewer Fund and 2% to the Recreation Fund.

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

Tax Year	Secured Land Assessed Value District Boundaries	Tax Rate per \$100 Assessed Value ^[2]	Collections/ Debt Payments ^[3]
1989-90	\$1,025,680,424	.0597	\$611,859
1990-91	\$1,331,361,036	.0396	\$527,591
1991-92	\$1,540,803,410	.0352	\$542,612
1992-93	\$1,648,307,494	.0327	\$538,331
1993-94	\$1,717,548,030	.0322	\$552,701
1994-95	\$1,749,892,198	.0324	\$566,246
1995-96	\$1,834,187,711	.0327	\$599,115
1996-97	\$1,918,745,953	.0320	\$613,486
1997-98	\$1,961,706,510	.0343	\$673,181
1998-99	\$2,064,162,072	.0346	\$714,551
1999-00	\$2,182,158,839	.0366	\$798,646
2000-01	\$2,359,446,490	.0345	\$813,558
2001-02	\$2,621,523,360	.0327	\$858,369
2002-03	\$2,900,034,618	.0255	\$739,412

Source: El Dorado Irrigation District, Deputy Treasurer

- [1] In addition to the District's share of the 1% ad valorem property tax, the District collects property taxes levied in connection with the District's obligation to the U.S. Bureau of Reclamation (USBR) for the construction of the Sly Park Unit of the Central Valley Project, and the District's distribution system therefor. The debt was originally approved by District voters in 1959. Subsequent to 1959, the voters approved additional debt related thereto for construction projects in 1969, 1972, and 1975. The District's total obligation to the USBR for this debt totaled approximately \$24.2 million.
- [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.
- [3] Collections/Debt Payments include debt service principal and interest, less the cash balance already available in the fund.

Special Assessment District Collections ⁽¹⁾

Fiscal Year	Assessment District #3 ⁽⁵⁾	Assessment District #4 ⁽⁶⁾	Improvement Districts ⁽²⁾	Maintenance Collections ⁽³⁾	Miscellaneous Collections ⁽⁴⁾
1989-90	\$1,399,446	\$93,872	\$23,061	\$10,363	\$8,490
1990-91	\$1,361,547	\$94,489	\$17,850	\$13,640	\$26,011
1991-92	\$1,131,877	\$92,392	\$15,795	\$15,782	\$3,860
1992-93	\$1,326,955	\$91,390	\$1,994	\$17,449	\$19,910
1993-94	\$792,226	\$36,825	-	\$15,952	\$15,989
1994-95	\$1,303,962	\$69,750	-	\$8,771	\$26,545
1995-96	\$1,281,270	\$64,870	-	\$7,448	\$17,789
1996-97	\$1,263,518	\$73,038	-	\$8,091	\$13,072
1997-98	\$1,238,147	\$72,457	-	\$2,086	\$63,190
1998-99	-	-	-	\$3,208	\$81,128
1999-00	-	-	-	\$2,909	\$50,188
2000-01	-	-	-	\$9,486	\$93,031
2001-02				\$12,813	\$42,406
2002-03				\$14,382	\$39,640

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] 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.
- [3] Maintenance Districts: Singleton Ranch Reservoir – 34M, Clear Creek – 97M and Knolls Reservoir – 30M. Only the latter two districts remain active currently.
- [4] Miscellaneous Collections: Swansboro Surcharge, Water Accounts, Wastewater Accounts, Bond Segregations, Sundry and Lien Release Fees.
- [5] Assessments District #3's outstanding bonds were paid in full in 1998.
- [6] Assessment District #4's bonds matured in 1998.

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

County Fiscal Years Ending June 30, 1992 – 2003

Fiscal Year	General Property Tax Levy	State Assessed Unitary Value Properties	School Districts	Special Districts	EID Voter Approved Tax [2]	EID Sanitation Districts [3]	Total
1990-91	1.000%	.0461%	.0387%	.0550%	.0396%	.0256%	1.2050%
1991-92	1.000%	.0407%	.0498%	.0370%	.0352%	.0212%	1.1839%
1992-93	1.000%	.0414%	.0250%	.0355%	.0327%	.02035%	1.1549%
1993-94	1.000%	.0482%	.0161%	.0352%	.0322%	.0214%	1.1531%
1994-95	1.000%	.0484%	.0101%	.0313%	.0324%	.0207%	1.1429%
1995-96	1.000%	.0478%	.0022%	.0288%	.0327%	-	1.1115%
1996-97	1.000%	.0462%	.0003%	.0283%	.0320%	-	1.1068%
1997-98	1.000%	.0473%	.0147%	.0243%	.0343%	-	1.1206%
1998-99	1.000%	.0648%	.0397%	.0213%	.0346%	-	1.1604%
1999-00	1.000%	.0751%	.0349%	.0252%	.0366%	-	1.1718%
2000-01	1.000%	.0842%	.0348%	.0081%	.0345%	-	1.1616%
2001-02	1.000%	.0763%	.0332%	.0130%	.0327%	-	1.1552%
2002-03	1.000%	.0792%	.0296%	.0109%	.0255%		

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

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

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

[3] Sanitation Districts – Includes Sanitation Districts #1 and #2. Ownership of these Sanitation Districts was transferred to EID in fiscal year 1988-89. The County continued to collect taxes for repayment of the debt used to construct the treatment plants until its maturity in fiscal year 1994-95.

Demographics and Statistical Summary

Water	2002	2001	2000	1999	1998
Facilities:					
Miles of Main Line (estimated)	1,200	1,150	1,150	1,111	1,111
Miles of Ditches (estimated)	40	40	40	50	50
Number of Treatment Plants	6	6	6	6	6
Total Plant Capacity (cfs)	161	190	147	123	123
Number of Pumping Stations	34	21	21	21	21
Number of Storage Reservoirs	28	33	33	26	26
Supply (Acre Feet Delivered):					
USBR-Sly Park Reservoir	25,738	23,280	17,492	19,163	18,421
USBR-Folsom Lake	7,728	7,136	6,436	6,138	4,960
Forebay	4,719	7,730	10,253	9,495	5,947
Crawford Ditch	700	700	700	700	700
Total Supply	38,885	38,846	34,881	35,496	30,028
Water Customer Accounts:					
<i>Contiguous Zones</i>					
Residential [2]	31,262	30,142	28,934	27,928	27,349
Commercial and Industrial	1,176	1,125	1,099	1,067	1,035
Agricultural	349	342	372	356	331
Recreational Turf	99	99	97	93	92
Municipal	11	11	10	9	9
Total Contiguous	32,897	31,719	30,512	29,453	28,816
<i>Satellite Zones</i>					
Residential [1]	316	182	316	312	313
Commercial	5	5	5	5	5
Agricultural	0	0	0	3	3
Total Satellites	321	187	321	320	321
Total Accounts	33,218	31,906	30,833	29,773	29,137
Consumption (acre feet):					
<i>Contiguous Zones</i>					
Residential [2]	20,046	19,424	18,031	18,059	14,673
Commercial and Industrial	2,596	2,599	2,353	2,447	1,976
Agriculture	5,242	5,742	5,950	6,153	5,255
Recreational Turf	1,357	1,383	2,044	2,028	1,270
Municipal	1,696	1,669	1,637	1,575	1,464
Total Contiguous	30,937	30,817	28,378	30,262	23,174
<i>Satellite Zones</i>					
Residential	44	45	37	43	36
Agricultural	0	14	8	35	26
Commercial	17	0	0	4	5
Total Satellites	61	59	45	82	67
Total Consumption	30,998	30,876	28,423	30,344	23,241

Source: 2002 Consumption Report and Facilities Maintenance Dept.

[1] In 1998, the area of Svansboro was put on EID's contiguous system.

[2] Includes Domestic Irrigation customers.

Demographics and Statistical Summary

Wastewater	2002	2001	2000	1999	1998
Facilities:					
Miles of Sewer Line	305	300	300	300	300
Number of Treatment Plants	5	5	5	5	5
Plant Capacity-Dry Weather (mgd)	6.60	6.60	6.60	4.20	4.20
Plant Capacity-Wet Weather (mgd)	7.50	7.50	7.50	7.50	7.50
Avg. Dry Weather Daily Plant Flow (mgd):	4.05	3.92	4.74	3.64	3.85
El Dorado Hills Plant (mgd)	1.66	1.65	1.79	1.45	1.39
Deer Creek Plant (mgd)	2.39	2.27	2.95	2.19	2.46
Number of Lift Stations	58	58	57	50	50
Customer Accounts (Active):					
Residential	14,946	13,882	13,264	12,130	11,765
Commercial & Industrial	551	532	511	550	453
Schools	23	19	19	20	19
Total Wastewater Accounts	15,520	14,433	13,794	12,700	12,237
Total Recycled Water Accounts	1,345	906	454	106	41
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 Liability Report and Facilities Maintenance Dept.					

Recreation	2002	2001	2000	1999	1998
Number of Day Visits	72,343	90,865	85,735	83,206	80,688
Number of Overnight Campers	74,963	90,971	99,700	77,903	62,516
Boat Use	13,671	12,762	11,278	11,090	12,444
Museum Visitors	1,300	1,580	1,475	1,360	1,340
Guided Hikes	5	8	11	10	22
Fish Plants	9	6	6	6	8
Volunteer Hours	4,700	4,500	4,000	3,800	5,520
Museum Volunteer Hours	500	500	515	500	500
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	
Hiking Trails				9 Miles	
Equestrian Trails				9 Miles	
Nature Trail				1/2 Mile	
Native American/Historical Museum				1	
Source: Sly Park					

Average Daily Flow of District Wastewater Facilities

Year	Average Daily Dry Weather Flow (mgd) [1]		
	Total	2.5 Permit Rating Deer Creek	1.6 Permit Rating El Dorado Hills
1993	2.95	1.94	1.01
1994	3.40	2.35	1.05
1995	3.71	2.51	1.20
1996	3.73	2.20	1.53
1997	3.72	2.30	1.42
1998	3.85	2.46	1.39
1999	3.64	2.19	1.45
2000	4.74	2.95	1.79
2001	3.92	2.27	1.65
2002	4.05	2.39	1.66

Source: EID Sewer Liability Report

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

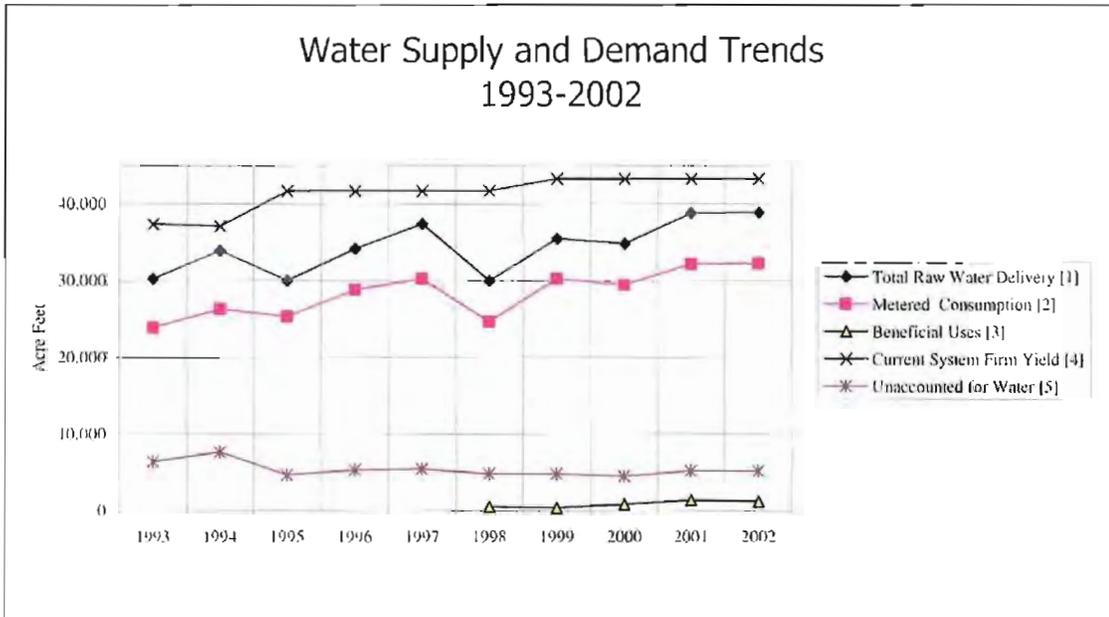
Annual District Water Allocations and Actual Deliveries

Year Ended Dec. 31	Acre-Feet Allocated					Acre-Feet Delivered				
	Sly Park	Folsom	Crawford	Forebay	Total	Sly Park	Folsom	Crawford	Forebay	Total
1993	23,000	7,550	700	15,080	46,330	26,353	2,066	700	1,205	30,324
1994	23,000	2,266 ^[1]	700	15,080	41,046	14,924	2,695	700	15,651	33,970
1995	23,000	7,550	700	15,080	46,330	19,602	4,357	700	5,402	30,061
1996	23,000	7,550	700	15,080	46,330	17,657	4,185	700	11,957	34,199
1997	23,000	7,550	700	15,080	46,330	29,247 ^[2]	4,579	700	1,222 ^[2]	35,748
1998	23,000	7,550	700	15,080	46,300	18,420	4,960	700	5,947	30,027
1999	23,000	7,550	700	15,080	46,300	19,163	6,138	700	9,495	35,496
2000	23,000	7,550	700	15,080	46,300	17,492	6,436	700	10,253	34,881
2001	23,000	7,550	700	15,080	46,300	23,280	7,136	700	7,730	38,846
2002	23,000	7,550	700	15,080	46,300	25,738	7,728	700	4,719	38,885

Source: EID 2002 Raw Water Delivery Report

[1] Allocated amounts were less than normal due to water shortage in those years.

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



Water Supply and Demand Data in Acre Feet					
Year	Total Raw Water Delivery [1]	Metered Consumption [2]	Beneficial Uses [3]	Current System Firm Yield [4]	Unaccounted for Water [5]
1993	30,324	23,897		37,400	6,427
1994	33,970	26,307		37,150	7,663
1995	30,062	25,373		41,700	4,689
1996	34,199	28,846		41,700	5,353
1997	37,438	30,263		41,700	5,485
1998	30,027	24,638	560	41,700	4,829
1999	35,496	30,262	405	43,280	4,829
2000	34,882	29,488	870	43,280	4,524
2001	38,846	32,231	1,398	43,280	5,217
2002	38,885	32,252	1,201	43,280	5,177

Source: EID 2003 Update to the Water Supply and Demand Report.

- [1] Raw water diverted from all District water sources, including metered consumption, beneficial uses, and unaccounted-for water.
- [2] Potable or raw water metered or measured and billed to District customers in the contiguous service area.
- [3] Water utilized for operational flushing, sewage lift station and collection system flushing, private fire services, construction meters, and aesthetics maintenance.
- [4] The System Firm Yield is calculated using the Abraham Model (a custom computer model). The model determines 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 pipe or ditch systems that was not measured and billed to customers or otherwise accounted for.

Historic Rate Increases ⁽¹⁾

Year	Water	Wastewater
1993	0.0%	25.0%
1994	0.0%	25.0%
1995	0.0%	0.0%
1996	25.4%	19.3%
1997	0.0%	0.0%
1998	0.0%	0.0%
1999	0.0%	62.4%
2000	0.0%	0.0%
2001	0.0%	0.0%
2002	0.0%	0.0%

Source: El Dorado Irrigation District

⁽¹⁾ Percentage increases shown are for Residential Accounts.

District Growth History of New Equivalent Dwelling Units (EDU's) ⁽¹⁾

Year	Water	Wastewater
1993 ⁽²⁾	202	72
1994	811	711
1995	341	265
1996	461	274
1997	771	658
1998	821	692
1999	860	956
2000	1,099	798
2001	1,819	2,189
2002	776	862

Source: EID Customer Service Division of Finance Department

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

⁽²⁾ Recession year, lowest year, full in construction.

Building Permit Valuations for EID Service Area							
	2002	2001	2000	1999	1998	1997	1996
Valuations (in thousands):							
Residential	\$399,147	\$364,150	\$303,566	\$239,861	\$169,862	\$138,377	\$152,555
Non-Residential	\$39,242	\$38,013	\$34,408	\$36,517	\$19,739	\$20,193	\$15,374
Total	\$438,389	\$402,163	\$337,974	\$276,378	\$189,601	\$158,570	\$167,929
New Dwelling Units (Issued):							
Single Family	1,349	1,135	1,117	890	662	745	805
Multi-Family	186	745	4	140	152	-	300
Total	1,535	1,880	1,121	1,030	814	745	1,105
Source: El Dorado County Land Mgmt. Information System							

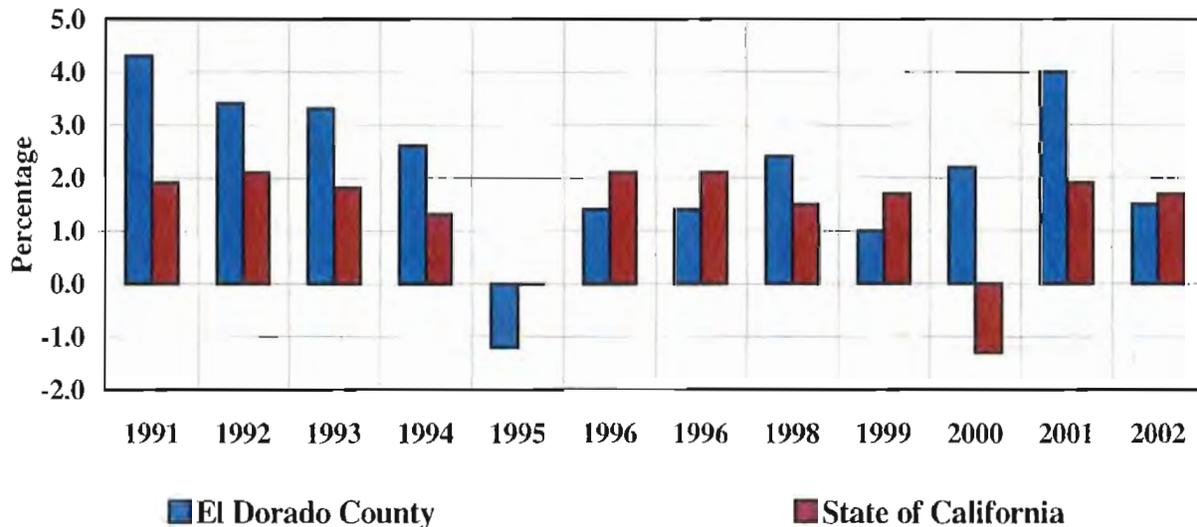
New Construction Finals for EID Service Area							
	2002	2001	2000	1999	1998	1997	1996
Single Family	1,235	1,170	748	690	659	727	645
Multi-Family	2	-	72	136	141	169	82
Commercial	45	64	61	59	63	61	54
Total	1,282	1,234	881	885	863	957	781
Source: El Dorado County Land Mgmt. Information System							

Population

Year	El Dorado County	Annual % Change	Decennial % Change	State of California	Annual % Change	Decennial % Change
1960	29,300		-	15,717,204		-
1970	43,833		49.6%	19,971,069		27.1%
1980	85,812		95.8%	23,668,145		18.5%
1985	104,707			26,072,000		
1986	108,100	3.1%		26,694,000	2.3%	
1987	113,200	4.5%		27,331,000	2.3%	
1988	116,700	3.0%		27,996,000	2.4%	
1989	125,100	7.2%		28,701,000	2.5%	
1990	125,995	0.7%	46.8%	29,760,021	3.6%	25.7%
1991	131,700	4.3%		30,321,000	1.9%	
1992	136,300	3.4%		30,982,000	2.1%	
1993	140,900	3.3%		31,552,000	1.8%	
1994	144,600	2.6%		31,952,000	1.3%	
1995	142,900	-1.2%		31,910,000	-1.3%	
1996	144,905	1.4%		32,609,000	2.1%	
1997	147,600	1.8%		33,252,000	1.9%	
1998	151,300	2.4%		33,765,000	1.5%	
1999	152,900	1.0%		34,336,000	1.7%	
2000	156,299	2.2%	24.1%	33,871,648	-1.3%	13.8%
2001	162,586	4.0%		34,501,130	1.9%	
2002	166,000	1.5%		35,591,000	1.7%	

Source: U.S. Census for 1960, 1970, 1980, 1990 and 2000. State of California, Census County Rankers (estimates) for all other years

El Dorado County vs. State of California Annual Percent Change in Population 1991 - 2002



El Dorado County Major Employers

Company Name	Location	Type of Business	# of Employees
El Dorado County	El Dorado County	Government	1,903
Blue Shield of California	El Dorado Hills	Health Care	1,275
DST Output	El Dorado Hills	Billing Services	1,214
Marshall Hospital	Placerville	Healthcare	802
Raley's Inc.	Various	Retail Grocery	742
Sierra-at-Tahoe Inc.	Twin Bridges	Ski Resort	600
El Dorado Co. Office of Education	Placerville	Education	515
DST Innovis	El Dorado Hills	Billing/Customer Mgmt. Software	456
Roebbelen Contracting Inc.	El Dorado Hills	General Contractor	420
<i>El Dorado Irrigation District</i>	<i>Placerville</i>	<i>Special District</i>	<i>266</i>
Embassy Suites Resort	South Lake Tahoe	Hospitality	207
Doug Veerkamp Gen. Engineering	Placerville	General Construction	200
Sierra Pacific Industries	Camino	Lumber	165

Source: Sacramento Business Journal 5/16/2003

Number of Employees by Industry in El Dorado County

Industry	# of Employees
Services	14,800
Trade	10,500
Retail	9,600
Government	9,200
Construction and Mining	4,600
Manufacturing	2,500
Finance, Insurance, and Real Estate	2,000
Transportation and Public Utilities	1,300
Wholesale	1,000
Agriculture	300

Source: EDD, Labor Market Information Division
2001 Benchmark

Civilian Labor Force Employment and Unemployment

Year and Area	Civilian Labor Force	Employment	Unemployment	Unemployment Rate (%)
1993:				
County of El Dorado	66,900	61,100	5,800	8.6
California	15,187,000	13,883,900	1,415,900	9.3
United States	130,667,000	121,971,000	8,696,000	6.7
1994:				
County of El Dorado	69,400	64,200	5,200	7.5
California	15,471,000	14,141,000	1,330,000	8.6
United States	131,056,000	123,060,000	7,996,000	6.1
1995:				
County of El Dorado	72,000	67,000	5,000	7.0
California	15,415,500	14,205,900	1,209,600	7.8
United States	132,304,000	124,900,000	7,405,000	5.6
1996:				
County of El Dorado	73,400	68,700	4,700	6.4
California	15,508,146	14,382,777	1,132,095	7.3
United States	133,943,000	126,708,000	7,236,000	5.4
1997:				
County of El Dorado	76,000	72,100	3,900	5.1
California	16,098,400	15,173,700	924,700	5.7
United States	137,169,000	130,778,000	6,392,000	4.7
1998:				
County of El Dorado	79,100	75,700	3,400	4.3
California	16,421,300	15,452,900	968,400	5.9
United States	137,673,000	131,463,000	6,210,000	4.5
1999:				
County of El Dorado	82,100	78,800	3,300	4.1
California	16,703,100	15,802,200	900,900	5.4
United States	139,368,000	133,488,000	5,880,000	4.2
2000				
County of El Dorado	82,500	79,300	3,200	3.9
California	17,090,800	16,245,600	845,200	4.9
United States	140,863,000	135,208,000	5,655,000	4.0
2001				
County of El Dorado	84,100	80,900	3,200	3.8
California	17,362,200	16,435,200	927,100	5.3
United States	141,700,000	134,839,000	6,860,000	5.8
2002				
County of El Dorado	82,300	78,200	4,100	5.0
California	17,405,000	16,242,000	1,163,000	6.7
United States	144,875,000	136,486,000	8,389,000	5.8

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

Top Ten Customers

Top Ten Water Customers		
	Customer Name	% of Total Revenue
1	City of Placerville	1.87%
2	Serrano Associates LLC	1.33%
3	Sierra Pacific Industries	0.60%
4	Cameron Park Mobile Home Park	0.40%
5	Serrano Associates	0.36%
6	Lake Oaks Mobile Home Park	0.35%
7	Cameron Park Golf Course	0.24%
8	Cameron Oaks Investment Company	0.23%
9	Hidden Springs Mobile Home Park	0.21%
10	Sierra Pacific Industries	0.21%
Top Ten Wastewater Customers		
	Customer Name	% of Total Revenue
1	Lake Oaks Mobile Home Park	1.02%
2	Cameron Park Mobile Home Park	0.84%
3	Cameron Oaks Investment Company	0.76%
4	Crestview Mobile Home Park	0.53%
5	Best/Scv Cameron Park Ptsp	0.49%
6	Diamond Springs Mobile Home Park	0.37%
7	Fuller-Sunset Mobile Home Park	0.36%
8	PW Pipe	0.35%
9	Westwood Mobile Home Park	0.34%
10	Diamond Springs Mobile Home Park	0.33%
<small>Source: El Dorado Irrigation District Data Base</small>		

Water Rates

Retail:

Water rate category serves: Single Family Residential, Recreational Turf Services (when eliminated), Domestic Irrigation (when eliminated), and Commercial/Industrial classifications into one category.

	Gravity	Pumped
Bi-monthly Basic Charge (5/8, 3/4-inch)	\$22.58	\$22.58
0 – 1,500 cf	\$0.55 per ccf	\$0.62 per ccf
1,501 – 20,000 cf	\$0.59 per ccf	\$0.67 per ccf
20,001 – excess	\$0.69 per ccf	\$0.79 per ccf
	Gravity	Pumped
Bi-monthly Basic Charge (1-inch)	\$22.58	\$22.58
Bi-monthly Basic Charge (1-1/2-inch)	\$23.71	\$23.71
0 – 7,800 cf	\$0.55 per ccf	\$0.62 per ccf
7,801 – 100,000 cf	\$0.59 per ccf	\$0.67 per ccf
100,001 – excess	\$0.69 per ccf	\$0.79 per ccf
	Gravity	Pumped
Bi-monthly Basic Charge (2-inch)	\$24.83	\$24.83
Bi-monthly Basic Charge (3-inch)	\$27.32	\$27.32
Bi-monthly Basic Charge (4-inch)	\$30.05	\$30.05
Bi-monthly Basic Charge (6-inch)	\$33.06	\$33.06
Bi-monthly Basic Charge (8-inch)	\$40.00	\$40.00
Bi-monthly Basic Charge (10-inch)	\$48.40	\$48.40
Bi-monthly Basic Charge (12-inch)	\$58.56	\$58.56
0 – 25,000 cf	\$0.55 per ccf	\$0.62 per ccf
25,001 – 133,300 cf	\$0.59 per ccf	\$0.67 per ccf
133,301 – excess	\$0.69 per ccf	\$0.79 per ccf

Multi-Family:

New rates based on Rate Hearing on April 8, 2002. Basic Rate is to be changed back to the pre-existing rates of the October 15, 2001 Rate Hearing.

	Gravity	Pumped
Bi-monthly Basic Charge Per Unit	\$11.22	\$12.28
0 – 1,500 cf	\$0.55 per ccf	\$0.62 per ccf
1,501 – 20,000 cf	\$0.59 per ccf	\$0.67 per ccf
20,001 – excess	\$0.69 per ccf	\$0.79 per ccf
Strawberry-Pumped (29)	Bi-Monthly Basic Charge	\$27.16 Minimum

Water Rates

Small Farms:

	Gravity	Pumped
Bi-monthly Basic Charge	\$40.15	\$45.42
0 – 1,760 cf (residential tier)	\$0.59 per ccf	\$0.67 per ccf
1,761 – 6,500 cf	\$0.06 per ccf	\$0.06 per ccf
6,501 – 100,000 cf	\$0.07 per ccf	\$0.07 per ccf
100,001 – excess	\$0.08 per ccf	\$0.08 per ccf

Ditches:

	Bi-Monthly Basic Charge	Commodity Charge
Metered Landscape Irrigation	\$43.76	\$0.08 per ccf
Metered Landscape Irrigation (Outside District)	\$65.71	\$1.13 per ccf
Raw Water-1/2-inch Flow (37)	\$40.33	N/A
Raw Water-1-inch Flow (39)	\$89.58	N/A
Raw Water-2-inch Flow (40)	\$179.16	N/A
Raw Water-4-inch Flow (44)	\$358.32	N/A
Raw Water-Continuous Flow	\$69.28	\$0.05 per ccf
Raw Water-Continuous Flow (Outside District)	\$103.91	\$0.08 per ccf
Raw Water-Metered Garden Irrigation	\$42.02	\$0.10 per ccf

Agricultural Metered Irrigation:

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

AMI (with residence)	Gravity	Pumped
Bi-monthly Basic Charge	\$40.15	\$45.42
0 – 1,760 cf (residential tier)	\$0.59 per ccf	\$0.67 per ccf
1,761 cf – 16 inches per acre	\$0.06 per ccf	\$0.06 per ccf
16.01 – 47 inches per acre	\$0.07 per ccf	\$0.07 per ccf
47.01 – excess inches per acre	\$0.08 per ccf	\$0.08 per ccf

AMI (without residence)	Gravity	Pumped
Bi-monthly Basic Charge	\$40.15	\$45.42
0 – 16 inches per acre	\$0.06 per ccf	\$0.06 per ccf
16.01 – 47 inches per acre	\$0.07 per ccf	\$0.07 per ccf
47.01 – excess inches per acre	\$0.08 per ccf	\$0.08 per ccf

Water Rates

Domestic Irrigation:

At a Public Hearing on November 29, 2002, the Board of Directors voted to keep the Domestic Irrigation Rates. All customers who met the criteria as of July 1, 1999 are allowed to be grandfathered back to these rates, if they had been switched to the Small Farm Rate. Rates are to be changed back to the pre-existing rates of the October 15, 2001 Board Hearing.

GRAVITY	
Basic Charge	\$38.20 Minimum
0 – 6,500 cf	\$0.08 per 100 ccf
6,501 – 100,000 cf	\$0.09 per 100 ccf
100,001 – excess	\$0.12 per 100 ccf

PUMPED	
Basic Charge	\$42.64 Minimum
0 – 4,500 cf	\$0.19 per 100 ccf
4,501 – 46,500 cf	\$0.21 per 100 ccf
46,501 – excess	\$0.27 per 100 ccf

Recreational Turf Services:

At a Public Hearing on April 8, 2002, the Board of Directors voted to keep the Recreational Turf Rates. The Board also changed and voted to keep the customers on the Gravity Rates, back to the pre-existing rates of the October 15, 2001 Rate Hearing.

The customers who are on the pumped Recreational Turf Rates will remain on the three (3) year phase-in plan, since these rates will be less expensive for the customer.

GRAVITY (AVERAGE/BI-MONTHLY)	
Basic Charge	\$76.50 Minimum
0 – 13,300 cf	\$0.28 per 100 ccf
13,301 – 75,000 cf	\$0.29 per 100 ccf
75,001 – excess	\$0.34 per 100 ccf

Water Rates

Recreational Turf Services (con't.):

GRAVITY (ANNUAL/RANGES)	
Basic Charge	\$459.00 Minimum
0 – 80,000 cf	\$0.28 per 100 ccf
80,001 – 450,000 cf	\$0.29 per 100 ccf
450,001 – excess	\$0.34 per 100 ccf

GRAVITY (AVERAGE/BI-MONTHLY)	
Basic Charge	\$76.50 Minimum
0 – 37,500 cf	\$0.28 per 100 ccf
37,501 – 166,700 cf	\$0.29 per 100 ccf
166,701 – excess	\$0.34 per 100 ccf

GRAVITY (ANNUAL/RANGES)	
Basic Charge	\$459.00 Minimum
0 – 225,000 cf	\$0.28 per 100 ccf
225,001 – 1,000,000 cf	\$0.29 per 100 ccf
1,000,001 – excess	\$0.34 per 100 ccf

GRAVITY (AVERAGE/BI-MONTHLY)	
Basic Charge	\$76.50 Minimum
0 – 500,000 cf	\$0.28 per 100 ccf
500,001 – 1,666,700 cf	\$0.29 per 100 ccf
1,666,701 – excess	\$0.34 per 100 ccf

GRAVITY (ANNUAL/RANGES)	
Basic Charge	\$459.00 Minimum
0 – 3,000,000 cf	\$0.28 per 100 ccf
3,000,001 – 10,000,00 cf	\$0.29 per 100 ccf
10,000,001 – excess	\$0.34 per 100 ccf

Water Rates

Recreational Turf Services (con't.):

At a Public Hearing on November 29, 2000, the Board of Directors voted to “phase out the Recreational Turf Services rate over a three year period, increasing the rate annually until it reaches the Retail rate.”

Pumped	2001 11/1/01	2003 1/1/03	2004 1/1/04
Basic Charge (5/8, 3/4")	\$65.21	\$43.90	\$22.58
Basic Charge (1")	\$65.21	\$43.90	\$22.58
Basic Charge (1-1/2")	\$65.58	\$44.64	\$23.71
0 – 25,000 cf	\$0.53 per ccf	\$0.57 per ccf	\$0.62 per ccf
25,001 – 62,500 cf	\$0.56 per ccf	\$0.62 per ccf	\$0.67 per ccf
62,501 – excess	\$0.65 per ccf	\$0.72 per ccf	\$0.79 per ccf

Pumped	2001 11/1/01	2003 1/1/03	2004 1/1/04
Basic Charge (2")	\$65.96	\$45.40	\$24.83
Basic Charge (3")	\$66.79	\$47.06	\$27.32
Basic Charge (4")	\$67.70	\$48.88	\$30.05
0 – 50,000 cf	\$0.53 per ccf	\$0.57 per ccf	\$0.62 per ccf
50,001 – 333,300 cf	\$0.56 per ccf	\$0.62 per ccf	\$0.67 per ccf
333,301 – excess	\$0.65 per ccf	\$0.72 per ccf	\$0.79 per ccf

Wholesale (City of Placerville):

At a Public Hearing on November 29, 2000, the Board of Directors voted to “defer any rate increase to the City of Placerville until such time that the District has the Reservoirs covered.”

WHOLESALE		
(WA) Water Service	Bi-Monthly Basic Charge	\$00.0 Minimum
(MU) City of Placerville	0 - 295,500 cf	\$0.31 per 100 cubic feet
	295,501 - 12,160,000 cf	\$0.35 per 100 cubic feet
	12,160,001 - excess	\$0.40 per 100 cubic feet

FIRE HYDRANT (FH) (effective 11/1/96; Resolution No. 96-73)		
(FH) Fire Hydrant/Construction Service	Bi-Monthly Basic Charge	\$50.16 Minimum
		\$1.00 per 100 cubic feet
(CM) Fire Hydrant/Reclaimed Lines		\$77.86 Minimum
		\$0.45 per 100 cubic feet

PRIVATE FIRE SERVICE		
	Bi-Monthly Basic Charge	Minimum
(PF) Private Fire Service	N/A	N/A

Recycled Water Rates

RECYCLED WATER (RC)	Bi-Monthly Basic Charge	Commodity Charge (*Per CCF)
(CG) Gravity <i>(see Comm/Ind [WC])</i>	\$77.86	\$0.45
(SC) Gravity – Dual <i>(see Residential [WA])</i>	N/A	\$0.45
(CP) Pumped <i>(see Comm/Ind [WC/LS])</i>	\$77.86	\$0.45
(SD) Pumped – Dual <i>(see Residential [WA])</i>	N/A	\$0.45

Wastewater Rates

Rate codes are listed in parentheses.

** Out of the ordinary circumstances.

SMALL FARM / RECREATIONAL TURF (SW) DOMESTIC IRRIGATION / SEWER ONLY	Bi-Monthly Basic Charge	Commodity Charge (*Per CCF)
	\$90.49	

SINGLE FAMILY RESIDENTIAL/ MULTI-FAMILY (SQ)	Bi-Monthly Basic Charge	Commodity Charge (*Per CCF)
	\$42.94	\$1.61
* If no water consumption during winter quarter, the rate is \$90.49 per billing period.		

COMMERCIAL / INDUSTRIAL (SW)		
Basic Charge	\$38.75	
Laundromat (SL)		\$2.14
Market (SM)		\$4.62
Repair Shop/Service Station (SV)		\$3.22
Light Industrial (SI)		\$4.31
Restaurant (SR)		\$5.96
Other (CG)		\$2.76

COMMERCIAL (Without Water Service)		
Basic Charge (CW)	\$45.34	
Each Additional Unit	\$51.74	

SCHOOL WASTEWATER (Yearly) (SW)	\$3.07	per student and staff
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SEPTAGE TRANSFER (SW)	\$109.59	per 1,000 gallon load
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** (SQ) or (SW) Sewer Service (SU) Service Unavailable = New account with no final sewer inspection.

** (UN) Unlivable Residence - example: burned /condemned dwelling - (no monthly charge).

Surcharges

Water Rate Surcharge:

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

Wastewater Rate Surcharge:

Mother Lode, Deer Creek and El Dorado Hills Areas:

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

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

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

Surcharges

Water Rate Surcharge – Reservoir Line and Cover:

District Wide = \$0.49 per EDU monthly.

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

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

Adopted water rate surcharge February 1, 1999, Resolution No. 99-04.

First effective billing period beginning February 7, 1999.

Phase I revised and Phase II adopted by Board of Directors November 1, 2001.

Facility Capacity Charges, Surcharges and Supplemental Charges for 2002

Area	Water	Wastewater
El Dorado Hills		
FCC (water effective 6/13/92, sewer effective 3/21/03)	\$ 4,101.00	\$ 6,143.00
Gabbro Soil	\$ 345.00	-
Reservoir Cover Project	\$ 219.00	-
AD#3 Supplemental Charge	<u>\$ 2,208.00</u>	-
TOTAL	\$ 6,873.00	\$ 6,143.00
Cameron Park		
FCC (water effective 6/13/92, sewer effective 3/21/03)	\$ 4,646.00	\$ 7,551.00
Gabbro Soil	\$ 345.00	-
Reservoir Cover Project	\$ 219.00	-
Gold Hill Surcharge	<u>\$ 0.00</u>	-
TOTAL	\$ 5,210.00	\$ 7,551.00
Mother Lode		
FCC (water effective 6/13/92, sewer effective 3/21/03)	\$ 4,646.00	\$ 9,030.00
Gabbro Soil	\$ 345.00	-
Reservoir Cover Project	<u>\$ 219.00</u>	-
TOTAL	\$ 5,210.00	\$ 9,030.00
Strawberry		
FCC (effective 6/13/92)	\$ 4,646.00	
Gabbro Soil	\$ 345.00	N/A
Reservoir Cover Project	\$ 219.00	
Strawberry Surcharge	<u>\$ 0.00</u>	
TOTAL	\$ 5,210.00	
Outingdale (Inside Subdivision)		
FCC (effective 6/13/92)	\$ 4,646.00	
Gabbro Soil	\$ 345.00	N/A
Reservoir Cover Project	\$ 219.00	
Outingdale Surcharge	<u>\$ 0.00</u>	
TOTAL	\$ 5,210.00	
Outingdale (Outside Subdivision)		
FCC (effective 6/13/92)	\$ 4,646.00	
Gabbro Soil	\$ 345.00	N/A
Reservoir Cover Project	\$ 219.00	
Outingdale Surcharge	<u>\$ 0.00</u>	
TOTAL	\$ 5,210.00	
Swansboro		
FCC (effective 6/13/92)	\$ 4,646.00	
Gabbro Soil	\$ 345.00	N/A
Reservoir Cover Project	\$ 168.00	
Swansboro Surcharge*	<u>\$ 975.00</u>	
TOTAL	\$ 6,134.00	
* Collected only if not on tax roll		
All Other Areas		
FCC (water effective 6/13/92, sewer effective 4/1/03)	\$ 4,646.00	\$ 5,619.00
Gabbro Soil	\$ 345.00	N/A
Reservoir Cover Project	<u>\$ 219.00</u>	-
TOTAL	\$ 5,210.00	\$ 5,619.00

Source: EID, Customer Service Department

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