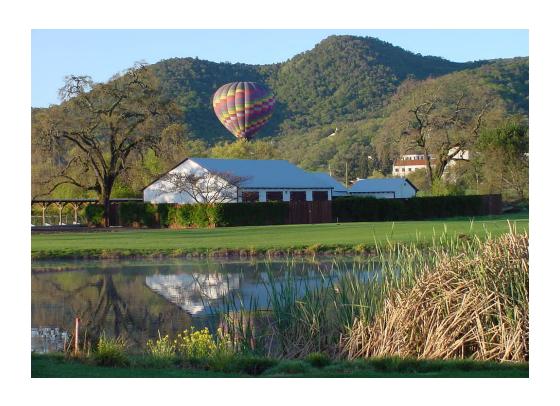
County of Napa, California Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005



PAMELA A. KINDIG Auditor-Controller

COUNTY OF NAPA COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2005

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Public Officials, Elected and Appointed	vii
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	19
Reconciliation of the Governmental Funds Balance Sheet to the	
Government-Wide Statement of Net Assets – Governmental Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Government-Wide	
Statement of Activities – Governmental Activities	22
Proprietary Funds:	
Statement of Fund Net Assets	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets	
Statement of Cash Flows	
Fiduciary Funds:	27
Statement of Fiduciary Net Assets	
Statement of Changes in Fiduciary Net Assets	20
Notes to the Basic Financial Statements:	29
Required Supplementary Information:	
County Employee's Retirement Plan (Defined Benefit Pension Plan):	
Schedule of Funding Progress	
Budgetary Comparison Schedule – General Fund	64
Budgetary Comparison Schedule – Napa County Flood Protection and Watershed	
Improvement Authority	72
Budgetary Comparison Schedule – Affordable Housing	73
Note to Required Supplementary Information:	
Budgetary Basis of Accounting	74

COUNTY OF NAPA COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2005

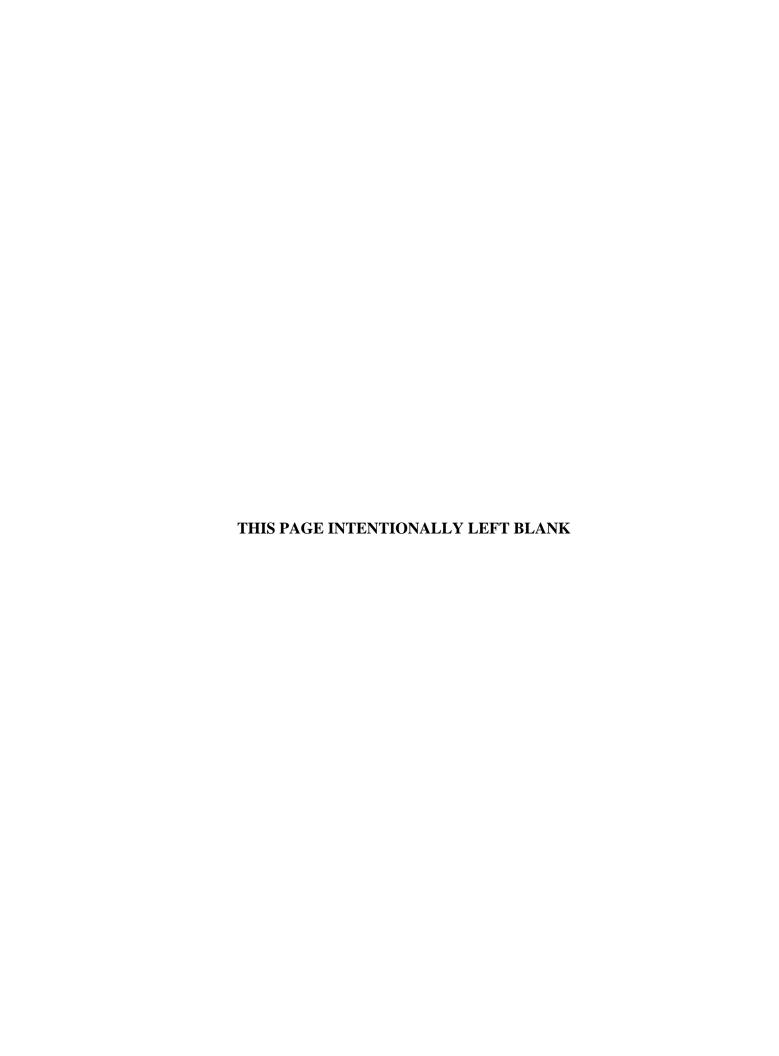
Table of Contents

	Page
plementary Information:	
ombining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70
Nonmajor Special Revenue Funds: Description	73
Combining Balance Sheet	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Combining Balance Sheet - Nonmajor Special Districts Under the Board of	
Supervisors	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Special Districts Under the Board of Supervisors	80
Budgetary Comparison Schedules:	
Fire Protection	88
Fire Protection Assessment	89
Roads	9
Wildlife Conservation Commission	9
Library	
Child Support Services	
IHSS	
Districts Governed by the Board of Supervisors:	_
County Service Area No. 3	95
County Service Area No. 4	
Silverado Community Services	
Silverado Maintenance Assessment	
Monticello Public Cemetery	
Monticello Endowment	
Major and Nonmajor Capital Projects Funds:	4.0
Description	
Combining Balance Sheet	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	10
Budgetary Comparison Schedules:	
Construction Fund	
Criminal Justice Facility Construction Fund	10
Courthouse Fund	10
Construction Capital Improvement Fund	10
County Center Improvement Fund	10
Nonmajor Debt Service Fund:	
Description	10
Combining Balance Sheet	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	

COUNTY OF NAPA COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2005

Table of Contents

-	Page
Supplementary Information (continued):	
Combining and Individual Fund Statements and Schedules (continued):	
Nonmajor Debt Service Fund (continued):	
Budgetary Comparison Schedule	112
Nonmajor Enterprise Funds:	
Description	113
Combining Statement of Fund Net Assets	114
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	115
Combining Statement of Cash Flows	116
Internal Service Funds:	
Description	119
Combining Statement of Fund Net Assets	120
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	122
Combining Statement of Cash Flows	124
Fiduciary Funds:	
Description	129
Combining Statement of Fiduciary Net Assets – Investment Trust Funds	130
Combining Statement of Changes in Fiduciary Net Assets – Investment	100
Trust Funds	131
Combining Statement of Changes in Assets and Liabilities –	
Agency Funds	132
STATISTICAL SECTION	
Changes in Net Assets – Last Four Fiscal Years	134
Government-wide Net Assets by Component – Last Four Fiscal Years	136
Fund Balances, Governmental Funds – Last Ten Fiscal Years	137
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years	138
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	139
Property Tax Levies and Collections – Last Ten Fiscal Years	140
Γaxable Assessed Value of Property – Last Ten Fiscal Years	141
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	142
Direct and Overlapping Sales Tax Rate – Last Ten Fiscal Years	143
Principal Property Tax Payers – Current Year, Five Years Ago, Ten Years Ago	144
Ratios of Total Debt Outstanding by Type – Last Ten Fiscal Years	145
Pledged Revenue Bond Coverage – Last Ten Fiscal Years	146
Direct and Overlapping Debt	147
Demographic and Economic Statistics – Last Ten Fiscal Years	148
Principal Employer – Current Year, Five Years Ago, Ten Years Ago	149
Full-time Equivalent County Government Employees by Function – Last Ten Fiscal Years	150





Introductory Section



COUNTY of NAPA

NANCY WATT
County Executive Officer

December 23, 2005

To the Honorable Board of Supervisors and Citizens of the County of Napa:

California law requires that every local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2005.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that management has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Bartig, Basler & Ray, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of Napa's financial statements for the year ended June 30, 2005. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The first State Constitution, adopted in 1849, the year before California became a state, directed the Legislature to provide for a system of county government and for the election of a County Board of Supervisors. On February 18, 1850, the County of Napa was created as one of California's original twenty-seven counties.

The County is a general law county divided into five supervisorial districts on the basis of registered voters and populations. The five members of the County Board of Supervisors are elected to four-year terms in staggered years. Also elected are the Auditor-Controller, Assessor-Recorder-County Clerk, District Attorney, Sheriff-Coroner and the Treasurer-Tax Collector. A

Board of Supervisors December 23, 2005 Page ii

County Executive Officer appointed by the Board manages the day-to-day business affairs of the County.

County government provides a wide range of services, including law enforcement, judicial support, medical and health services, senior citizen assistance, a variety of public assistance programs, library services, airport services, parks, road maintenance, and fire protection.

The Board of Supervisors is required to adopt a final budget no later than August 30 of the fiscal year if the state's budget is passed on time, otherwise, a final budget is required 60 days after the state passes its budget or October 2, whichever is later. This annual budget serves as the foundation for the County of Napa's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., Sheriff). With certain limitations, department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the Board of Supervisors.

Local economy

In the heart of the wine country, the County of Napa includes one of California's most beautiful valleys. The temperate year round climate provides ideal weather for the growth of world-class wine grapes. The valley's unique microclimates also allow residents and visitors the opportunity to take full advantage of numerous recreational pursuits available in the immediate area. Golfing, fishing, cycling, hiking, boating and horseback riding are readily available. Of course, Napa Valley is also synonymous with world-class restaurants, destination resorts, and some of the world's most famous wineries.

The population of 133,294 resides primarily in the five municipalities of American Canyon, Calistoga, Napa, St. Helena and the Town of Yountville. The vast majority of County land is unincorporated and devoted to vineyards, farms, ranches and forest land, providing the area with high levels of open space. The County's economy has always had a strong agricultural base, and has a substantial presence in the wine industry.

According to the Napa County Agricultural Commissioner's Annual Crop Report for 2004, wine grapes represent 97.8% of the value of all agricultural production in the County. The annual value of wine grape production has risen 346% in the twenty years between 1985 and 2004, with over \$4 billion in total wine grape production during this same time period. Each year the value of wine grapes is exponentially magnified in the local economy through the production and marketing of wine, local wine industry employment, and associated economic activity. The most recent study shows an over \$9.5 billion impact to the Napa County economy from the local wine industry.

Major industries located within the County's boundaries or in close proximity include wine growers and producers and manufacturers of wine industry related products. The State of California also has a significant economic presence due to a major mental health facility that provides employment to more than 2,000 healthcare professionals and staff. Public instruction in

Board of Supervisors December 23, 2005 Page iii

the County is provided by two elementary school districts and three unified school districts. Higher education is available in the County via the Napa Valley College and the Pacific Union College. The transportation network includes publicly operated systems as well as private enterprise systems within the county and the cities. A privately-owned airporter service operates from St. Helena, Napa and Vallejo to San Francisco International Airport and Oakland International airport. There is also a County-owned and operated airport that serves privately-owned aircraft and provides facilities for a large pilot training program for Japan Airlines.

The labor force in Napa County increased faster than the State overall in 2004 (2.95 percent versus 0.8 percent). For 2005, Napa County's labor force growth (1.5 percent) closely matched the State's labor force growth (1.7 percent). Napa County's unemployment rate has consistently been well below the State average, although it does follow the State trend generally. During the past ten years, the unemployment rate declined from a decade high of 5.9 percent (1996) to 3.2 percent (2000), only to rise once more to 4.0 percent (2005) following the state trend. Unemployment is expected either to remain stable or decrease in the near term.

Long-term financial planning

Napa County has a history of prudent fiscal and debt management. The recent history of the General Fund shows sizable reserves, including designations. In 2003-2004 the General Fund reserve was 15.3 percent of total General Fund expenditures and in 2004-2005 reserves were 16.3 percent. These reserves include funds designated for specific capital projects as well as for fiscal requirements known in future years. The County utilizes an interdisciplinary Debt Advisory Committee and periodic Debt Capacity Analyses to project future capital needs and funding.

In 2005, the County prepared a formal General Fund Five-Year Revenue/Expenditure Forecast for consideration by the Board of Supervisors. The Five Year Forecast projected the General Fund ending balance under three different scenario: A baseline scenario that essentially assumed a continuation of the status quo in terms of state laws, funding levels and general economic conditions; a Revenue Reduction/Expenditure Increase Scenario that assumed a 3% increase in Net County Cost starting Fiscal Year 2005-2006; and a Revenue Increase/Expenditure Decrease Scenario, that assumed a 3% decrease in Net County Cost.

The Baseline Scenario projected a Fiscal Year 2008-2009 General Fund ending balance of approximately \$15 million, a decrease of approximately \$24 million from the Fiscal Year 2004-2005 beginning balance. The Revenue Reduction/Expenditure Increase Scenario resulted in an estimated Fiscal Year 2008-2009 ending balance of approximately \$7 million. The Revenue Increase/Expenditure Decrease Scenarios resulted in a fund balance projection of approximately \$23 million.

A projected Fiscal Year 2008-2009 ending fund balance that ranges from \$7 million to \$23 million illustrates the sensitivity of such projections to the assumptions used in making them. At this point, staff is able to conclude that absent a change in policy or programs, it will likely be

Board of Supervisors December 23, 2005 Page iv

necessary to spend down the General Fund balance to balance the budget in future years and it will not be possible to continue reliance on fund balance to meet long-term needs. However, these forecasts also suggest that there is time for the County to deal with this longer term issue in a thoughtful way. Consequently, the County has approved the development of a Strategic Financial Plan which will include a long term strategy for bringing revenues and expenditures into balance.

During the 2004-2005 fiscal year, Napa County refinanced its \$17.985 million 1996 Capital Improvement Projects Certificates of Participation (COP). Funds from the 1996 COP had been used to finance the construction of the Criminal Courts Building and improvements to other County facilities. Taking advantage of favorable capital market conditions, Napa County realized a 6.8% savings on its 2005 COP issue. Standard & Poor's Corporation rated the Napa County 2005 Refunding Bonds "AA-" which implies an "AA" general obligation rating.

Relevant financial policies

Budget policies have been formally adopted by the Board of Supervisors. These include direction on staffing decisions, pursuit of new revenues, use of discretionary revenues and operational efficiencies, to name a few. Through these policies, the Board of Supervisors has established reserve and contingency guidelines. At least 3 percent of the General Fund appropriation is to be held in Contingency. The Contingency would be utilized to cover the impact of unanticipated cost increases or revenue decreases during the fiscal year.

In addition, the Board of Supervisors recently adopted a goal of building General Reserves equivalent to approximately 5 percent of General Fund appropriations. In the past, the Reserve goal had been set at 3 percent. Reserves are typically used for two purposes: to provide funds that can be used in future years to balance the budget (reserves cannot be spent in the current fiscal year) and to aid in cash flow, so that short-term borrowing against anticipated revenues is not needed.

Major initiatives

In 1998, the voters of Napa County approved a half-cent sales tax to fund the local share of a countywide flood management plan. Construction of the portion of the Flood Management Plan (Project) in the City of Napa has been underway for six years with many accomplishments thus far. The Project has restored over 650 acres of high-value tidal wetlands of the San Francisco Bay Estuary. Two major bridge projects have been completed and cleanup of acres of contaminated riverbank was accomplished. And ahead there is the long-sought protection for 2,700 homes, 350 businesses, and over 50 public properties. Protection from 100-year flood levels means a savings of more than \$26 million annually in flood damage costs. The end result is to be a "Living River" that will help protect residents from damage caused by regular flooding, sustain migrating fish and wildlife, provide recreational opportunities, and enhance economic activity all along the River's course.

Board of Supervisors December 23, 2005 Page v

The most recent calculations estimate the total cost of the City of Napa Project at \$256 million with the Federal government responsible for half the total and the local sponsor responsible for the other half. Monies for the Napa River Flood Management Plan are derived from Napa County Measure A, which generates a half-cent local sales tax; California's Subvention Fund for flood projects; and Federal funding appropriated to the U.S. Army Corps of Engineers. Additional monies have been obtained through grants from the Federal Emergency Management Agency, the Federal Highway Administration, the California Department of Transportation, and the Coastal Conservancy.

Recently, the Napa County Board of Supervisors initiated a multi-year effort to update the County General Plan, which has not been comprehensively updated since 1983. To facilitate this update, the Board authorized the expenditure of up to \$1.6 million dollars for the completion of a Baseline Data Report (BDR). The BDR will provide current information on the environmental and resource conditions in the unincorporated areas of Napa County. In California, every General Plan is required to have seven mandated elements: Land Use, Circulation, Housing, Conservation, Open Space, Noise and Safety. Currently, Napa County has ten elements in its General Plan, and combines Conservation and Open Space into one element. The additional elements beyond those required by the state are Growth Management, School Facilities, Scenic Highways and Seismic Safety. The BDR will provide valuable information on existing conditions for each of these elements during the update process. The General Plan Update is anticipated to take several years with many opportunities for public input and participation.

Awards and acknowledgements

Napa County's Auditor-Controller's Department received its fifth straight "Award for Achieving Excellence in Financial Reporting" from the California State Controller's Office. Napa County's Information Technology Department received national recognition as the result of a survey conducted by the Center for Digital Government. Napa County ranked third in the nation for counties with a population of 150,000 or less. In 2005, Napa County also received a Counties Care for Kids Award by the National Association of Counties. The award recognized the County's Therapeutic Child Care Center as an innovative prevention model for at-risk children to reduce mental health, substance abuse and child development problems within families. It is the first such program of its kind in the Country. The Northern California Section of the American Planning Association presented an award in the "Planning Implementation, Large Jurisdiction" category to Napa County, Cities of Napa and American Canyon, and Napa County League of Governments for the County-Cities Housing Agreements and the Napa County League of Governments Housing and Land Use Strategy Committee process. This program also received a California Association of Counties (CSAC) Merit Award. In addition, CSAC also presented a Merit Award to Napa County for AgendaNet, which is the automated Board of AgendaNet also received a California County Information Supervisors' agenda process. Services Directors Association (CCISDA) Award.

Board of Supervisors December 23, 2005 Page vi

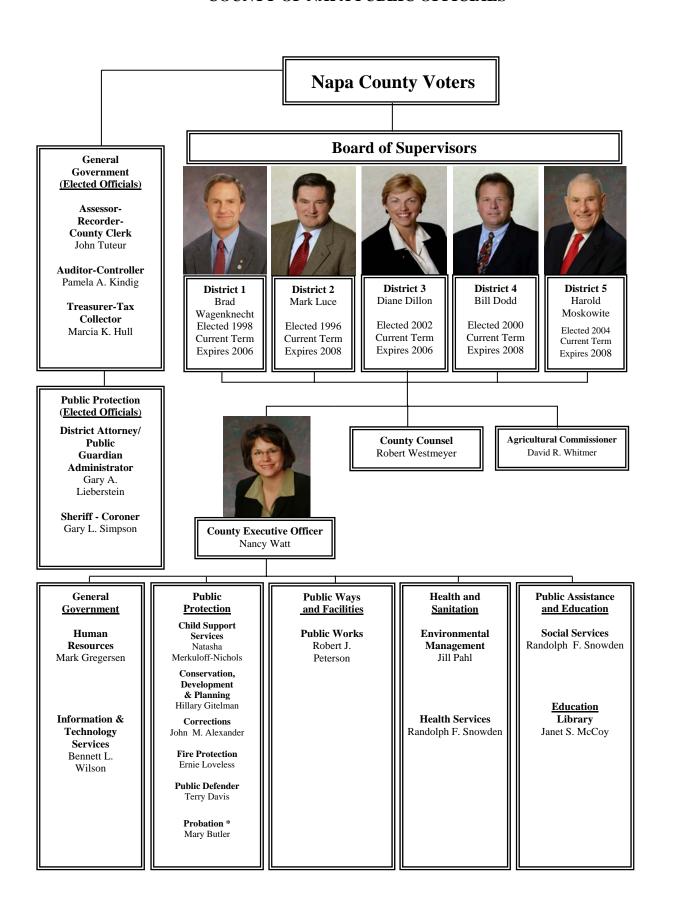
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Auditor-Controller's and County Executive departments. We wish to express our appreciation to all those who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Napa County's finances.

Respectfully submitted,

Pamela A. Kindig Auditor-Controller Nancy Watt

County Executive Officer

COUNTY OF NAPA PUBLIC OFFICIALS



COUNTY OF NAPA PUBLIC OFFICIALS

June 30, 2005

Pamela A. Kindig

Supervisor, District 1	Brad Wagenknecht
Supervisor, District 2	Mark Luce
Supervisor, District 3	Diane Dillon
Supervisor, District 4	Bill Dodd
Supervisor, District 5	Harold Moskowite
Assessor-Recorder-County Clerk	John Tuteur

Auditor-Controller

ELECTED OFFICIALS

District Attorney / Public Guardian
Administrator Gary A. Lieberstein
Sheriff - Coroner Gary L. Simpson
Treasurer-Tax Collector Marcia K. Hull

APPOINTED OFFICIALS

Agricultural Commissioner David R. Whitmer
Child Support Services Director Natasha Merkuloff-Nichols
Clerk of the Board Pamela Miller

Conservation Development and Planning Director Hillary Gitelman **Corrections Acting Director** John M. Alexander County Counsel Robert Westmeyer County Executive Officer Nancy Watt **Environment Management Acting Director** Jill Pahl Fire Protection **Ernie Loveless** Health & Human Services Director Robert F. Snowden **Human Resources Director** Mark Gregersen **Chief Information Officer** Bennett L. Wilson Library Director Janet S. McCoy Chief Probation Officer Mary Butler Public Defender Terry Davis Public Works Director / District Engineering Robert J. Peterson



Financial Section

Bartig, Basler & Ray

A Professional Corporation

Certified Public Accountants and Management Consultants

Frank V. Trythall Brad W. Constantine Bruce W. Stephenson Roseanne M. Lopez Jason J. Cardinet Tyler K. Hunt

> Curtis A. Orgill M. Elba Zuniga

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors and Grand Jury County of Napa Napa, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Napa, California, (the County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated September 22, 2005, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Supervisors and Grand Jury County of Napa

The Management's Discussion and Analysis (MD & A) and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County of Napa's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler + Ray, CPAs, Inc.

Roseville, California

September 22, 2005





Management's Discussion and Analysis For the Year Ended June 30, 2005

Management's Discussion and Analysis

This section of the County of Napa's (County) annual financial report presents our discussion and analysis of the County's financial performance during the year ended June 30, 2005. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the 2004-2005 fiscal year by \$237,813,527 (net assets). Of this amount, \$96,132,751 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$73,543,466 is restricted for debt service, capital projects, grants and other purposes, \$68,137,310 is invested in capital assets, net of related debt.
- As of June 30, 2005, the County governmental funds reported combined fund balances of \$153,118,253. Approximately 83.7% of the combined fund balances, \$128,173,291 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$57,573,593, or 37.5% of total general fund expenditures. All of the remaining unreserved fund balance will be budgeted in the subsequent fiscal year.
- The County's total long-term debt increased by \$10,082,686 in comparison with the prior year. The increase was primarily due to issuance of the Napa County Flood Protection and Watershed Improvement Authority (Authority) Limited Tax Subordinate Bonds, 2005 Series A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and, 3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The <u>statement of net assets</u> presents information on all County assets and liabilities, with the difference between the two reported as <u>net assets</u>. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The <u>statement of activities</u> presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, <u>regardless of the timing of related cash flows</u>. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County include the Napa County Airport, the Napa Berryessa Resort Improvement District and the Lake Berryessa Resort Improvement District.

Component units are included in the County's basic financial statements and consist of legally separate entities for which the County is financially accountable and, that have substantially the same board as the County or provide services entirely to the County. An example is the Napa County Flood Protection and Watershed Improvement Authority (Flood Authority).

The government-wide financial statements can be found on pages 15-17 of this report.

Management's Discussion and Analysis For the Year Ended June 30, 2005

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds, proprietary funds*, and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County currently maintains 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the Napa County Flood Protection and Watershed Improvement Authority. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The governmental funds financial statements can be found on pages 19-22 of this report.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Napa County Airport, Lake Berryessa Resort Improvement District and Napa Berryessa Resort Improvement District operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its workers' compensation insurance, long-term disability, employee benefits, personal injury and property damage, fleet maintenance and replacement, and Information Technology Services functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Napa County Airport is considered to be a major fund of the County. The County's six internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the supplementary information section of this report.

The proprietary funds financial statements can be found on pages 23-26 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 27-28 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages **29-61** of this report.

Management's Discussion and Analysis For the Year Ended June 30, 2005

Required Supplementary Information is presented concerning the County General Fund budgetary schedule. Infrastructure assets are reported using estimated historical cost. The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The required supplementary information can be found on pages 63-74 of this report.

Combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise and internal service funds and are presented immediately following the required supplementary information.

The required combining and individual fund statements and schedules can be found on pages 75-132 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$237,813,527 at the close of the most recent fiscal year. Further detail is provided in Table 1.

	(overn	menta	l	Business-type								Total		
		Activ	ities			Activities				Total			Dollar		Percent
	2005	5	2	2004	2005		2004		2005		2004		Change		Change
Current and other assets	\$ 186	,434	\$	189,043	\$	2,580	\$	2,569	\$	189,014	\$	191,612	\$	-2,598	-1.4%
Capital assets	154	,201		142,796		15,017		12,871		169,218		155,667		13,551	8.7%
Total assets	340	,635	- 3	331,839		17,597		15,440		358,232		347,279		10,953	3.2%
Current and other liabilities	6	,125		7,947		1,743		2,229		7,868		10,176		-2,308	-22.7%
Long-term liabilities	112	,090		101,986		461		482		112,551		102,468		10,083	9.8%
Total liabilities	118	,215		109,933		2,204		2,711	120,419		112,644			7,775	6.9%
Net assets:															
Invested in capital assets, net															
of related debt	55	,998		66,892		12,139		9,973		68,137		76,865		-8,728	-11.4%
Restricted net assets	73	,543		73,467		0		0		73,543		73,467		76	0.1%
Unrestricted net assets	92	,879		81,547		3,254		2,756		96,133		84,303		11,830	14.0%
Total net assets	\$ 222	,420	\$ 2	221,906	\$	15,393	\$	12,729	\$	237,813	\$	234,635	\$	3,178	1.4%

Table 1 - County's Net Assets (in thousands)

The significant changes in the County's net assets are summarized as follows:

- The County's total assets as of June 30, 2005, amount to \$358.2 million, an increase of \$11.0 million (or 3.2%) from the prior year. The majority of the increase in total assets is due to the issuance of Authority Bond, 2005 Series A.
- The County's total liabilities as of June 30, 2005, are \$120.4 million, an increase of \$7.8 million (or 6.9%) from the prior year. This increase is mainly due to the issuance of Authority Bonds, 2005 Series A.

The composition of the County's net assets can be summarized as follows:

- The largest portion of the County's net assets (40.4%) represents *unrestricted net assets* of \$96.1 million, which may be used to meet the County's ongoing obligations to citizens and creditors.
- Another significant portion of the County's net assets (28.7%) reflects its investment of \$68.1 million in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis For the Year Ended June 30, 2005

- The remaining portion of the County's net assets (30.9%) represents restricted net assets of \$73.5 million.
- At the end of the current fiscal year, the County reported positive balances in net assets, both for the County as a whole, as well as for its separate governmental activities.

The County's net assets have increased by \$3.6 million during the current fiscal year. This growth reflects the net effect of increases in both total revenues and total expenses. The County's total revenues as of June 30, 2005, amount to \$202.6 million, an increase of \$4.4 million (or 2.2%) from the prior year. The majority of the increase in total revenues was due to increases in property taxes and various other general revenues. The County's total expenses as of June 30, 2005, amount to \$199.1 million, an increase of \$12.0 million (or 6.4%) from the prior year. The majority of the increase in total expenses was due to increased expenses for pubic protection, public ways and facilities and public assistance.

In 2004, the Napa County Flood Control and Water Conservations District contributed \$1.8 million related costs to the County for relocating and rebuilding the Napa County Animal Shelter. This item is shown below as a special item. Further detail is provided in Table 2.

Governmental activities. Governmental activities increased the County's net assets by \$0.8 million, thereby accounting for 22.2% of the total growth in the net assets of the County.

Table 2 - County's Change in Net Assets (in thousands)

	G	overi	nment	tal	Business-type					Total					
		Acti	vities			Acti	vities		Total				Dollar		Percent
	2005	;		2004		2005		2004	-	2005		2004	C	hange	Change
Revenues:															
Program revenues:															
Fees, fines and charges for services		,354	\$	26,212	\$	2,705	\$	2,757	\$	31,059	\$	28,969	\$	2,090	7.2%
Operating grants and contributions	73	,473		81,431		2,976		945		76,449		82,376		-5,927	-7.2%
Capital grants and contributions		0		40		0		0		0		40		-40	-100.0%
General revenues:															
Property taxes	44.	,667		42,424		13		60		44,680		42,484		2,196	5.2%
Sales and use taxes	27	,066		27,920		0		0		27,066		27,920		-854	-3.1%
Other taxes	7.	,535		6,161		0		0		7,535		6,161		1,374	22.3%
Motor vehicle in lieu taxes	9	,418		0		0		0		9,418		0		9,418	n/a
Unrestricted interest and															
investment earnings	3.	,713		2,968		69		37		3,782		3,005		777	25.9%
Miscellaneous	2	,534		7,167		106		125		2,640		7,292		-4,652	-63.8%
Total revenues	196	,760		194,323		5,869		3,924		202,629		198,247		4,382	2.2%
Expenses:															
General government	24	,611		33,547		0		0		24,611		33,547		-8,936	-26.6%
Public protection	70	,317		62,467		0		0		70,317		62,467		7,850	12.6%
Public ways and facilities	28	,270		23,225		0		0		28,270		23,225		5,045	21.7%
Health and sanitation	29	,561		27,777		1,344		1,277		30,905		29,054		1,851	6.4%
Public assistance	31	,683		27,455		0		0		31,683		27,455		4,228	15.4%
Education	5	,195		4,829		0		0		5,195		4,829		366	7.6%
Recreation and cultural studies	1	,021		300		0		0		1,021		300		721	240.3%
Interest on long-term debt	3	,883		4,475		0		0		3,883		4,475		-592	-13.2%
Administration and issuance costs	1.	,508		11		0		0		1,508		11		1,497	13609.1%
Airports		0		0		1,677		1,715		1,677		1,715		-38	-2.2%
Total expenses	196	,049		184,086		3,021		2,992		199,070		187,078		11,992	6.4%
Excess (deficiency) before special items and transfer		711		10,237		2,848		932		3,559		11,169		-7,610	-68.1%
Special items (loss on sale of fixed asset)		0		1,801		0		0		0		1,801		-1,801	-100.0%
Transfers		86		78		-86		-78		0		0		0	0.0%
Change in net assets		797	_	12,116		2,762		854	_	3,559		12,970		-9,411	-72.6%
Net assets - July 1, 2004 - restated	221	,623		209,790		12,631		11,875		234,254		221,665		12,589	5.7%
Net assets - June 30, 2005	\$ 222		\$	221,906	\$	15,393	\$	12,729	\$	237,813	\$	234,635	\$	3,178	1.4%
1.00 assets Julie 50, 2005	Ψ 222	, .20	Ψ	221,700	Ψ	10,070	Ψ	12,127	Ψ	237,013	Ψ	251,055	Ψ	3,170	1.470

Management's Discussion and Analysis For the Year Ended June 30, 2005

Key elements of the increase/decrease in revenues for governmental activities are as follows:

- Fees, fines and charges for services increased by \$2.1 million (or 7.2%) from the prior year. The majority of this increase was caused by an increase in fees billed for building and planning permits and departmental charges for services.
- Property taxes increased by \$2.2 million (or 5.2%). This increase was primarily due to increased home sales, increasing property values, and higher assessments.
- Motor vehicle in lieu taxes increased by \$9.4 million. This increase was primarily due to a reclassification of motor vehicle in lieu taxes from operating grants and contributions to a separate line item.
- Operating grants and contributions decreased by \$5.9 million (or -7.2%). This decrease was primarily due to a reclassification of motor vehicle in lieu taxes to its own revenue line item.
- Miscellaneous revenues decreased by \$4.7 million (or -63.8%). This decrease was primarily due to reclassification of these revenues to other existing revenue descriptions.

Key elements of the increase/decrease in expenses for governmental activities are as follows:

- General government expenses decreased by \$8.9 million (or -26.6%) from the prior year. The majority of the
 decrease was due to reduced expenditures for the completion of the new Sheriff's building and the Juvenile Justice
 Center and reduced election costs.
- Public protection expenses increased by \$7.9 million (or 12.6%) from the prior year. The majority of this increase was due to an increase in the cost of salaries and benefits, and the cost of a new fire engine.
- Public ways and facilities expenses increased by \$5.0 million (or 21.7%) from the prior year. The majority of this increase was due to an increase in flood project and roads expenditures in comparison with last year.
- Health and Sanitation expenses increased by \$1.9 million (or 6.4%) from the prior year. The majority of this increase was due to an increase in the cost of salaries and benefits.
- Public Assistance expenses increased by \$4.2 million (or 15.4%) from the prior year. The majority of this increase was due to an increase in the cost of salaries and benefits and an increase in Public Guardian expenditures.

Business-type activities. Business-type activities increased the County's net assets by \$2.8 million, thereby accounting for 77.8% of the total growth in the net assets of the County.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses <u>fund accounting</u> to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2005, the County's governmental funds reported combined fund balances of \$153,118,253, a decrease of \$1,000,778 in comparison with last year. Approximately 83.7% of this total amount or \$128,173,291 constitutes *unreserved fund balance*, which is available to meet the County's current and future needs. The remainder of fund balance, \$24,944,962, is *reserved* to indicate that it is not available for new spending because it has been committed (1) to liquidate contractual commitments (\$3,543,271) and (2) to reflect inventories and the amount due from other funds that are long term in nature and thus do not represent available spendable resources (\$21,401,691).

The general fund is the chief operating fund of the County. At June 30, 2005, unreserved fund balance of the general fund was \$57,573,593 while total fund balance reached \$64,967,767. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 37.5% of the total fund expenditures, while total fund balance represents 42.4% of that same amount. The total fund balance of the County's General Fund increased by \$272,238 during the current year.

Management's Discussion and Analysis For the Year Ended June 30, 2005

Table 3 provides a comparison of revenues by source for governmental funds for the current and prior years. Further detail is depicted in Figures 1 and 2.

Table 3 - Revenues Classified by Source - Governmental Funds (in thousands)

		FY 200)5		FY 2	004	Increase/(Decrease)			
			Percent			Percent			Percent	
Revenues by Source		mount	of Total	Amount		of Total	Amount		of change	
Taxes	\$	88,685	44.8%	\$	76,506	40.4%	\$	12,179	15.9%	
Licenses and permits		3,981	2.0%		3,590	1.9%		391	10.9%	
Fines, forfeitures and penalties		1,385	0.7%		2,263	1.2%		-878	-38.8%	
Revenue from use of money and property		3,312	1.7%		2,700	1.4%		612	22.7%	
Aid from other governments		73,473	37.1%		77,462	40.9%		-3,989	-5.1%	
Charges for services		22,988	11.6%		19,619	10.4%		3,369	17.2%	
Other		4,101	2.1%		7,186	3.8%		-3,085	-42.9%	
Total	\$	197,925	100.0%	\$	189,326	100.0%	\$	8,599	4.5%	

- Taxes increased by \$12.2 million (or 15.9%) from the prior year. This increase is mainly due to additional assessments by the Assessor's Office based on reappraisals of real property due to changes in ownership or completion of new construction and the reclassification of motor vehicle in lieu taxes from the Aid from Other Governments revenue line.
- Charges for Services increased \$3.4 million (or 17.2%) from the prior year. This increase is caused by an increase in fees billed for building and planning permits and city police contracts.
- Aid from Other Governments decreased by \$4.0 million (or -5.1%) from the prior year. This decrease was caused mainly by the reclassification of motor vehicle in lieu taxes to the Taxes revenue line.
- Other revenue decreased by \$3.1 million (or -42.9%) from the prior year. This decrease was due to reclassification of revenues to other existing revenue lines.

90,000 80,000 70,000 ■2005 60,000 ■2004 50,000 40.000 30.000 20,000 10,000 Licenses and permits Fines, forfeitures and Revenue from use of Aid from other Charges for services penalties money and property governments

Figure 1 - Two year comparison of Governmental Fund Revenues

Management's Discussion and Analysis For the Year Ended June 30, 2005

Figure 2 - Revenues Classified by Source - Governmental Funds

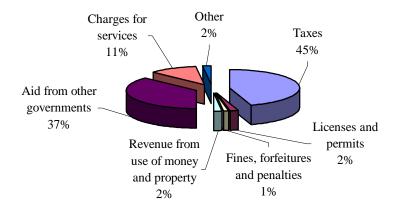


Table 4 provides a comparison of expenditures by function for governmental funds for the current and prior years. Further detail is depicted in Figure 3.

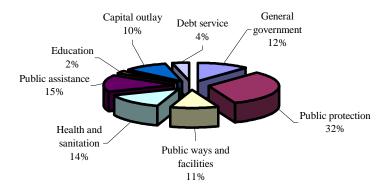
Table 4 - Expenditures by Function - Governmental Funds (in thousands)

	FY 2005				FY 20	004	Increase/(Decrease)			
			Percent			Percent			Percent	
Expenditures by Function		Amount	of Total	Amount		of Total	Amount		of change	
General government	\$	24,887	11.7%	\$	29,906	15.1%	\$	-5,019	-16.8%	
Public protection		69,203	32.4%		61,103	31.0%		8,100	13.3%	
Public ways and facilities		22,298	10.5%		16,859	8.4%		5,439	32.3%	
Health and sanitation		29,404	13.8%		27,663	14.1%		1,741	6.3%	
Public assistance		31,566	14.8%		27,260	13.8%		4,306	15.8%	
Education		5,075	2.4%		4,735	2.4%		340	7.2%	
Recreation		1,021	0.4%		300	0.2%		721	240.3%	
Capital outlay		20,048	9.4%		21,505	10.9%		-1,457	-6.8%	
Debt service-principal retirement		4,365	2.0%		3,880	2.0%		485	12.5%	
Debt-interest charges		3,941	1.8%		4,472	2.3%		-531	-11.9%	
Debt-administration, issuance and arbitrage fees		1,508	0.7%		11	0.0%		1,497	13609.1%	
Total	\$	213,316	100.0%	\$	197,694	100.0%	\$	15,622	7.9%	

- General government expenditures decreased by \$5.0 million (or -16.8%) from the prior year. This decrease was due to completion of the Sheriff's Building and work completed on the Juvenile Justice Center.
- Public protection expenditures increased by \$8.1 million (or 13.3%) from the prior year. This increase was mainly due to an increase in the cost of salaries and benefits and the purchase of a new fire engine.
- Public ways and facilities expenditures increased by \$5.4 million (or 32.3%) from the prior year. This increase was mainly due to an increase in flood projects and roads expenditures in comparison with last year.
- Public assistance increased by \$4.3 million (or 15.8%) from the prior year. This increase was mainly due to an increase in the cost of salaries and benefits and increased Public Guardian expenditures.
- Debt-administration, issuance and arbitrage fees increased by \$1.5 million (or 13,609.1%) from the prior period. This increase was mainly due to the refunding of the 1996 COPs and the issuance of the Authority Bonds, 2005 Series A.

Management's Discussion and Analysis For the Year Ended June 30, 2005

Figure 3 - Expenditures by Function - Governmental Funds



Differences between the General Fund's original budget and the final amended budget resulted in a \$10,263,042 increase in appropriations and can be briefly summarized as follows:

- Purchase Order re-encumbrances and contractual services amounted to \$7.5 million.
- Salaries and benefits adjustments amounted to \$2.6 million.

Table 5 provides a comparison of the County's other financing sources/(uses) for the current and prior years.

Table 5 - County's Other Financing Sources/ (Uses) - Governmental Funds (in thousands)

			Total				
	Amo	ount		Dollar	Percent		
Other Financing Sources (Uses)	 2005	2	2004	C	Change	Change	
Proceeds from issuance of new debt	\$ 14,002	\$	0	\$	14,002	n/a	
Transfers in	5,857		4,738		1,119	23.6%	
Transfers out	 -5,468		-5,378		-90	1.7%	
Net financing sources (uses)	\$ 14,391	\$	-640	\$	15,031	-2348.6%	

• Proceeds from issuance of new debt increased \$14.0 million from the prior year. This variance is mainly due to the issuance of the Authority Bonds, 2005 Series A.

Management's Discussion and Analysis For the Year Ended June 30, 2005

Table 6 details the changes in fund balance for each governmental fund as of June 30, 2005.

Table 6 - Changes in Fund Balances - Governmental Funds (in thousands)

				Major	Fund	ls		Non-Major Funds								
	General Fund				Affordable Housing		Construction Fund		Special Revenue Fund		Debt Service Fund		Capital Projects Fund			
															Total	
Revenues	\$	158,138	\$	12,570	\$	2,036	\$	175	\$	23,820	\$	99	\$	1,087	\$	197,925
Expenditures		153,389		18,940		1,032		9,814		25,334		4,579		229		213,317
Other financing sources (uses), net		-4,477		13,655		0		0		260		3,199		1,754		14,391
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		272		7,285		1,004		-9,639		-1,254		-1,281		2,612		-1,001
Fund balances - July 1, 2004, as restated		64,696		41,291		16,133		12,475		13,003		4,772		1,749		154,119
Fund balances - June 30, 2005	\$	64,968	\$	48,576	\$	17,137	\$	2,836	\$	11,749	\$	3,491	\$	4,361	\$	153,118

The fund balance of the County's general fund increased by \$272,238 during the fiscal year. This increase was caused by an increase in the motor vehicle in lieu taxes.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Table 7 details the changes in fund balances for each proprietary fund as of June 30, 2005.

Table 7 - Changes in Fund Balances - Proprietary Funds (in thousands)

	Majo	or Funds		Non-Maj					
	N	Napa	Lake B	Berryessa	Napa B	erryessa			
	C	ounty	Re	esort	Re	sort	1	Total	
	Ai	irport	Impro	vement	Impro	vement			
Operating revenues	\$	1,707	\$	557	\$	576	\$	2,840	
Operating expenses		1,676		710		634		3,020	
Operating income (loss)		31		-153		-58		-180	
Non-operating reveues (expenses),									
net		2,998		14		17		3,029	
Net income (loss) before									
contributions and transfers		3,029		-139		-41		2,849	
Transfer in (out)		-86		0		0		-86	
Change in Net Assets		2,943		-139		-41		2,763	
Fund balances - July 1, 2004, as									
restated		10,462		1,254		914		12,630	
Fund balances - June 30, 2005	\$	13,405	\$	1,115	\$	873	\$	15,393	

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounted to \$169.2 million (net of accumulated depreciation) an increase of \$13.6 million (or 8.7%) from the prior year. This investment in capital assets includes infrastructure, land and easements, structures and improvements, equipment, and construction in progress.

Management's Discussion and Analysis For the Year Ended June 30, 2005

Table 8 provides a comparison of the County's capital assets for the governmental and business-type activities for the current and prior years.

Table 8 - County's Capital Assets (in thousands)

	Governmental					Busine	e						ત્રી			
	Activities				Activities				Total					Oollar	Percent	
	2005		2004		2005		2004		2005		2004		Change		Change	
Infrastructure	\$	56,247	\$	58,174	\$	0	\$	0	\$	56,247	\$	58,174	\$	-1,927	-3.3%	
Land and easements		4,544		4,556		1,936		747		6,480		5,303		1,177	22.2%	
Structures and improvements		65,488		51,140		11,476		10,181		76,964		61,321		15,643	25.5%	
Equipment		8,862		7,405		156		164		9,018		7,569		1,449	19.1%	
Construction in progress		19,060		21,522		1,449		1,779		20,509		23,301		-2,792	-12.0%	
Total	\$	154,201	\$	142,797	\$	15,017	\$	12,871	\$	169,218	\$	155,668	\$	13,550	8.7%	

Major capital asset events during the current fiscal year included the following:

- There was no new infrastructure assets added during the year. The decrease of \$1.9 million (or -3.3%) was due to the depreciation of infrastructure.
- Structures and improvements increased by \$15.6 million (or 25.5%) from the prior year. This increase was primarily caused by the completion of construction on the new Sheriff's Building.
- Construction in progress decreased by \$2.8 million (or -12.0%) from the prior year. This decrease was due mainly to the completion of the new Sheriff's Building and reduced expenditures on the Juvenile Justice Center.
- For government-wide financial statement presentation, all depreciable capital assets including infrastructure were depreciated from the year subsequent to the acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34.

Long-term debt

At June 30, 2005, the County Governmental Activities total long-term debt outstanding was \$112,090,083 as compared to \$101,986,283 in the prior year. This amount was comprised of \$39,370,000 of Napa County Flood 1999 Series A bonds, \$13,655,000 of Napa County Flood 2005 Series A bonds, \$45,177,640 of Certificates of Participations (which included unamortized premiums of \$252,640), \$8,510,000 in liability for unpaid insurance claims, and \$5,377,443 compensated absence. There were no notes payable. During the year, retirement of Certificates of Participations amounted to \$1,847,562 (which included Change of amortization of debt premium of \$14,675).

Management's Discussion and Analysis For the Year Ended June 30, 2005

Economic Factors and Next Year's Budget and Rates

- The County enjoys stable and manageable growth. The County's per capita personal income is above the State and National standards. The unemployment rate is at 3.8% as of November 2005. This is below the statewide unemployment rate of 5.1%.
- The property tax growth remains solid with anticipated growth of 11.1% from fiscal year 2004-2005 to fiscal year 2005-2006.
- Sales tax revenue is expected to remain relatively flat compared to the prior fiscal year.
- The Transient Occupancy Tax ("hotel tax") is projected to increase about 3% annually.
- The vitality of agricultural and viticulture industries in Napa County are expected to continue. Agriculture remains the top industry in the County, with the production of grapes and wine constituting over 90% of the agricultural activity in the County.

All of these factors were considered in preparing the County's budget for fiscal year 2005-2006.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's and component unit finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Auditor-Controller, 1195 Third Street, Suite B-10, Napa, CA 94559.



BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS



Statement of Net Assets June 30, 2005

	Primary Government				
ASSETS	Governmental Activities	51			
Cash and investments	\$ 133,591,850	\$ 2,883,792	\$ 136,475,642		
Restricted Assets:	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-,,	+,,		
Cash with fiscal agent	14,964,702		14,964,702		
Imprest cash	116,783	100	116,883		
Receivables, net	.,		-,		
Taxes	3,947,701		3,947,701		
Special assessments	16,743	46,310	63,053		
Accounts	2,041,818	35,373	2,077,191		
Due from other government agencies	18,977,071		18,977,071		
Inventory	16,342		16,342		
Deposits	110,000		110,000		
Other assets	901,073		901,073		
Internal balances	2,001,050	(2,001,050)	, 		
Loans receivable	9,748,737	1,615,906	11,364,643		
Capital Assets:	, ,	, ,	, ,		
Nondepreciable	23,603,314	3,384,737	26,988,051		
Depreciable, net	130,597,507	11,631,947	142,229,454		
Total Assets	\$ 340,634,691	\$ 17,597,115	\$ 358,231,806		
<u>LIABILITIES</u>					
Accounts payable	\$ 3,157,751	\$ 47,060	\$ 3,204,811		
Accrued salaries and benefits	1,789,869	15,067	1,804,936		
Due to other government agencies	971,594		971,594		
Interest payable	205,318		205,318		
Deposits with others		64,560	64,560		
Unearned revenue		1,615,906	1,615,906		
Long-Term Liabilities:					
Portion due or payable within one year:					
Loan payable		23,438	23,438		
Bonds payable	3,105,000	, 	3,105,000		
Certificates of participation	2,260,000		2,260,000		
Compensated absences	1,545,659	7,851	1,553,510		
Liability for unpaid claims	5,915,889		5,915,889		
Portion due or payable after one year:	2,2 22,0 03		2,, 22,003		
Loan payable		415.078	415,078		
Bonds payable	49,920,000		49,920,000		
Certificates of participation	42,917,640		42,917,640		
Compensated absences	3,831,784	14,704	3,846,488		
Liability for unpaid claims	2,594,111		2,594,111		
Total Liabilities	118,214,615	2,203,664	120,418,279		
NET ASSETS					
Invested in capital assets, net of related debt	55,998,181	12,139,129	68,137,310		
Restricted for:	, ,		, ,		
Debt service	2,001,050		2,001,050		
Capital projects	4,911,555		4,911,555		
Grants and other purposes	66,630,861		66,630,861		
Unrestricted	92,878,429	3,254,322	96,132,751		
Total Net Assets	222,420,076	15,393,451	237,813,527		
Total Liabilities and Net Assets	\$ 340,634,691	\$ 17,597,115	\$ 358,231,806		

Statement of Activities For the Year Ended June 30, 2005

		Program Revenues					
Functions/Programs	Expenses	Fees, Fines and Charges for Services		Operating Grants and Contributions		Gr	Capital ants and tributions
Primary Government:	 <u> </u>				_		
Governmental Activities:							
General government	\$ 24,611,200	\$	3,305,175	\$	4,198,778	\$	
Public protection	70,316,699		15,100,425		11,035,273		
Public ways and facilities	28,269,848		4,448,340		4,975,364		
Health and sanitation	29,561,078		5,030,738		20,628,236		
Public assistance	31,683,117		77,350		31,396,367		
Education	5,194,812		391,541		273,873		
Recreation and cultural services	1,021,586				964,643		
Debt Service:							
Interest and fiscal charges	3,882,913						
Administration and arbitrage fees	1,507,883						
Total Governmental Activities	196,049,136		28,353,569		73,472,534		
Business-Type Activities:							
Airport	1,676,592		1,571,022		2,975,320		
Lake Berryessa Resort Improvement	710,296		557,551		230		
Napa Berryessa Public Improvement	634,032		576,164		351		
Total Business-Type Activities:	 3,020,920		2,704,737		2,975,901		
Total Napa County	\$ 199,070,056	\$	31,058,306	\$	76,448,435	\$	

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Other

Motor vehicle in lieu taxes

Unrestricted interest and investment earnings

Miscellaneous

Transfers

Total General Revenues, Special Items and Transfers

Change in Net Assets

Net assets - July 1, 2004

Prior period adjustment

Net assets - June 30, 2005

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities Business-Type Activities Total \$ (17,107,247) (44,181,001) (18,846,144) (3,902,104) (209,400) (4,529,398) (56,943) (3,902,104) (3,902,104) (209,400) (4,529,398) (56,943) \$ (3,882,913) (1,507,883) (94,223,033) (3,882,913) (1,507,883) (1,507,883) (94,223,033) \$ 2,869,750 (152,515) (152,515) (152,515) (152,515) (152,515) (152,515) (57,517) (57,517) (57,517) \$ (94,223,033) (1,362 (1,362)			Primary Governmen	t	
\$ (17,107,247) \$ (17,107,247) (44,181,001) (18,846,144) (18,846,144) (3,902,104) (209,400) (209,400) (4,529,398) (56,943) (56,943) (56,943) (1,507,883) (1,507,883) (1,507,883) (94,223,033) (1,507,883) (94,223,033) (1,507,883) (94,223,033) (1,507,883) (94,223,033) (1,507,883) (94,223,033) (1,507,883) (1,50	(Governmental	Business-Type		
(44,181,001) (44,181,001) (18,846,144) (18,846,144) (3,902,104) (209,400) (209,400) (209,400) (4,529,398) (4,529,398) (56,943) (56,943) (3,882,913) (1,507,883) (94,223,033) (1,507,883) (94,223,033) (94,223,033) (57,517) (57,517) (57,517) <td< td=""><td></td><td>Activities</td><td>Activities</td><td></td><td>Total</td></td<>		Activities	Activities		Total
(44,181,001) (44,181,001) (18,846,144) (18,846,144) (3,902,104) (209,400) (209,400) (209,400) (4,529,398) (4,529,398) (56,943) (56,943) (3,882,913) (1,507,883) (94,223,033) (1,507,883) (94,223,033) (94,223,033) (57,517) (57,517) (57,517) <td< td=""><td></td><td></td><td></td><td></td><td></td></td<>					
(44,181,001) (44,181,001) (18,846,144) (18,846,144) (209,400) (209,400) (4,529,398) (4,529,398) (56,943) (56,943) (3,882,913) (1,507,883) (94,223,033) (1,507,883) (94,223,033) (94,223,033) (57,517) (57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (94,563,315) \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)	\$	(17,107,247)		\$	(17,107,247)
(18,846,144) (3,902,104) (3,902,104) (209,400) (209,400) (209,400) (4,529,398) (4,529,398) (56,943) (56,943) (3,882,913) (1,507,883) (94,223,033) (94,223,033) (94,223,033) \$2,869,750 2,869,750 (152,515) (152,515) (57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$2,659,718 \$ (91,563,315) \$ (94,223,033) \$2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,03		(44,181,001)			(44,181,001)
(3,902,104) (209,400) (209,400) (209,400) (4,529,398) (4,529,398) (56,943) (56,943) (3,882,913) (3,882,913) (1,507,883) (1,507,883) (94,223,033) (94,223,033) \$2,869,750 2,869,750 (152,515) (152,515) (57,517) (57,517) 2,659,718 \$(91,563,315) \$ (94,223,033) \$2,659,718 \$(91,563,315) \$ (94,223,033) \$2,659,718 \$(91,563,315) \$ (94,722,065,296) 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)					
(4,529,398) (4,529,398) (56,943) (56,943) (3,882,913) (1,507,883) (94,223,033) (94,223,033) \$ 2,869,750 2,869,750 (152,515) (152,515) (57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		(3,902,104)			(3,902,104)
(56,943) (56,943) (3,882,913) (3,882,913) (1,507,883) (1,507,883) (94,223,033) (94,223,033) \$ 2,869,750 2,869,750 (152,515) (152,515) (57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		(209,400)			(209,400)
(3,882,913) (3,882,913) (1,507,883) (94,223,033) \$ 2,869,750 2,869,750 (152,515) (152,515) (57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		(4,529,398)			(4,529,398)
(1,507,883) (1,507,883) (94,223,033) (94,223,033) \$ 2,869,750 2,869,750 (152,515) (152,515) (57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		(56,943)			(56,943)
(94,223,033) (94,223,033) \$ 2,869,750 2,869,750 (152,515) (152,515) (57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		(3,882,913)			(3,882,913)
\$ 2,869,750		(1,507,883)			(1,507,883)
(152,515) (152,515) (57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		(94,223,033)			(94,223,033)
(152,515) (152,515) (57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)					
(57,517) (57,517) 2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)			\$ 2,869,750		2,869,750
2,659,718 2,659,718 \$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)			(152,515)		(152,515)
\$ (94,223,033) \$ 2,659,718 \$ (91,563,315) 44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)			(57,517)		(57,517)
44,667,099 13,362 44,680,461 27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)			2,659,718		2,659,718
27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)	\$	(94,223,033)	\$ 2,659,718	\$	(91,563,315)
27,065,296 27,065,296 7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)					
7,535,043 7,535,043 9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		44,667,099	13,362		44,680,461
9,417,773 9,417,773 3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		27,065,296			27,065,296
3,713,125 69,232 3,782,357 2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		7,535,043			7,535,043
2,535,650 106,447 2,642,097 85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		9,417,773			9,417,773
85,840 (85,840) 95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		3,713,125	69,232		3,782,357
95,019,826 103,201 95,123,027 796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		2,535,650	106,447		2,642,097
796,793 2,762,919 3,559,712 221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		85,840	(85,840)		
221,906,272 12,728,669 234,634,941 (282,989) (98,137) (381,126)		95,019,826	103,201		95,123,027
(282,989) (98,137) (381,126)		796,793	2,762,919		3,559,712
(282,989) (98,137) (381,126)		221,906,272	12,728,669		234,634,941
					(381,126)
	\$			\$	237,813,527



BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS



Balance Sheet Governmental Funds June 30, 2005

	General	Napa County Flood Protection and Watershed Improvement Authority	Affordable Housing	Construction Fund	Other Governmental Funds	Total
<u>ASSETS</u>						
Cash and investments Restricted assets:	\$ 56,438,536	\$ 35,872,900	\$ 7,387,880	\$ 257,300	\$ 15,122,292	\$ 115,078,908
Cash with fiscal agent Imprest cash	85,231	10,975,024		2,645,127	1,344,551 1,000	14,964,702 86,231
Receivable (Net): Taxes Special assessments	3,710,041				237,660 16,743	3,947,701 16,743
Accounts receivable Due from other government	2,028,370				10,400	2,038,770
agencies Due from other funds	15,009,091 365,486	1,956,202			2,011,778	18,977,071 365,486
Loans receivable Advances to other funds Other current assets	 	 69,167	9,748,737 	 	2,001,050	9,748,737 2,001,050 69,167
Total Assets	\$ 77,636,755	\$ 48,873,293	\$ 17,136,617	\$ 2,902,427	\$ 20,745,474	\$ 167,294,566
<u>LIABILITIES</u>						
Accounts payable Accrued payroll Due to other funds	\$ 2,207,826 1,344,659	\$ 297,100 	\$ 	\$ 66,332 	\$ 437,325 306,457 365,486	\$ 3,008,583 1,651,116 365,486
Due to other government agencies	936,969				34,625	971,594
Deferred revenue Total Liabilities	8,179,534 12,668,988	297,100		66,332	1,143,893	8,179,534 14,176,313
FUND BALANCES						
Reserved for: Encumbrances General	2,424,674 4,884,269	210,999		72,654	834,944 4,604,659	3,543,271 9,488,928
Imprest cash Loans receivable and	85,231				1,000	86,231
advances Equipment	 	 	9,748,737		2,001,050 76,745	11,749,787 76,745
Unreserved: Designated Undesignated:	18,613,547	48,365,194		2,763,441	1,736,185	71,478,367
General fund Special revenue funds	38,960,046		7,387,880		 4,496,963	38,960,046 11,884,843
Capital projects funds Debt service funds			 		4,360,521 1,489,514	4,360,521 1,489,514
Total Fund Balances	64,967,767	48,576,193	17,136,617	2,836,095	19,601,581	153,118,253
Total Liabilities and Fund Balances	\$ 77,636,755	\$ 48,873,293	\$ 17,136,617	\$ 2,902,427	\$ 20,745,474	\$ 167,294,566

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities June 30, 2005

Fund Balance - total governmental funds (page 19)	\$	153,118,253
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		149,184,787
Some of the County's intergovernmental revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the governmental funds.		8,179,534
Internal service funds are used by the County to charge the cost of unemployment insurance, dental insurance, fleet services and telephone services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:		14,663,152
Cost of issuance on 2003 certificates of participation are not recognized as current year expenditures and are deferred (amount shown is net of amortized costs).		831,906
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.		
Certificates of participation		(44,925,000)
Unamortized premiums		(252,640)
Bonds payable		(53,025,000)
Accrued interest on debt		(205,318)
Compensated absences	_	(5,149,598)
Net assets of governmental activities (page 15)	\$	222,420,076

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2005

Napa County Flood Protection and Watershed Other Affordable Construction Governmental Improvement General Authority Housing Fund Funds Total Revenues: \$ Taxes 66,565,272 11,545,826 \$ \$ 10,574,113 88,685,211 3,505,722 475,308 3,981,030 Licenses and permits 874,033 1,385,070 Fines, forfeits and penalties 511,037 Revenue from use of money and property 1,480,814 1,020,994 460,968 3,312,236 175,093 174,367 Aid from other governments 10,375,121 73,472,534 63,097,413 Charges for services 19,225,989 1,861,011 1,900,499 22,987,499 Other 3,751,958 3,215 1,300 344,866 4,101,339 Total Revenues 158,138,205 12,570,035 2,036,104 175,667 25,004,908 197,924,919 Expenditures: Current: General government 24,718,948 168,531 24.887.479 Public protection 1,032,190 11,089,990 57,080,603 69,202,783 Public ways and facilities 5,393,885 13,705,362 22,297,777 --3,198,530 Health and sanitation 29,205,537 29,404,235 ----198,698 Public assistance 30,915,363 31,566,163 650,800 Education 310,176 --4,764,521 5,074,697 Recreation and cultural services 1,021,586 1,021,586 Capital outlay 4,743,154 9,645,842 5,658,638 20,047,634 Debt Service: 2,185,000 2,180,000 4,365,000 Principal Interest and fiscal charges 2,115,104 1,826,208 3,941,312 934,926 572,957 1,507,883 Administration, issuance and arbitrage fees 153,389,252 18,940,392 1,032,190 9,814,373 30,140,342 213,316,549 Total Expenditures Excess (Deficiency) of Revenues Over 1,003,914 (Under) Expenditures 4,748,953 (6,370,357)(9,638,706) (5,135,434)(15,391,630)Other Financing Sources (Uses): Bonds issued 13,655,000 13,655,000 Refunding certificates of participation issued 13,275,000 13,275,000 Premium on refunding certificates of participation issued 207,113 207,113 --Payment to refunded debt escrow agent (13, 135, 000)(13,135,000)Transfers in 463.823 5,393,433 5,857,256 (4,940,538) Transfers out (527,979)(5,468,517)Total Other Financing Sources (Uses) (4,476,715)13,655,000 5,212,567 14,390,852 ----Net change in fund balances 272,238 7,284,643 1,003,914 (9,638,706)77,133 (1,000,778)Fund Balance - Beginning of Year 64,695,529 41,291,550 16,132,703 12,474,801 19,807,437 154,402,020 Prior period adjustment (282,989)(282,989)Fund Balance - Beginning of Year, restated 64,695,529 41,291,550 16,132,703 12,474,801 19,524,448 154,119,031

48,576,193

\$ 17,136,617

64,967,767

Fund Balance - End of Year

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities For the Year Ended June 30, 2005

Net change to fund balance - total governmental funds (page 21)	\$ (1,000,778)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments Less: current year depreciation \$ 20,084,872 (8,659,892)	
Governmental fund revenues deferred at year end due to unavailability and therefore, deferred under the modified accrual method of accounting, were recognized as revenue on the full accrual method	11,121,500
of accounting.	813,024
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Bond proceeds (13,655,000 Refunding certificates of participation proceeds (13,275,000	
Payment to refunded debt escrow agent Principal payments 13,135,000 4,365,000	_
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(9,430,000)
Accrued interest on debt 43,724	
Amortization of bond issuance costs (207,113 Change in compensated absences (483,788	
Change in amortization of debt premium (463,768	(632,502)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of	(032,302)
certain activities of the internal service funds is reported with	
governmental activities.	(377,931)
Change in net assets of governmental activities (pages 16-17)	\$ 796,793

Statement of Fund Net Assets Proprietary Funds June 30, 2005

	Business-	Governmental Activities		
ASSETS	Napa County Airport	Other Enterprise Funds	Total	Internal Service Funds
Current Assets:	ф 2.2 <i>65.6</i> 93	o	Φ 2.002.702	¢ 10.512.042
Cash and Investments	\$ 2,365,683 100		\$ 2,883,792 100	\$ 18,512,942
Imprest cash Inventories	100)	100	30,552 16,342
Accounts receivable	22,081	13,292	35,373	3,048
Assessments receivable	22,001	- 46,310	46,310	5,040
Deposits			-0,510	110,000
Total Current Assets	2,387,864		2,965,575	18,672,884
Noncurrent Assets:				
Long-term note receivable	1,615,906	·	1,615,906	
Capital Assets:	1,015,700	,	1,013,700	
Nondepreciable:				
Land	1,886,002	2 49,452	1,935,454	
Construction in progress	1,449,283		1,449,283	
Depreciable:	-,,		-,	
Structures and improvements	12,308,371		12,308,371	
Buildings and improvements	10,586,952		13,945,606	
Equipment	134,430		382,925	10,957,621
Accumulated depreciation	(12,828,251	(2,176,704)	(15,004,955)	(5,941,587)
Total Noncurrent Assets	15,152,693	1,479,897	16,632,590	5,016,034
Total Assets	\$ 17,540,557	\$ 2,057,608	\$ 19,598,165	\$ 23,688,918
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 42,138	3 \$ 4,922	\$ 47,060	\$ 149,168
Accrued salaries and benefits	15,067		15,067	138,753
Deposits with others	, <u>-</u>	- 64,560	64,560	,
Loan payable, current portion	23,438		23,438	
Liability for unpaid claims, current portion	,	- 		5,915,889
Liability for compensated absences, current portion	7,851		7,851	62,249
Total Current Liabilities	88,494		157,976	6,266,059
Long-Term Liabilities:				
Advances from other funds	2,001,050)	2,001,050	
Deferred revenue	1,615,906	<u></u>	1,615,906	
Loan payable	415,078	3	415,078	
Liability for unpaid claims	-			2,594,111
Liability for compensated absences	14,704		14,704	165,596
Total Liabilities	4,135,232	69,482	4,204,714	9,025,766
NET ASSETS				
Invested in capital assets, net of related debt	11,097,221		12,577,118	5,016,034
Unrestricted	2,308,104		2,816,333	9,647,118
Total Net Assets	13,405,325		15,393,451	14,663,152
Total Liabilities and Net Assets	\$ 17,540,557	\$ 2,057,608	\$ 19,598,165	\$ 23,688,918

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2005

	Business-	Гуре Activities - En	iterprise Funds	Governmental Activities
	Napa	Other	•	Internal
	County	Enterprise		Service
	Airport	Funds	Total	Funds
Operating Revenues:	•			
Charges for services	\$ 1,571,022	2 \$ 1,133,715	\$ 2,704,737	\$ 8,997,573
Maintenance Charges:				
Equipment	-			526,861
Vehicle	_			570,287
Replacement charges	-			615,811
Other revenue	136,286	ó	136,286	119,299
2 11-12 22 / 22-12		<u> </u>		
Total Operating Revenues	1,707,308	3 1,133,715	2,841,023	10,829,831
Operating Expenses:				
Salaries and employee benefits	465,061	1	465,061	4,293,260
Services and supplies	450,951	1,139,843	1,590,794	3,797,060
Insurance	19,469	9 10,489	29,958	285,277
Other charges	-	- 69,545	69,545	
Claims expense	-			2,063,029
Depreciation	741,111	1 124,451	865,562	780,530
Total Operating Expenses	1,676,592	1,344,328	3,020,920	11,219,156
Operating Income (Loss)	30,716	(210,613)	(179,897)	(389,325)
Non-Operating Revenues (Expenses):				
Aid from other governmental units	2,975,320	581	2,975,901	
Tax revenue	-	- 13,362	13,362	
Non-operating revenues	-	110	110	
Interest income	52,797		69,232	400,889
Interest expense	(29,949		(29,949)	·
Loss on disposition of capital assets		<u></u>		(86,596)
Total Non-Operating Revenues (Expenses)	2,998,168	30,488	3,028,656	314,293
Net Income Before Transfers	3,028,884	4 (180,125)	2,848,759	(75,032)
Transfers in	_			199,567
Transfers out	(85,840))	(85,840)	(502,466)
Transfers out	(02,010		(02,010)	(502,100)
Change in Net Assets	2,943,044	4 (180,125)	2,762,919	(377,931)
Net Assets - Beginning of Year	10,560,418	3 2,168,251	12,728,669	15,041,083
Prior period adjustments	(98,137		(98,137)	
Net Assets - End of Year	\$ 13,405,325	<u>\$ 1,988,126</u>	\$ 15,393,451	\$ 14,663,152

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2005

		Governmental		
		e Activities - Ent	erprise Funds	Activities
	Napa	Other		Internal
	County	Enterprise		Service
	Airport	Funds	Total	Funds
CASH FLOWS FROM				
OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 1,685,227	\$ 1,129,525	\$ 2,814,752	\$
Cash receipts from internal fund services provided				10,830,440
Cash paid to suppliers for goods and services	(773,598)	(1,230,338)	(2,003,936)	(6,194,063)
Cash paid to employees for services	(462,745)		(462,745)	(4,272,936)
Net Cash Provided (Used) by				
Operating Activities	448,884	(100,813)	348,071	363,441
CASH FLOWS FROM NONCAPITAL				
FINANCING ACTIVITIES:				
Aid from other governmental units	3,150,884	581	3,151,465	
Transfers in				199,567
Transfers out	(85,840)		(85,840)	(502,466)
Advances from other funds	(155,000)		(155,000)	
Non-operating revenues	(100,000)	13,472	13,472	
Thom operating to remain			10,2	
Net Cash Provided (Used) by				
Noncapital Financing Activities	2,910,044	14,053	2,924,097	(302,899)
CASH FLOWS FROM CAPITAL AND				
RELATED FINANCING ACTIVITIES:				
Proceeds of sales of capital assets				48,625
Principal repayments related to capital purposes	(21,484)		(21,484)	
Interest repayments related to capital purposes	(29,949)		(29,949)	
Payments related to the acquisition of capital assets	(2,770,847)	(239,957)	(3,010,804)	(895,028)
Net Cash Provided (Used) by Capital				
and Related Financing Activities	(2,822,280)	(239,957)	(3,062,237)	(846,403)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	52,797	16,435	69,232	400,889
Net Cash Provided by Investing Activities	52,797	16,435	69,232	400,889
Net Increase (Decrease) in Cash				
and Cash Equivalents	589,445	(310,282)	279,163	(384,972)
-	,		,	, ,
Cash and Cash Equivalents, Beginning of Year	1,776,338	828,391	2,604,729	18,928,466
Cash and Cash Equivalents, End of Year	\$ 2,365,783	\$ 518,109	\$ 2,883,892	\$ 18,543,494

continued

Statement of Cash Flows (continued) Proprietary Funds For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds					Governmental Activities		
		Napa County Airport		Other Enterprise Funds Total			Internal Service Funds	
Reconciliation of Operating Income (Loss)		•						
to Net Cash Provided (Used) by								
Operating Activities:								
Operating income (loss)	\$	30,716	\$	(210,613)	\$	(179,897)	\$	(389,325)
Adjustments to reconcile operating income								
(loss) to net cash provided (used) by								
operating activities:								
Depreciation		741,111		124,451		865,562		780,530
Changes in assets and liabilities:								
(Increase) decrease in:								
Accounts receivable		152,833		(1,966)		150,867		609
Assessment receivable				(2,224)		(2,224)		
Inventory								(517)
Increase (decrease) in:								
Accounts payable		(295,932)		(18,427)		(314,359)		(48,180)
Deferred revenue		(174,914)				(174,914)		
Deposits with others		(7,246)		7,966		720		
Accrued salaries		1,946				1,946		22,750
Compensated absences		370				370		(2,426)
Net Cash Provided (Used) by								
Operating Activities	\$	448,884	\$	(100,813)	\$	348,071	\$	363,441

Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2005

		Private		
	Investment	Purpose	Agency	
ASSETS	Trust	Trust Funds	Funds	Total
Current Assets:				
Cash and investments	\$ 174,663,423	\$ 5,226,695	\$ 40,185,723	\$ 220,075,841
Taxes receivable			9,382,931	9,382,931
Total Current Assets	\$ 174,663,423	\$ 5,226,695	\$ 49,568,654	\$ 229,458,772
LIABILITIES				
Agency funds held for others	\$	\$	\$ 49,568,654	\$ 49,568,654
Total Liabilities			49,568,654	49,568,654
NET ASSETS				
Net assets held in trust for (reserved				
for) endowment purpose		5,226,695		5,226,695
Net assets held in trust for				
investment pool participants	174,663,423			174,663,423
Total Net Assets	174,663,423	5,226,695		179,890,118
Total Liabilities and Net Assets	\$ 174,663,423	\$ 5,226,695	\$ 49,568,654	\$ 229,458,772

Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2005

	Investment Trust	Private Purpose Trust Funds	Total
ADDITIONS	Trust	Trust Tunus	Total
Contribution: Contribution to investment pool Total Contribution	\$ 1,136,642,448 1,136,642,448	\$ 4,880,231 4,880,231	1,141,522,679 1,141,522,679
Net Investment Income: Interest Net Investment Income	2,740,380 2,740,380	103,629 103,629	2,844,009 2,844,009
Total Additions	1,139,382,828	4,983,860	1,144,366,688
<u>DEDUCTIONS</u>			
Distribution from investment pool	1,078,560,982	2,327,072	1,080,888,054
Total Deductions	1,078,560,982	2,327,072	1,080,888,054
Change in Net Assets	60,821,846	2,656,788	63,478,634
Net Assets, Beginning of Year	113,841,577	2,569,907	116,411,484
Net Assets, Ending of Year	\$ 174,663,423	\$ 5,226,695	\$ 179,890,118

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provided in the Financial Section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a Summary of Significant Accounting Policies for the County, and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 1: The Financial Reporting Entity

The County of Napa (County), which was established by an act of the State Legislature on February 18, 1850, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a Board of Supervisors (Board) which, is the governing body of the County. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Auditing Standards Board (GASB) Statement No. 14 and amended by GASB Statement No. 39. The County provides various services on a countywide basis including law enforcement and legal justice, education, detention, social, health, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority or the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. The County has no discretely presented component units. Each component unit has a June 30th year end.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board.

The reporting entity includes the following blended component units: Napa County Flood Protection and Watershed Improvement Authority, County Service Area #3, County Service Area #4, In-Home Supportive Services Public Authority of Napa County (IHSS), Silverado Community Services, Silverado Maintenance Assessment, Monticello Public Cemetery and Endowment District, Lake Berryessa Resort Improvement, Napa Berryessa Resort Improvement, Napa County Public Improvement Corporation, Silverado Weed Liens, and Wine Grape Pest and Disease Control District.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 1: The Financial Reporting Entity (continued)

The following blended component units have their own audits:

In-Home Supportive Services Public Authority of Napa County audited information for the fiscal year is found in a separate "In-Home Supportive Services Public Authority of Napa County" audit report.

Napa County Flood Protection and Watershed Improvement Authority audited information for this fiscal year is found in a separate "Napa County Flood Protection and Watershed Improvement Authority" Audit Report.

A. Excluded from the Reporting Entity

Local Board Governed Districts and School Districts: These potential component units have been excluded from the County's reporting entity. They are legally separate primary governmental units. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and the related fiduciary responsibilities of the County for disbursement of these assets. Activities of school districts and local board governed districts are administered by boards which are separately elected and which are independent of the County Board of Supervisors. The following local board governed districts and school districts have been excluded from the County's basic financial statements:

Water District
American Canyon
Circle Oaks
Congress Valley
Spanish Flat
Napa River Reclamation

Other Special Districts

Napa County Mosquito Abatement Napa Sanitation Napa County Resource Conservation Bay Area Air Quality Management District School Districts

Other

Napa County Fair
Green Island Road Assessment
Tower Road Assessment

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 1: The Financial Reporting Entity (continued)

B. Excluded – Joint Power Authorities (JPA)

- 1) Napa County Flood Control and Water Conservation District: The District's goals and objectives are to provide protection from flood events to the public highways, life and property in the District by enhancing and constructing storm drainage systems and flood control and prevention projects. The District is a jointly governed organization for which the County does not have any ongoing financial interest or responsibility and, therefore, is not a joint venture.
- 2) Napa-Vallejo Waste Management Authority: The Authority is responsible for providing economical coordination of solid waste management services and to efficiently and fairly assure against potential adverse effects of past solid waste management services within the communities they represent. The Authority is a jointly governed organization for which the County does not have any ongoing financial interest or responsibility and therefore is not a joint venture.
- 3) Napa Valley Housing Authority: The Authority is responsible for providing safe and sanitary dwelling conditions for low income people. The Authority is a jointly governed organization for which the County does not have any ongoing financial interest or responsibility and therefore is not a joint venture. However, the County approves low interest loans for rehabilitation projects and therefore records a long-term receivable for these loans in Affordable Housing, a special revenue fund.
- 4) Upper Valley Waste Management Agency: The Agency is legally separate from the County and has its own governing board. The Agency is responsible for providing coordination of economical, regional waste management services, including but not limited to, uniform rate review and rate recommendations to the County and the cities within the County. The Authority is a jointly governed organization for which the County does not have any ongoing financial interest or responsibility and therefore is not a joint venture.
- 5) Napa County Transportation Planning Agency: The Agency is legally separate from the County and has its own governing board. The Agency is responsible for developing and adopting a Congestion Management Program meeting the requirements of Chapter 2.6 of Division 1 of Title 7 in the California Government Code. In June of 1998, the County amended the JPA to change the Congestion Management Agency to the Napa County Transportation Planning Agency.

Complete financial statements can be obtained for each of the individual joint power authorities at the entity's respective administrative offices.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 1: The Financial Reporting Entity (continued)

C. Excluded – Other

Local Agency Formation Commission of Napa County: The Commission is legally separate from the County and has its own governing board. The Commission's role is to ensure the orderly formation of local government agencies to preserve agricultural and open space lands and to discourage urban sprawl.

Complete financial statements can be obtained at the Commission's administrative office.

Courts: The Courts are legally separate from the County.

Note 2: Summary of Significant Accounting Policies

A. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

A. **Basis of Presentation** (continued)

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary
 to carry out basic governmental activities of the County that are not accounted for
 through other funds. For the County, the General Fund includes such activities as
 public protection, public ways and facilities, health and sanitation, public
 assistance, education and recreation services.
- The Napa County Flood Protection and Watershed Improvement Authority is used to contract with the Board of Equalization for collection of sales tax and establish individual accounts for each jurisdiction; disburse revenues through project contracts which meet Measure A compliance; obtain the necessary debt financing for the Napa Project; and perform annual audits.
- The Affording Housing Fund is used to provide funds for the development of affordable housing units in appropriate locations within the County.
- The *Construction Fund* is used primarily to finance or reimburse the financing of various improvements including the renovation, acquisition and construction of capital projects.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

A. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

The County reports the following major enterprise fund:

• The *Napa County Airport* Fund is used to fund general Airport operations, office and administrative expenses and the maintenance of Airport facilities, including the replacement of exterior lighting fixtures, runway, taxiway and ramp lighting, heating and air conditioning service. Major revenue sources include fuel flow fees, rents, land leases, Airport royalties and interest earnings.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance and communication, technology, and other services provided to other departments or other governments, and self-insurance programs worker's compensation and general liability on a cost-reimbursement basis.
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Private Purpose Trust Funds* account for the assets held by the Public Guardian and Public Administrator.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

B. Basis of Accounting

The government-wide, proprietary, agency and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

B. Basis of Accounting (continued)

recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial* resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period, with one exception. Proposition 57 and Chapter 211, California Statutes of 2004 (Senate Bill 1096) were passed by the voters and legislature, respectively, and are referred to as the Triple Flip. The Triple Flip authorizes revenue to be recognized throughout the fiscal year based on estimates with a true-up to actual revenues in January following the fiscal year end. Therefore, the County will consider any true-up revenues authorized in California Statutes to be available if they are collected within 365 days of the fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

B. **Basis of Accounting** (continued)

pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

C. Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 40

At June 30, 2005, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, Deposits and Investment Risk Disclosures – an Amendment of GASB Statement No. 3. The statement modifies the custodial credit risk disclosures required by Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements and addresses deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Accordingly, the cash and investments disclosure has been revised to conform to the provisions of GASB Statement No. 40.

D. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

E. Inventories

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or market for proprietary funds. Inventory recorded by governmental funds includes materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Inventory recorded in the proprietary funds mainly consists of maintenance supplies. Inventory is expensed as the supplies are consumed.

F. Property Tax Receivable and Revenue

The property taxes receivable balance is \$9,382,931 before an allowance for uncollectibles. A conservative percentage figure for uncollectibles is 3%.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

F. **Property Tax Receivable and Revenue** (continued)

Secured taxes are levied as of July 1 and payable in two equal installments due November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. Property taxes attach as an enforceable lien on January 1. All general property taxes are allocated by the County Auditor-Controller's office to the various taxing entities per the legislation implementing Proposition 13. The method of allocation used by the County is subject to review by the State of California. Unsecured property taxes are due on January 1 (lien date) and become delinquent with penalties on August 31.

Alternative Method of Distribution of Tax Levies

The County apportions property tax revenue according to the alternative tax treatment (Teeter Plan), whereby all of the current tax levy is distributed to all participating entities. The County then receives delinquent penalties and fees on the entire participating tax roll.

The County is required to create a tax loss reserve fund (an agency fund) under one or two alternative methods: (1) 1 percent of the total amount of taxes and assessments levied on the secured roll for the year or (2) 25 percent of the total delinquent secured taxes for participating entities in the County as calculated at the end of the fiscal year. The County is using option (2) to establish its tax loss reserve.

G. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements, proprietary funds and the pension trust fund. Depreciation begins on the first day of the fiscal year following the period the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

G. Capital Assets (continued)

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)

Structures and improvements

Equipment

20 to 50 years

20 to 50 years

3 to 15 years

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control.

H. Compensated Absences

The County has adopted Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. The earned vacation is payable upon termination and is reported at the current balance of the liability.

Non-Classified, Management and Public Service Employee-Supervisory Unit

Earned vacation may be accumulated up to a maximum of 536 hours by nonclassified and management personnel. Supervisory employees may accumulate up to 416 hours vacation.

Public Service Employees and Law Enforcement Employees

The following chart is to be used for unused vacation benefits accrual by all other personnel.

YEARS OF CONTINUOUS COUNTY SERVICE	MAXIMUM ACCRUAL OF UNUSED VACATION BENEFITS
Years 1 through 3	240 maximum hours
Years 4 through 10	300 maximum hours
Years 11 through 20	400 maximum hours
Years 21 or more	400 maximum hours

I. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

I. **Interfund Transactions** (continued)

funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

J. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3: Adjustments of Fund Equity/Net Assets

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning net assets.

Fund Reclassifications

• Construction Fund Capital Improvements and Criminal Justice Facility Funds were determined to be capital projects funds. These funds were previously reported as special revenue funds of the County.

Other Adjustments

• Debt Service Fund and Airport Fund – Advances to/from other funds accounts were adjusted by \$282,989 to reflect the final payout of the 1990 Certificates of Participation. This payment was made from the Reserve Fund that was established pursuant to the 1990 Certificates of Participation Trust Agreement.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 3: Adjustments of Fund Equity/Net Assets (continued)

Other Adjustments (continued)

• Airport Fund – An adjustment of \$98,137 was recorded to account for overstatement of receivables in prior year.

		ent-Wide of Activities	Fund Statements		
N	Governmental Activities	Business-Type Activities	Other Governmental Funds	Airport Fund	
Net assets/Fund balance – June 30, 2004, as previously reported	\$ 221,906,272	\$ 12,728,669	\$ 19,807,437	\$ 10,560,418	
Other adjustments Total Adjustments	(282,989) (282,989)	(98,137) (98,137)	(282,989) (282,989)	(98,137) (98,137)	
Net assets/Fund balance – July 1, 2004, as restated	<u>\$ 221,623,283</u>	<u>\$ 12,630,532</u>	<u>\$ 19,524,448</u>	<u>\$ 10,462,281</u>	

Note 4: Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 4: <u>Cash and Investments</u> (continued)

At June 30, 2005, total County cash and investments were as follows:

Cash:

Cash on hand	\$	4,477,260
Imprest cash		116,883
Certificates of deposit		200,000
Outstanding warrants and reconciliations		(11,935,282)
Total Cash Overdrafts	<u>\$</u>	(7,141,139)

Investments:

In Treasurer's pool <u>363,809,505</u>

Total Cash and Investments \$ 356,668,366

Total cash and investments at June 30, 2005 were presented in the County's financial statements as follows:

Primary government	\$ 136,592,525
Private purpose trust funds	5,226,695
Investment trust fund	174,663,423
Agency funds	40,185,723
Total Cash and Investments	\$ 356,668,366

<u>Investments</u>

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 4: <u>Cash and Investments</u> (continued)

<u>Investments</u> (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
State of California Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper – Select Agencies	180 days	25%	10%
Commercial Paper – Other Agencies	180 days	40%	10%
Negotiable Certificate of Deposit	5 years	30%	None
Repurchase Agreements	30 days	5%	None
Reverse Repurchase Agreements	92 days	20% of base	None
	•	value	
Medium Term Notes	5 years	30%	None
Mutual Funds/Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

At June 30, 2005, the County had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Investments in Investment Pool						
U.S. government agencies – fixed	1.5% - 4.90%	8/19/05 - 6/29/09	\$ 265,650,000	\$ 265,523,805	\$ 263,197,464	2.15
U.S. government agencies – discount	2.76% - 3.35%	7/01/05 - 12/16/05	75,150,000	74,550,111	74,505,647	0.13
Bankers acceptances	2.95%	7/5/2005	2,500,000	2,487,750	2,487,444	0.01
Teeter notes	2.76% - 3.82%	9/1/06 - 9/1/09	1,097,839	1,097,839	1,097,839	3.78
Local Agency Investment Fund	1.67% - 2.85%	On Demand	20,150,000	20,150,000	19,666,400	0.45
Total Fair Value			<u>\$ 364,547,839</u>	<u>\$ 363,809,505</u>	<u>\$ 360,954,794</u>	
Portfolio Weighted Average Maturit	y					2.06

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 4: Cash and Investments (continued)

At June 30, 2005, the difference between the cost and fair value of cash and investments was not material (fair value was 99.2% of carrying value). Therefore, an adjustment to fair value was not required.

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investment Service. The County does not have credit limits on government agency securities.

Concentration of Credit Risk

At June 30, 2005, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2005.

	S&P	Moody's	% of Portfolio
U.S. government agencies – fixed	AAA	Aaa	72.92%
U.S. government agencies – discount	AAA	Aaa	20.64%
Bankers acceptance	A-1+	P-1	0.69%
Teeter notes	Unrated	Unrated	0.30%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	5.45%
Total			<u>100.00%</u>

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 4: <u>Cash and Investments</u> (continued)

Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

Local Agency Investment Fund

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2005, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$20,150,000, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$60,635,664,345. Of that amount, 97.6% was invested in non-derivative financial products and 2.4% in structured notes and asset-backed securities. Fair value is based on information provided by the State for the Local Agency Investment Fund.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2005:

Statement of Net Assets

Net assets held for pool participants	\$ 356,668,366
Equity of internal pool participants	\$ 136,592,525
Equity of external pool participants Total net assets	220,075,841 \$ 356,668,366

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 4: <u>Cash and Investments</u> (continued)

County Investment Pool Condensed Financial Statements (continued)

Statement of Changes in Net Assets

Investment earnings Investment expenses	\$ 7,004,770 (223,578)
Net contributions from pool participants	67,896,433
Increase in Net Assets Net assets at July 1, 2004	74,677,625 281,990,741
Net assets at June 30, 2005	\$ 356,668,366

Note 5: **Interfund Transactions**

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2005 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount		
General Fund	Other Governmental Funds	<u>\$ 365,486</u>		
The above balance reflects a temporary cash advance.				
Advances to/from other funds:				
Receivable Fund	Payable Fund	Amount		
Other Governmental Funds	Napa County Airport	\$ 2,001,050		

The Napa County Airport fund has received advances from the County to construct certain projects at the Airport (See Note 7). The advances are not expected to be repaid in the short-term.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 5: <u>Interfund Transactions</u> (continued)

Transfers:

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

Transfer from	Transfer to	Amount	Purpose
General Fund	Other Governmental Funds Internal Service Funds	\$ 4,840,971 99,567	Debt service payments.
Other Governmental Funds	General Fund Other Governmental Funds	61,357 466,622	
Airport Fund	Other Governmental Funds	85,840	Debt service payments.
Internal Service Funds	General Fund Internal Service Funds	402,466 100,000	
		\$ 6,056,823	

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

Governmental Activities	Balance July 1, 2004	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2005
Capital assets, not being depreciated: Land Construction in progress	\$ 4,555,707 21,521,680	\$ 7,239,318	\$ (12,000)	\$ (9,701,391)	\$ 4,543,707 19,059,607
Total capital assets, not being depreciated	26,077,387	7,239,318	(12,000)	(9,701,391)	23,603,314
Capital assets, being depreciated:	160,060,456	4 460 012			172 520 260
Infrastructure Structures and improvements	169,060,456 66,562,981	4,468,813 6,044,163		9,701,391	173,529,269 82,308,535
Equipment	20,515,990	3,174,427	<u>(994,564</u>)		22,695,853
Total capital assets, being depreciated	256,139,427	13,687,403	(994,564)	9,701,391	278,533,657
Less accumulated depreciation for: Infrastructure	(110,886,474)	(6,485,558)		89,928	(117,282,104)
Structures and improvements	(15,422,952)	(1,399,606)		1,922	(16,820,636)
Equipment	(13,110,824)	(1,555,889)	833,303		(13,833,410)
Total accumulated depreciation	(139,420,250)	(9,441,053)	833,303	91,850	(147,936,150)
Total capital assets, being depreciated, net	116,719,177	4,246,350	(161,261)	9,793,241	130,597,507
Government activities capital assets, net	<u>\$ 142,796,564</u>	<u>\$11,485,668</u>	<u>\$ (173,261)</u>	<u>\$ 91,850</u>	<u>\$ 154,200,821</u>

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 6: <u>Capital Assets</u> (continued)

Capital asset activity for the year ended June 30, 2005 was as follows:

Business-Type Activities Capital assets, not being depreciated:	Balance July 1, 2004	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2005
Land Construction in progress	\$ 747,154 1,779,333	\$ 1,188,300 653,789	\$ 	\$ (983,839)	\$ 1,935,454 1,449,283
Total capital assets, not being depreciated	2,526,487	1,842,089		(983,839)	3,384,737
Capital assets, being depreciated:					
Structures and improvements	24,138,033	1,132,105		983,839	26,253,977
Equipment	346,314	36,610			382,924
Total capital assets, being depreciated	24,484,347	1,168,715		983,839	26,636,901
Less accumulated depreciation for:					
Structures and improvements	(13,957,043)	(821,172)			(14,778,215)
Equipment	(182,349)	(44,390)			(226,739)
Total accumulated depreciation	(14,139,392)	(865,562)			(15,004,954)
Total capital assets, being depreciated, net	10,344,955	303,153		983,839	11,631,947
Business-type activities capital assets, net	<u>\$ 12,871,442</u>	\$ 2,145,242	\$	\$	<u>\$ 15,016,684</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,292,274
Public protection	1,212,132
Public ways	6,513,277
Health and sanitation	153,984
Public assistance	169,637
Education	 99,749
Total Depreciation Expense – Governmental Functions	\$ 9,441,053

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

Airport	\$ 741,111
Lake Berryessa Resort Improvement	81,050
Napa Berryessa Public Improvement	 43,401
Total Depreciation Expense – Business-Type Functions	\$ 865,562

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 7: Advances Receivable/Advances Payable

The Airport Enterprise Fund has received advances from the County to construct certain projects at the Airport. These projects include constructing hangars, a fuel island, CHP facility, Bridgeford Facility, and taxiways. The revenue earned from these projects will be used to repay the advance from the County. The Airport Enterprise Fund will repay the advance with interest at the same rates as the 1990 and 1993 Certificates of Participation which funded these advances. The County subsequently issued a 2003 Certificate of Participation to pay off the 1993 Certificate of Participation. The outstanding advance at June 30, 2005 was \$2,001,050.

The principal maturities and interest payments for the next five years are as follows:

Year Ending _June 30,	_ <u>P</u>	Principal		Interest		Total		
2006	\$	224,750	\$	64,740	\$	289,490		
2007		232,500		60,245		292,745		
2008		238,700		55,014		293,714		
2009		244,900		47,852		292,752		
2010		249,550		40,505		290,055		
2011-2013	<u></u>	810,650		64,879		875,529		
Total	\$	2,001,050	\$	333,235	\$	2,334,285		

Note 8: **Long-Term Debt**

Summary of Long-Term Debt

A. The following is a summary of long-term liabilities transactions for the year ended June 30, 2005:

Governmental Activities:	<u>J</u> 1	Balance aly 1, 2004	Additions	Deletions	Balance ne 30, 2005	Dı	Amounts ue Within One Year
Bonds payable	\$	41,555,000	\$ 13,655,000	\$ (2,185,000)	\$ 53,025,000	\$	3,105,000
Certificates of Participation		46,965,000	13,275,000	(15,315,000)	44,925,000		2,260,000
Unamortized premiums		60,202	207,113	(14,675)	252,640		
Compensated absences		4,896,081	2,027,020	(1,545,658)	5,377,443		1,545,659
Liability for unpaid claims		8,510,000	2,063,029	(2,063,029)	 8,510,000		5,915,889
Total Governmental							
Activities	\$	101,986,283	<u>\$ 31,227,162</u>	<u>\$ (21,123,362)</u>	\$ 112,090,083	\$	12,826,548

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

Summary of Long-Term Debt (continued)

		alance 7 1, 2004	Ac	lditions	<u>_</u>	Deletions	_	salance e 30, 2005	Due	mounts e Within ne Year
Business-Type Activities: Loan payable Compensated absences	\$	460,000 22,185	\$	8,22 <u>1</u>	\$	(21,484) (7,851)	\$	438,516 22,555	\$	23,438 7,851
Total Business-Type Activities	<u>\$</u>	482,185	<u>\$</u>	8,221	<u>\$</u>	(29,335)	<u>\$</u>	461,071	<u>\$</u>	31,289

As of June 30, 2005, annual debt service requirements of governmental activities to maturity are as follows:

		Governmen	ntal Activities			
Year Ending	Bonds 1	Payable	Certificates of Participatio			
June 30	Principal	Interest	<u>Principal</u>	Interest		
2006	\$ 3,105,000	\$ 2,422,387	\$ 2,260,000	\$ 1,656,806		
2007	3,230,000	2,300,800	2,325,000	1,638,750		
2008	3,360,000	2,170,650	2,335,000	1,578,937		
2009	3,510,000	2,023,875	2,400,000	1,508,887		
2010	3,665,000	1,867,935	2,470,000	1,436,887		
2011-2015	21,020,000	6,643,075	13,685,000	5,792,964		
2016-2020	15,135,000	1,459,950	12,390,000	3,088,511		
2021-2025			7,060,000	660,420		
	\$ 53,025,000	\$ 18,888,672	<u>\$44,925,000</u>	\$ 17,362,162		
	Business-Ty	pe Activities				
Year Ending	Loans I	Payable				
June 30	Principal	Interest				
2006	\$ 23,438	\$ 22,905				
2007	25,391	21,680				
2008	27,344	20,354				
2009	29,297	18,926				
2010	31,250	17,396				
2011-2015	185,547	60,454				
2016-2020	116,249	11,381				
	\$ 438,516	\$ 173,096				

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

Summary of Long-Term Debt (continued)

B. Long-term liabilities at June 30, 2005 consisted of the following:

Governmental activities	Date of Issue	<u>Maturity</u>	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2005			
Bonds Payable 1999 Series A (to finance or reimburse the Authority for certain costs of the Napa Riv surety bond to be deposited in the Bond Rese if necessary, and to pay the costs of issuance	er/Napa Creerry erve Fund esta	ek Flood Pr ablished und	otection Project der the indenture	, to pay the premium of	a				
Bonds Payable	7/1/1999	2018	4.25-5.00%	\$2,095,000-\$3,965,000	\$ 43,650,000	\$ 39,370,000			
2005 Series A Bonds (to finance or reimburse the Napa County Flood Protection and Watershed Improvement Authority for certain costs of the City of St. Helena's flood protection and watershed improvement project, to pay the premium of a surety bond to be deposited in the Bond Reserve Fund established under the indenture, and to pay the costs of issuance of the 2005 Series A Bonds.)									
Bonds Payable	03/01/2005	2018	3.00-4.00%	\$830,000-\$1,315,000	13,655,000	13,655,000			
Total Bonds Payable					57,305,000	53,025,000			
Certificates of Participation 2003 issue (to refund the County's 1993 CO facility and the construction and remodel of t				struction of a new Sheriff	's				
Certificates of Participation	3/1/2003	2023	2.00-4.625%	\$200,000-\$2,465,000	32,350,000	31,650,000			
2005 issue (to refund the County's 1996 COP issue used to fund various improvements, including the construction of a new criminal court building, reclading the exterior of the existing County Administrative Building, modernization of the County's Health and Human Services Agency complex, and various capital improvements to the County's Hall of Justice and Hall of Records; to establish a reserve fund for the Certificates; and to pay certain costs incurred in connection with the execution and delivery of the Certificates, including the premium for Certificates' insurance).									
Certificates of Participation	2/1/2005	2017	3.00-3.60%	\$960,000-\$1,300,000	13,275,000	13,275,000			
Total Certificates of Participation					45,625,000	44,925,000			
Total Governmental Activities					\$ 102,930,000	<u>\$ 97,950,000</u>			
Business-Type Activities									
Loan Payable 2002 loan agreement (for construction of hangers at the Napa County Airport.)									
Napa County Airport loan	5/8/2002	2018	5.22%	\$20,000-\$44,922	\$ 500,000	<u>\$ 438,516</u>			

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 8: **Long-Term Debt** (continued)

Summary of Long-Term Debt (continued)

Certificates of participation and bond retirements and related interest payments are paid from a debt service fund. Loans payable retirements and related interest payments are paid from the Airport Fund. Claims and judgments will be paid from the County's Worker's Compensation and General Liability Funds. Compensated absences liabilities will be paid by several of the County's funds, including the general fund, four special revenue funds, two internal service funds, and an enterprise fund. Historically, 99 percent of these costs have been paid from the County's governmental funds, with the remaining 1 percent paid from its proprietary funds.

New Debt Issuance

In February 2005, the County issued 2005 Refunding Certificates of Participation in the amount of \$13,275,000. The certificates were issued to (i) prepay an outstanding issue of certificates of participation of the County executed and delivered in 1996, (ii) fund a reserve fund for the Certificates, and (iii) pay certain costs incurred in connection with execution and delivery of the Certificates, including the premium for Certificate insurance. The Certificates will mature annually on February 1 of each year starting in 2006 and ending in 2017. Interest on the Certificates is payable on February 1 and August 1, commencing on August 1, 2005. The interest rate is 3.00%-3.60%. As a result of the refunding, the County reduced its total debt service requirements by \$527,995, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$465,726.

On March 1, 2005, the Napa County Flood Protection and Watershed Improvement Authority issued Series A Limited Tax Subordinate Bonds for \$13,655,000. Interest on the 2005 Series A Bonds was payable on June 15, 2005 and semiannually thereafter on December 15 and June 15 of each year. The bonds were issued to (i) provide funds to refund certificates of participation executed and delivered in 1996, (ii) establish a reserve fund for the Certificates, and (iii) pay certain costs incurred in connection with the execution and delivery of the Certificates, including the premium for Certificate insurance.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current fiscal year the County paid \$463,695 in arbitrage fees.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 9: **Operating Leases**

The County is committed under various noncancelable operating leases for vehicles and photocopy machines. The minimum future lease commitments on these leases are as follows:

Fiscal Year	
Ending	
June 30	<u>Payments</u>
2006	\$ 495,553
2007	382,568
2008	277,195
2009	179,787
2010-2014	97,377
Total	\$ 1,432,480

Rent expenditures were \$1,274,813 for the year ended June 30, 2005.

Note 10: **Deferred Revenues**

Governmental funds report deferred revenue in connection with receivables for revenues not considered available to liquidate liabilities of the current period.

As of June 30, 2005, the various components of unavailable deferred revenue reported were as follows:

	<u>Unavailable</u>
Governmental Activities:	
General Fund:	
Motor vehicle license fees	\$ 2,662,076
SB 90 mandated costs	4,704,434
State open space	328,451
State aid realignment	484,573
Total Governmental Activities	\$ 8.179.534

Note 11: Net Assets/Fund Balances

Net Assets

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

• Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 11: Net Assets/Fund Balances (continued)

Net Assets (continued)

- Restricted Net Assets This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* This category represents net assets of the County, not restricted for any project or other purpose.

Fund Balances

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of June 30, 2005, reservations of fund balance are described below:

The term "reserved" is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County's management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The County has "reserved" fund balances as follows:

- Reserve for Encumbrances was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the County but not yet completed as of the close of the year. Encumbrance accounting is employed as an extension of the budgetary process. This method records purchase orders, contracts and other commitments for the expenditure of funds in order to reserve that portion of the applicable appropriation. Encumbrance carryover at year end as reserved fund balances.
- Reserve for General is established during the budget process primarily to provide dry period financing.
- Reserve for Imprest Cash was created to represent the portion of the fund balance that is not available for expenditure because the County maintains various levels of revolving funds for daily operations.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 11: Net Assets/Fund Balances (continued)

Fund Balances (continued)

- Reserve for Revolving Cash was created to represent the portion of the fund balance
 that is not available for expenditure because the County maintains various levels of
 revolving funds for daily operations.
- Reserve for Loans Receivable and Advances represents loans and advances that are long-term in nature.
- Reserve for Equipment represents funds to be used for equipment purchases.

The General Fund's unreserved designated fund balance of \$18,613,547 is designated as follows:

Capital Projects	\$ 3,073,100
Economic Uncertainties	12,849,559
Health and Human Services	1,808,444
Miscellaneous	882,444

\$ 18,613,547

Fiduciary Net Assets

- *Net assets held in trust for endowment purpose* funds represents cash held in private purpose trust funds.
- Net assets held in trust for investment pool participants represents investment funds held for external pool participants and do not represent available spending resources.

Note 12: County Employees Retirement Plan (Defined Benefit Pension Plan)

A. Plan Description

The County of Napa contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS annual financial report may be obtained from their Executive Office – 400 P Street, Sacramento, CA 95814.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 12: County Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

B. Funding Policy

Per the Memorandum of Understanding, the County contributes a portion of the employee share of retirement contributions for local miscellaneous members. Effective July 1, 2004 through December 17, 2004 the employee rate was 7%. Of the 7% employee rate, the County contributed 4.2%. Effective December 18, 2004, the County implemented a "2.5% @ 55" formula which resulted in a new employee rate of 8%. Of the 8% employee rate, the County contributed 5.2%.

The employee rate for local safety members is 9%. The County contributes the full 9% for all law enforcement management employees. Local safety members who are not management employees pay the 9%.

The rates are set by statute and unless changed as a result of a contract amendment, they generally remain unchanged from year to year.

The present actuarially determined rates of annual covered payroll are as follows:

	Member Rates as a
Category	Percentage of Wages
Local miscellaneous members	7% (effective 07/01/04 – 12/17/04)
Local miscellaneous members	8% (effective 12/18/04 – 06/30/05)
Local safety members	9%

The contribution requirements of the plan members are established by State statutes and the employer contribution rate is established and may be amended by Cal PERS.

Annual Pension Cost

For fiscal year 2004-2005, the County of Napa's annual pension cost was \$7,533,188 and the County actually contributed \$7,533,188. The required contribution for the period July 1, 2004 to June 30, 2005 has been determined by an actuarial valuation of the plan as of June 30, 2002 using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of 3.75% to 14.20% merit increases that vary based on age, service and type of employment; and (c) no benefit increases after retirement.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 12: County Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

B. **Funding Policy** (continued)

Annual Pension Cost (continued)

The actuarial value of the County's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of the investment gains and/or losses. The County's excess assets are being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information (in thousands)

Fiscal Year Ending	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation	
6/30/03	\$	857	100	\$	
6/30/04 6/30/05		1,096 7,533	100 100		

Note 13: **Post-Retirement Health Benefits**

In addition to the pension benefits described in Note 12, the County provides postretirement healthcare benefits. In accordance with Government Code, all employees electing a PERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits. The County provides health or dental benefits on a pay-asyou-go basis to retirees in three basic categories.

- 1. Generally, retirees who at the time of retirement have over 120 hours of accumulated unused sick leave receive, for each 8 hours of sick leave, one month of single party insurance benefits paid for by the County. For management and law enforcement employees, they are eligible for one month of two-party insurance benefits, paid for by the County for each 16 hours of sick leave.
- 2. Retirees with 20 or more years of continuous service at the time of retirement receive single party insurance benefits paid for by the County until age 65, regardless of the balance of accumulated sick leave at the time of retirement.
- 3. Non-classified (elected officials and department heads) employees with 8 or more years of service shall receive health and dental benefits for themselves and their dependent families for the life of such employees.

During the year, 160 retirees were in the plan at a cost of \$442,052.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 14: **Deferred Compensation Plan**

Employees of the County of Napa may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the County. Under the plan, employees may elect to defer a portion of their salaries and defer paying taxes on the deferred portion until the withdrawal date. The deferred compensation is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

Changes in the laws governing IRC Section 457 Plans and GASB Statement No. 32, required a change in the reporting of the County employees' deferred compensation plan. Previously, employee amounts deferred by the plan participants were required to be reported as assets of the employer. The new law prevents the employer's use of these funds and requires the funds to be held exclusively for the benefit of the participants. Accordingly, the County's deferred compensation plan was amended in December 1998 to conform with the law. Therefore, the assets and associated participants' liability of the plan were removed from the County's financial statements and only the current deductions which have not been forwarded to the contract plan administrator are reported.

Note 15: 401(a) Retirement Savings Plan

The County established a profit sharing plan called the 401(a) Retirement Savings Plan for the purpose of providing retirement benefits for its Eligible Employees. Eligible employees who become participants in this plan are defined as the County's management, confidential and non-classified employees, and elected officials. This plan is adopted under the provisions of the Internal Revenue Code Section 401(a). The plan year is the period beginning January 1 and ending on December 31.

The County has sole discretion in determining the employer contribution amount. This amount must be established annually on or before January 1st by a duly adopted resolution. The County's policy of contributing up to \$9,000 in matching funds (per employee) was reinstalled effective calendar year 2005.

Each participant may allocate the balances of his/her account under the Plan among the investment options provided under the Plan. The Plan Administrator shall maintain an Account for each Participant to hold any Employee Pre-Tax Contributions, Employer Contributions, and Rollover Contributions, as well as any gains or losses of such funds. In addition, participants may elect to enter into a one-time employee irrevocable salary reduction in accordance with the plan provisions.

The County reserves the right to amend the Plan at any time, and continuance of this plan is not assumed as a contractual obligation.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 16: **Risk Management**

The County has two risk management funds (Internal Service Funds) to account for and finance its uninsured risks of loss. The County is exposed to various risks of loss related to general liability and workers' compensation. Under this program, the workers' compensation fund provides coverage up to \$250,000 for each workers' compensation claim and \$300,000 for each general liability claim.

The County participates in pooled insurance programs with other governmental agencies through CSAC Excess Insurance Authority (EIA) for claims in excess of coverage provided by these funds. While settled workers' compensation claims have not exceeded the pooled coverage in any of the past three years, several general liability claims have exceeded the County's self-insured retention (SIR). In addition, the County participates in the EIA for its medical malpractice coverage and a comprehensive property program. Commercial insurance is obtained for all other areas of risk.

The unpaid claims liabilities are based on the results of actuarial studies and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. It is the County's practice to obtain full actuarial studies every two years. Contribution to both the Workers' Compensation and general liability Internal Service Fund (ISF) are generated from billings to departments based on potential exposure and loss history, in accordance with State Controller's *Handbook of Cost Plan*. The claims liability for the funds reported at June 30, 2005 is based on the requirements of Governmental Accounting Standards Board 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 funds' claims liability for the last three fiscal years were:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
General Liability: 2002 – 2003	\$ 2,247,000	<u>\$ (87,137)</u>	<u>\$ 87,137</u>	\$ 2,247,000
2003 – 2004	\$ 2,247,000	<u>\$ 1,342,565</u>	\$ (309,565)	\$ 3,280,000
2004 - 2005	\$ 3,280,000	<u>\$ 985,685</u>	\$ (985,685)	\$ 3,280,000
Workers' Compensation: 2002 – 2003	\$ 2,942,000	<u>\$ (1,344,117)</u>	<u>\$ 1,344,117</u>	\$ 2,942,000
2003 – 2004	\$ 2,942,000	\$ 3,476,278	\$ (1,188,278)	\$ 5,230,000
2004 – 2005	\$ 5,230,000	<u>\$ 1,077,344</u>	<u>\$ (1,077,344</u>)	\$ 5,230,000

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 17: **Contingencies**

A. Litigation

There are many lawsuits pending in which the County is involved. Some of the lawsuits have been filed solely against the County, while in others, the County is one of a group of defendants. The County Counsel has indicated that the potential uninsured claims against the County resulting from such litigation would not materially affect the general purpose financial statements of the County.

B. Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. The County participates in other federal and state programs where County costs are recovered on a reimbursable basis. Grant expenditures and reimbursements are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with the relevant regulations, the County may be required to reimburse the appropriate governmental agency. As of June 30, 2005, significant amounts of grant expenditures and records relating to reimbursements have not been audited, but the County believes that disallowed expenditures or reimbursements, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

Note 18: **Deficit Fund Balance**

As of June 30, 2005, the IHSS fund had a deficit fund balance of \$23,782. The deficit occurred because expenditures exceeded revenues. Future funding will reduce the deficit.

Note 19: **Subsequent Events**

On July 1, 2005, the Napa County Flood Protection and Watershed Improvement Authority issued \$29,710,000 in limited tax refunding bonds. The bonds were issued to partially refund a bond indenture dated July 1, 1999. The Series 2005 Bonds will mature June 15, 2018, with principal payments from \$50,000 – \$3,870,000. The interest range will vary from 3.250% – 5.00%.

Note 20: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Three of the new standards, GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, an amendment of NCGA Statement 1, and GASB Statement No. 45, Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions (OPEB), may have a significant impact on the County's financial reporting process.

Notes to the Basic Financial Statements For the Year Ended June 30, 2005

Note 20: New Accounting Pronouncements (continued)

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. GASB No. 42 will be effective for the fiscal year ending June 30, 2006.

GASB Statement No. 44 guides the preparation of supplementary information included in the statistical section. This new statement provides specific requirements for the information presented in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and will enhance comparability among governments presenting a statistical section. GASB No. 44 will be effective for the fiscal year ending June 30, 2006.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2008.







Required Supplementary Information For the Year Ended June 30, 2005

County Employees Retirement Plan (Defined Benefit Pension Plan)

Schedule of Funding Progress

The tables below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Funded Status of Plan (In thousands)

		ntry Age			**	C 1 1/				
		Normal	Α	ctuarial	U	nfunded/			Annual	
Valuation	A	Accrued		Value	(Overfunded)		Funded	Covered		UAAL as a
Date	I	<u>Liability</u>	(of Assets	<u>Liability</u>		Ratio	<u>Payroll</u>		% of Payroll
6/30/02	\$	272,117	\$	284,475	\$	(12,358)	104.54%	\$	68,035	(18.16)%
6/30/03		4,544,076		3,824,247		719,829	84.16		543,981	132.33
6/30/04		5,682,819		4,684,969		997,850	82.44		644,421	154.84

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2005

	D 1 (14					Final Budget		
		Budgeted Original	l Am	ounts Final	Actual Amounts (Budgetary Basis)		Positive (Negative)	
Budgetary fund balances, July 1	\$	64,391,032	\$	64,391,032	\$	64,391,032	\$	
Budgetary fund barances, July 1	Ψ	04,371,032	Ψ	04,371,032	Ψ	04,371,032	Ψ	
Resources (inflows):								
Taxes		53,072,810		53,609,095		66,565,272	12,956,17	
Licenses and permits		2,954,150		2,972,150		3,221,325	249,17	
Fines, forfeits and penalties		1,013,356		1,013,356		1,110,339	96,98	
Revenue from use of money and property		693,757		693,757		982,709	288,95	
Aid from other governments		63,303,579		67,529,168		56,413,267	(11,115,90	
Charges for services		16,629,143		17,385,899		18,714,516	1,328,61	
Miscellaneous revenue		5,374,765		3,858,723		3,751,958	(106,76	
Other financing sources				1,387,629		463,823	(923,80	_
Amounts available for appropriation		143,041,560		148,449,777		151,223,209	2,773,43	32_
Charges to appropriatons (outflows):								
General Government:								
Board of Supervisors:								
Salaries and benefits		463,781		471,981		471,971	1	10
Services and supplies		51,953		61,953		61,097	85	56
Subtotal		515,734		533,934		533,068	86	56
County Executive Officer:								
Salaries and benefits		1,906,303		1,906,304		1,857,746	48,55	58
Services and supplies		234,516		249,516		158,939	90,57	
Interfund transfers		, 		33,632		33,631	,	1
Subtotal		2,140,819		2,189,452		2,050,316	139,13	36
Auditor-Controller:								
Salaries and benefits		1,628,178		1,673,178		1,667,810	5,36	58
Services and supplies		223,448		256,426		248,457	7,96	
Subtotal		1,851,626		1,929,604		1,916,267	13,33	
Treasurer-Tax Collector:								
Salaries and benefits		1,039,815				1,028,320	(1,028,32	20)
Services and supplies		405,826		1,468,211		357,018	1,111,19	
Subtotal		1,445,641		1,468,211		1,385,338	82,87	
Assessor:								
Salaries and benefits		1,804,792		1,833,795		1,836,523	(2,72	181
Services and supplies		587,534		630,528		275,159	355,36	
Subtotal		2,392,326		2,464,323		2,111,682	352,64	
Subibiai		2,372,320		2,707,323		2,111,002	332,04	r 1

Variance with

Budgetary Comparison Schedule (continued) General Fund For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts		Final Budget Positive		
	Original		Final	(Bu	dgetary Basis)	(Negative)
Charges to appropriations (continued): General Government (continued):							
County Counsel:							
Salaries and benefits	\$ 2,052,100	\$	2,153,172	\$	2,138,702	\$	14,470
Services and supplies	446,218		399,919		233,639		166,280
Other financing uses	 		100				100
Subtotal	 2,498,318		2,553,191		2,372,341		180,850
Personnel:							
Salaries and benefits	991,336		991,336		950,444		40,892
Services and supplies	301,386		309,386		287,337		22,049
Subtotal	1,292,722		1,300,722		1,237,781		62,941
Primary-General Election:							
Salaries and benefits	360,842		409,842		385,789		24,053
Services and supplies	572,299		704,060		664,543		39,517
Subtotal	 933,141		1,113,902		1,050,332		63,570
Communication:							
Salaries and benefits	444,200		432,200		426,585		5,615
Services and supplies	215,178		270,077		259,335		10,742
Capital assets	 		41,124		37,008		4,116
Subtotal	659,378		743,401		722,928		20,473
Records Mgmt/Courier:							
Salaries and benefits	239,283		259,283		251,077		8,206
Services and supplies	 317,561		318,561		317,912		649
Subtotal	 556,844		577,844		568,989		8,855
Property Management:							
Salaries and benefits	2,052,725		2,037,725		1,994,961		42,764
Services and supplies	1,867,341		1,953,174		1,835,231		117,943
Interfund transfers	56,000		56,000		43,936		12,064
Subtotal	3,976,066		4,046,899		3,874,128		172,771
Capital Impovement Program:							
Services and supplies	954,961		1,747,115		774,157		972,958
Capital assets	7,756,618		6,589,950		4,553,588		2,036,362
Interfund transfers			1,000,000		2,000,000		(1,000,000)
Subtotal	 8,711,579		9,337,065		7,327,745		2,009,320

Variance with

Budgetary Comparison Schedule (continued) General Fund For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts			Final Budget Positive	
	 Original		Final	(Bu	dgetary Basis)	((Negative)
Charges to appropriations (continued):							
General Government (continued):							
Central Services:							
Salaries and benefits	\$ 1,383,433	\$	1,592,235	\$	1,235,848	\$	356,387
Other charges	370,000		370,000		120,839		249,161
Contingencies	80,000		80,000		67,918		12,082
Subtotal	 1,833,433		2,042,235		1,424,605		617,630
Insurance:							
Services and supplies	1,247,017		1,265,861		1,227,678		38,183
Subtotal	 1,247,017		1,265,861		1,227,678		38,183
County Contributions:							
Services and supplies	1,837,453		1,849,206		1,771,897		77,309
Interfund transfers	3,285,031		3,285,031		2,440,817		844,214
Subtotal	 5,122,484		5,134,237		4,212,714		921,523
Employee/Retiree Benefits:							
Salaries and benefits	1,659,469		1,701,067		1,506,575		194,492
Subtotal	1,659,469		1,701,067		1,506,575		194,492
Contingencies:							
Contingencies	 5,000,000		3,595,685				3,595,685
Subtotal	 5,000,000		3,595,685				3,595,685
Total General Government	 41,836,597		41,997,633		33,522,487		8,475,146
Public Protection:							
Grand Jury:							
Services and supplies	 27,875		27,875		21,895		5,980
Subtotal	27,875		27,875		21,895		5,980
District Attorney:							
Salaries and benefits	4,484,602		4,680,602		4,715,912		(35,310)
Services and supplies	1,169,493		1,191,546		1,115,279		76,267
Capital assets	 		52,791		52,791		
Subtotal	 5,654,095		5,924,939	-	5,883,982		40,957
Public Defender Services:							
Salaries and benefits	2,214,455		2,291,105		2,313,027		(21,922)
Services and supplies	 315,084		296,434		242,372		54,062
Subtotal	 2,529,539		2,587,539		2,555,399		32,140

Variance with

	Budgeted Amounts			Variance with Final Budget Positive	
	Original	Final	Actual Amounts (Budgetary Basis)	(Negative)	
Charges to appropriations (continued):			(Budgettilly Busis)	(1 (oguil (o)	
Public Protection (continued):					
Conflict Public Defender:					
Services and supplies	\$ 651,583	\$ 774,583	\$ 774,486	\$ 97	
Subtotal	651,583	774,583	774,486	97	
04 100					
Sheriff:	10.626.052	11.055.054	12.066.170	(110.025)	
Salaries and benefits	10,636,852	11,955,254	12,066,179	(110,925)	
Services and supplies	3,067,188	3,377,827	2,748,666	629,161	
Capital assets		17,607		17,607	
Subtotal	13,704,040	15,350,688	14,814,845	535,843	
Special Investigation Unit:					
Salaries and benefits	461,365	474,865	468,839	6,026	
Services and supplies	201,426	201,749	191,266	10,483	
Subtotal	662,791	676,614	660,105	16,509	
Department of Corrections:	6 170 007	6 1 6 1 2 0 7	C 140 500	12 (07	
Salaries and benefits	6,179,987	6,161,287	6,148,590	12,697	
Services and supplies	1,043,620	1,132,319	1,113,387	18,932	
Other charges	5,000	5,000	4,807	193	
Capital assets		27,698	27,406	292	
Subtotal	7,228,607	7,326,304	7,294,190	32,114	
Detention Medical Services:					
Services and supplies	1,657,639	1,657,639	1,411,845	245,794	
Subtotal	1,657,639	1,657,639	1,411,845	245,794	
Probation Department:					
Salaries and benefits	4,543,170	4,578,252	4,469,726	108,526	
Services and supplies	1,170,824	1,479,497	1,212,951	266,546	
Interfund transfers	1,170,024	96,000	1,212,731	96,000	
Subtotal	5,713,994	6,153,749	5,682,677	471,072	
				<u> </u>	
Juvenile Hall:					
Salaries and benefits	2,168,234	2,168,234	1,974,635	193,599	
Services and supplies	453,655	509,485	422,197	87,288	
Other charges	5,000	5,000		5,000	
Subtotal	2,626,889	2,682,719	2,396,832	285,887	
Ag Comm/Sealer:					
Salaries and benefits	1,976,918	1,976,918	1,860,926	115,992	
Services and supplies	681,718	732,223	704,325	27,898	
Subtotal	2,658,636	2,709,141	2,565,251	143,890	
000000	2,020,030		2,202,231	113,070	

	D. I.			Variance with Final Budget
	Original	l Amounts Final	Actual Amounts (Budgetary Basis)	Positive (Negative)
Charges to appropriations (continued):	Original	Tillal	(Budgetary Basis)	(Negative)
Public Protection (continued):				
Building Inspection:				
Salaries and benefits	\$ 1,272,729	\$ 1,290,729	\$ 1,290,140	\$ 589
Services and supplies	562,885	585,262	560,509	24,753
Capital assets		60,000	11,378	48,622
Subtotal	1,835,614	1,935,991	1,862,027	73,964
Clerk Recorder:				40.004
Salaries and benefits	503,971	511,972	492,071	19,901
Services and supplies	126,077	147,461	121,266	26,195
Subtotal	630,048	659,433	613,337	46,096
Coroner:				
Salaries and benefits	202,088	227,138	235,125	(7,987)
Services and supplies	273,980	257,834	239,103	18,731
Subtotal	476,068	484,972	474,228	10,744
Public Admin-Guardian:				
Salaries and benefits	150 407	129,858	75,647	54.211
	150,487	*	,	54,211
Services and supplies	18,418	15,273	15,073 90,720	200
Subtotal	168,905	145,131	90,720	54,411
Conservation, Development, Planning:				
Salaries and benefits	2,354,172	2,354,172	2,288,790	65,382
Services and supplies	2,353,124	3,891,340	2,289,281	1,602,059
Subtotal	4,707,296	6,245,512	4,578,071	1,667,441
Emergency Services:				
Services and supplies	909,496	1,226,896	610,618	616,278
Capital assets		53,053	43,303	9,750
Subtotal	909,496	1,279,949	653,921	626,028
Animal Control:				
Salaries and benefits	504,269	556,269	540,354	15,915
Services and supplies	95,246	95,246	88,452	6,794
Subtotal	599,515	651,515	628,806	22,709
Environmental Management:				
Salaries and benefits	2,424,579	2,424,579	2,321,859	102,720
Services and supplies	456,978	570,129	474,185	95,944
Subtotal	2,881,557	2,994,708	2,796,044	198,664
Total Public Protection	55,324,187	60,269,001	55,758,661	4,510,340

		D. L	1 4		A	4 -1 4	Fi	riance with
		Budgeted riginal	ı Amo	Final		tual Amounts dgetary Basis)		Positive Negative)
Charges to appropriations (continued): Public Ways and Facilities:		rigillai		Tillal	<u>(Dui</u>	ugetary Basis)		(Negative)
Public Works/Engineering: Salaries and benefits	\$	4 724 5 21	¢	4 724 521	¢	4 471 250	¢	262 172
Services and supplies	3	4,734,531 352,857	\$	4,734,531 352,857	\$	4,471,358 333,993	\$	263,173 18,864
Other charges		5,000		5,000		333,773		5,000
Interfund transfers		22,000		22,000		22,000		3,000
Subtotal		5,114,388		5,114,388		4,827,351		287,037
Road Department:								
Services and supplies		40,000		40,000		37,994		2,006
Subtotal		40,000		40,000		37,994		2,006
Total Public Ways and Facilities		5,154,388		5,154,388		4,865,345		289,043
Health and Sanitation: Public Health Department:								
Salaries and benefits		4,220,552		4,208,094		4,174,230		33,864
Services and supplies		1,852,320		2,532,971		2,439,793		93,178
Other charges		3,205,734		3,343,734		3,205,733		138,001
Capital assets				18,042		17,680		362
Subtotal		9,278,606		10,102,841		9,837,436		265,405
Local Enforcement Program:								
Salaries and benefits		150,721		150,721		141,429		9,292
Services and supplies		73,426		73,426		56,365		17,061
Subtotal		224,147		224,147		197,794		26,353
Mental Health:								
Salaries and benefits		5,818,780		5,740,411		5,740,411		
Services and supplies		4,021,845		4,587,542		4,043,263		544,279
Other charges		2,745,662		3,071,079		2,857,472		213,607
Subtotal	1	2,586,287		13,399,032		12,641,146		757,886
Alcoholism and Drug Abuse:								
Salaries and benefits		2,693,641		2,693,641		2,661,892		31,749
Services and supplies		1,556,887		2,040,533		1,479,743		560,790
Subtotal		4,250,528		4,734,174		4,141,635		592,539

	Bu	idgeted Am	ounts	Act	Actual Amounts		Variance with Final Budget Positive	
	Origina		Final		dgetary Basis)	(Negative)	
Charges to appropriations (continued):					<u> </u>		, , , , , , , , , , , , , , , , , , ,	
Health and Sanitation (continued):								
Health and Human Services Admin:								
Salaries and benefits	\$ 2,261	,421 \$	2,261,421	\$	2,018,400	\$	243,021	
Services and supplies	417	,698	426,404		406,770		19,634	
Interfund transfers		,663	426,603		400,154		26,449	
Subtotal	3,101	,782	3,114,428		2,825,324		289,104	
Total Health and Sanitation	29,441	,350	31,574,622		29,643,335		1,931,287	
Public Assistance:								
Social Services:								
Salaries and benefits	9,104	,140	9,838,966		9,209,152		629,814	
Services and supplies	2,789	,684	3,371,348		3,118,115		253,233	
Other charges	9,952	,023	10,327,023		10,234,644		92,379	
Subtotal	21,845	,847	23,537,337		22,561,911		975,426	
Employment Training Office:								
Salaries and benefits	805	,324	892,023		781,044		110,979	
Services and supplies	898	,444	754,304		508,020		246,284	
Other charges	269	,176	125,713		22,712		103,001	
Subtotal	1,972	.,944	1,772,040		1,311,776		460,264	
Regional Training Employment:								
Salaries and benefits	149	,759	163,603		165,763		(2,160)	
Services and supplies	1,244	,076	2,534,823		1,641,593		893,230	
Subtotal	1,393	,835	2,698,426		1,807,356		891,070	
Workforce Investment Act:								
Services and supplies	55	,548	64,548		53,502		11,046	
Subtotal	55	,548	64,548		53,502		11,046	
Care of Juvenile Ward:								
Services and supplies	7	,400	15,400		11,806		3,594	
Other charges	537	,322	666,230		610,846		55,384	
Subtotal	544	-,722	681,630		622,652		58,978	
Total Public Assistance	25,812	,896	28,753,981		26,357,197		2,396,784	

		Budgete	adgeted Amounts Actual Amounts			Variance with Final Budget Positive		
		Original	# 7 III	Final		udgetary Basis)		(Negative)
Charges to appropriations (continued): <i>Education:</i>		- 8					-	
U. C. Cooperative Extension:								
Salaries and benefits	\$	179,218	\$	179,218	\$	168,664	\$	10,554
Services and supplies		147,066		147,066		141,512		5,554
Subtotal		326,284		326,284		310,176		16,108
Total Education		326,284		326,284		310,176		16,108
Recreation and Cultural Services: Parks:								
Services and supplies		2,309,227		2,392,062		1,021,586		1,370,476
Subtotal		2,309,227		2,392,062		1,021,586		1,370,476
		, , ,		, , , , , , , , , , , , , , , , , , , ,		, , , , , , , , , , , , , , , , , , ,		
Total Recreation and Cultural Services		2,309,227		2,392,062		1,021,586		1,370,476
Total Charges to Appropriations	\$	160,204,929	\$	170,467,971	\$	151,478,787	\$	18,989,184
Budgetary fund balances, June 30	\$	47,227,663	\$	42,372,838	\$	64,135,454	\$	(21,762,616)
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures								
Sources/inflows of resources								
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison statement							\$	151,223,209
Receipts from funds reclassified from County Age	ency F	Funds, not budge	eted					7,378,819
Differences - budget to GAAP:								
Transfers from other funds are inflows of budge	tary r	esources but no	t reve	enues for budge	tary p	urposes		(463,823)
Total revenues as reported on the combining states changes in fund balances - governmental funds	ment (of revenue, expe	endit	ures, and			\$	158,138,205
<u>Uses/outflows of resources</u>								
Actual amounts (budgetary basis) "total charges to budgetary comparison statement	appr	opriations" fron	n the				\$	151,478,787
Disbursements from funds reclassified from Coun	ty Ag	ency Funds, not	t bud	geted				6,851,003
Differences - budget to GAAP:								
Transfers to other funds are outflows of budgeta purposes	ry res	ources but are r	ot e	spenditures for	budge	tary		(4,940,538)
Total expenditures as reported on the combining s and changes in fund balances - governmental fun			, exp	enditures,			\$	153,389,252
		71						

Budgetary Comparison Schedule Napa County Flood Protection and Watershed Improvement Authority For the Year Ended June 30, 2005

		1 Amounts	Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Budgetary fund balances, Beginning	\$ 41,291,550	\$ 41,291,550	\$ 41,291,550	\$
Resources (inflows):				
Taxes	10,600,000	10,733,303	11,545,826	812,523
Revenue from use of money and property	500,000	500,000	1,020,994	520,994
Other			3,215	3,215
Bond proceeds			13,655,000	13,655,000
Amounts available for appropriation	11,100,000	11,233,303	26,225,035	14,991,732
Charges to appropriations (outflows):				
Public way and facilities	31,581,000	32,501,607	13,705,362	18,796,245
Debt service	4,167,040	4,933,433	5,235,030	(301,597)
Total charges to appropriations	35,748,040	37,435,040	18,940,392	18,494,648
Budgetary fund balances, Ending	\$ 16,643,510	\$ 15,089,813	\$ 48,576,193	\$ 33,486,380

Budgetary Comparison Schedule Affordable Housing For the Year Ended June 30, 2005

	Budgeted Original	l Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
Budgetary fund balances, Beginning	\$ 16,132,703	\$ 16,132,703	\$ 16,132,703	\$	
Resources (inflows):					
Revenue from use of money and property Charges for services Other Amounts available for appropriation	106,868 1,055,000 909,000 2,070,868	106,868 1,055,000 909,000 2,070,868	175,093 1,861,011 2,036,104	68,225 806,011 (909,000) (34,764)	
Charges to appropriations (outflows):					
Services and supplies Total charges to appropriations	2,639,595 2,639,595	4,547,735 4,547,735	1,032,190 1,032,190	3,515,545 3,515,545	
Budgetary fund balances, Ending	\$ 15,563,976	\$ 13,655,836	\$ 17,136,617	\$ 3,480,781	

Note to Required Supplementary Information For the Year Ended June 30, 2005

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the County Executive office and must be approved by the Board of Supervisors. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Pursuant to Board Resolution No. 01-83 adopted as of June 19, 2001 and revised as per Resolution no. 02-122, effective June 18, 2002, the County Executive Officer is authorized to approve transfers and revision of appropriations in excess of \$10,000 within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and amended during the fiscal year by resolutions approved by the Board of Supervisors. With the implementation of GASB 34, all trust and agency actual revenues and expenditures are included on pages 60 – 67. The County did not budget for these activities.

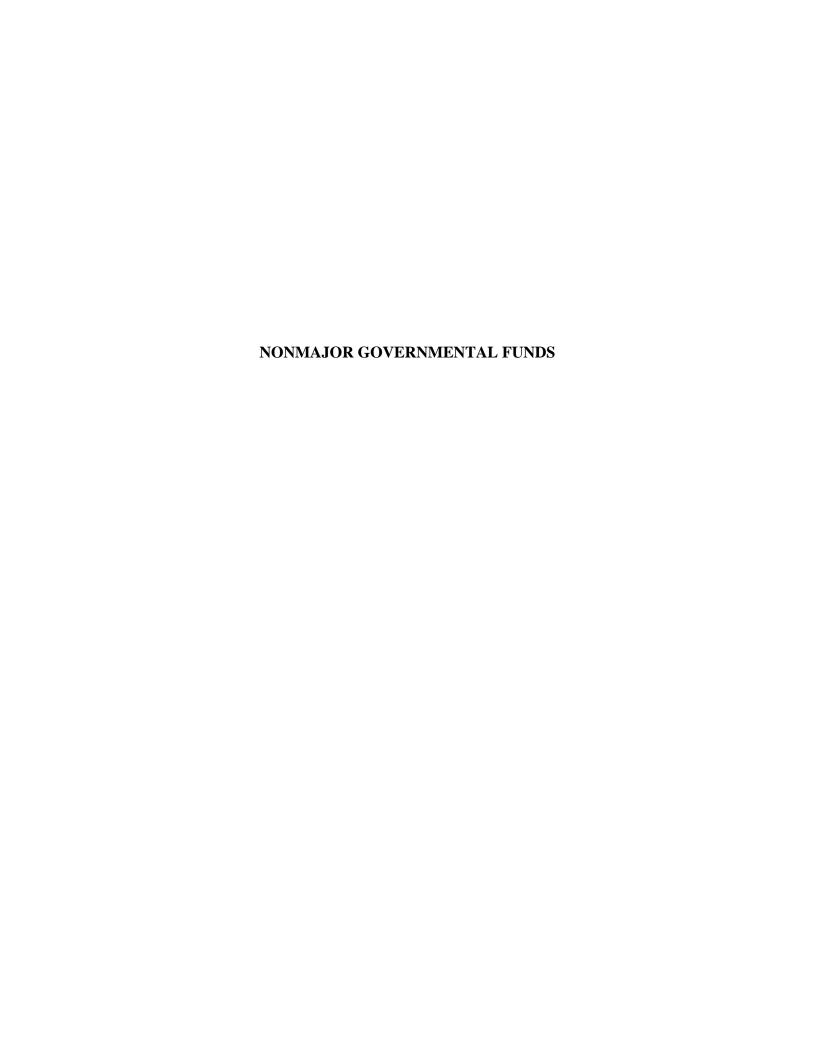
The County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

The budgets for the governmental funds may include an object level known as "intrafund transfers" in the charges for appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES







Combining Balance Sheet Nonmajor Governmental Funds June 30, 2005

	Special Revenue	Capital Projects	Debt Service	Total
<u>ASSETS</u>				
Cash and investments	\$ 10,627,165	\$ 4,350,164	\$ 144,963	\$ 15,122,292
Restricted assets:				
Cash with fiscal agent			1,344,551	1,344,551
Imprest cash	1,000			1,000
Receivable (Net):	227.660			227.660
Taxes	237,660 16,743			237,660
Special assessments Accounts receivable	10,743	10,400		16,743 10,400
Due from other government agencies	2,011,778	10,400		2,011,778
Advances to other funds	2,011,776		2,001,050	2,001,050
Advances to other funds			2,001,030	2,001,030
Total Assets	\$ 12,894,346	\$ 4,360,564	\$ 3,490,564	\$ 20,745,474
<u>LIABILITIES</u>				
Accounts payable	\$ 437,282	\$ 43	\$	\$ 437,325
Accrued payroll	306,457			306,457
Due to other governments	34,625			34,625
Due to other funds	365,486			365,486
Total Liabilities	1,143,850	43		1,143,893
FUND BALANCES				
Reserved for:				
Encumbrances	834,944			834,944
General	4,604,659			4,604,659
Imprest cash	1,000			1,000
Loans receivable and advances			2,001,050	2,001,050
Equipment	76,745			76,745
Unreserved:				
Designated	1,736,185			1,736,185
Undesignated:	4.40.5.0.52			4.405.050
Special revenue funds	4,496,963			4,496,963
Capital projects funds		4,360,521	1 400 514	4,360,521
Debt service funds			1,489,514	1,489,514
Total Fund Balances	11,750,496	4,360,521	3,490,564	19,601,581
Total Liabilities and				
Fund Balances	\$ 12,894,346	\$ 4,360,564	\$ 3,490,564	\$ 20,745,474

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2005

	Special Revenue	Capital Projects	Debt Service	Total
Revenues:				
Taxes	\$ 10,574,113	\$	\$	\$ 10,574,113
Licenses and permits	475,308			475,308
Fines, forfeits and penalties	407,231	466,802		874,033
Revenue from use of money and property	292,586	69,356	99,026	460,968
Aid from other governments	9,875,121	500,000		10,375,121
Charges for services	1,900,499			1,900,499
Other	293,829	51,037		344,866
Total Revenues	23,818,687	1,087,195	99,026	25,004,908
Expenditures:				
Current:				
Public protection	11,089,990			11,089,990
Public ways and facilities	3,198,530			3,198,530
Public assistance	650,800			650,800
Health and sanitation	198,698			198,698
Education	4,764,521			4,764,521
Capital outlay	5,429,468	229,170		5,658,638
Debt Service:				
Principal			2,180,000	2,180,000
Interest and fiscal charges			1,826,208	1,826,208
Administration, issuance and arbitrage fees			572,957	572,957
Total Expenditures	25,332,007	229,170	4,579,165	30,140,342
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	(1,513,320)	858,025	(4,480,139)	(5,135,434)
Other Financing Sources (Uses):				
Refunding certificates of participation issued			13,275,000	13,275,000
Premium on refunding certificates of participation issued			207,113	207,113
Payment to refunded debt escrow agent			(13,135,000)	(13,135,000)
Transfers in	541,633	2,000,000	2,851,800	5,393,433
Transfers out	(281,751)	(246,228)		(527,979)
Total Other Financing Sources (Uses)	259,882	1,753,772	3,198,913	5,212,567
Net change in fund balances	(1,253,438)	2,611,797	(1,281,226)	77,133
Fund Balance - Beginning of Year	13,003,934	1,748,724	5,054,779	19,807,437
Prior period adjustment			(282,989)	(282,989)
Fund Balance - Beginning of Year, restated	13,003,934	1,748,724	4,771,790	19,524,448
Fund Balance - End of Year	\$ 11,750,496	\$ 4,360,521	\$ 3,490,564	\$ 19,601,581

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Fire Protection

This fund provides appropriations for fire protection services in the unincorporated areas of the County. The Napa County Fire Department contracts with the California Department of Forestry (CDF) for fire protection services under a County Fire Plan The County contracts with the City of St. Helena, Napa State Hospital and Schell-Vista Fire Protection District for the provision of fire protection services to specified unincorporated areas adjoining these agencies. The Department provides dispatching for the American Canyon Fire Protection District and Napa State Hospital Fire Department. The County contracts with the California Veterans Home and the Town of Yountville to provide fire services to those jurisdictions.

Fire Protection Assessment

This fund collects the delinquent amounts of direct assessments for fire protection services for all unincorporated parcels. This direct assessment was discontinued after the 1999-2000 fiscal year.

Road

This fund provides for the County Road Program, which protects, preserves, enhances and improves the existing County road system. This fund pays for the construction and maintenance of the road system in the unincorporated area.

Wildlife Conservation Commission

This fund is completely supported by fines from Fish and Game Code violations. It provides for expenditures related to the propagation and conservation of local fish and game and their habitats. The County Wildlife Conservation Commission, which is appointed by the Board of Supervisors, recommends the expenditure programs for the year to the Board of Supervisors.

Library

The Napa City-County Library's mission is to enrich people's lives with books and information. It serves Napa County by providing free and equal access to public library facilities, resources, and services which enable the County's diverse population to acquire information, pursue lifelong learning, explore ideas, experience recreational and cultural enrichment and enjoy the pleasure of reading. The Library endorses the tenets of the American Library Association Library Bill of Rights and Freedom to Read Statement. The Library's service area is all of Napa County, excluding the City of St. Helena.

SPECIAL REVENUE FUNDS (continued):

Child Support Services

Child support is a non-general fund department with state and federal dollars constituting its revenues. Its mission is to serve the community and enhance the lives of children through establishing paternity child support orders and collecting support.

<u>In-Home Supportive Services (IHSS)</u>

In-Home Supportive Services (IHSS) provides in-home care to those eligible aged, blind and disabled individuals (including children) who are unable to remain safely in their own homes without assistance. IHSS is an alternative to out-of-home care. IHSS is a state-mandated program funded through a combination of federal, state and local funds.

VARIOUS SPECIAL DISTRICTS UNDER BOARD:

County Service Area No. 3

County Service Area No. 3 was formed in 1979 to provide street sweeping, street and highway lighting, street-side landscaping, and fire protection services to the unincorporated area surrounding the Napa County Airport. These services are funded from annual assessments on parcels located within County Service Area No. 3.

County Service Area No. 4

County Service Area No. 4 was created in 2002 to provide funding for farmworker housing in Napa County. Revenues for this fund are derived from an annual assessment on vineyard acreage located within the service area and are used to support publicly operated farmworker housing programs in Napa County.

Silverado Community Services

The Silverado Community Services District was established in 1967. Its service area encompasses the present Silverado Country Club development area. The district provides landscape maintenance, street sweeping, street lighting, and weed abatement services for parcels located within the district. These services are funded from annual assessments on parcels located within the district.

Silverado Maintenance Assessment

Property Tax revenue is collected in this budget unit and then apportioned to the Silverado Community Services District.

SPECIAL REVENUE FUNDS (continued):

VARIOUS SPECIAL DISTRICTS UNDER BOARD (continued):

Monticello Public Cemetery

This fund was established for the purpose of providing maintenance and administrative services the Monticello Public Cemetery District. Revenue for this fund comes from collected Property Tax assessments on parcels located within the district.

Monticello Endowment

This fund was established by legislation and the principal may not be appropriated for any expenditures. However, interest earned on the principal may be used for the upkeep of the cemetery.

Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2005

ASSETS	Fire Protection Protection Assessment				Roads	Wildlife Conservation Commission		
NODETO								
Cash and investments	\$	4,186,401	\$	927	\$	1,281,847	\$	78,500
Imprest cash		200						
Receivable (Net):								
Taxes		175,542						
Special assessments				375				
Due from other government agencies		411,291				1,092,259		
Total Assets	\$	4,773,434	\$	1,302	\$	2,374,106	\$	78,500
<u>LIABILITIES</u>								
Accounts payable	\$	289,384	\$		\$	6,688	\$	11,396
Accrued payroll	·	29,647	·		·	65,181		
Due to other funds								
Due to other governments		34,625						
Total Liabilities		353,656				71,869		11,396
FUND BALANCES								
Reserved for:								
Encumbrances		706,017				40,401		
General		394,988				2,261,836		20,327
Imprest cash		200						
Equipment								
Unreserved:								
Designation								
Undesignation:								
Special revenue funds		3,318,573		1,302				46,777
Total Fund Balances		4,419,778		1,302		2,302,237		67,104
Total Liabilities and Fund Balances	\$	4,773,434	\$	1,302	\$	2,374,106	\$	78,500

Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2005

	Library	Child Support	IHSS	Various Special Districts Under Board	Total
<u>ASSETS</u>					
Cash and investments	\$ 4,717,118	\$	\$	\$ 362,372	\$ 10,627,165
Imprest cash	500	300			1,000
Receivable (Net):	c1 005			202	227.660
Taxes Special assessments	61,825			293 16,368	237,660 16,743
Due from other government agencies		376,374	131,854		2,011,778
Total Assets	\$ 4,779,443	\$ 376,674	\$ 131,854	\$ 379,033	\$ 12,894,346
<u>LIABILITIES</u>					
Accounts payable	\$ 102,277	\$ 26,328	\$ 314	\$ 895	\$ 437,282
Accrued payroll	100,397	104,563	6,669		306,457
Due to other funds		216,833	148,653		365,486
Due to other governments					34,625
Total Liabilities	202,674	347,724	155,636	895	1,143,850
FUND BALANCES					
Reserved for:					
Encumbrances	79,783	3,783		4,960	834,944
General	1,821,505			106,003	4,604,659
Imprest cash	500	300			1,000
Equipment	76,745				76,745
Unreserved:					
Designation	1,709,391			26,794	1,736,185
Undesignation: Special revenue funds	888,845	24,867	(23,782)	240,381	4,496,963
Special to tellar fullar	300,013	21,007	(23,702)	210,301	1,170,703
Total Fund Balances	4,576,769	28,950	(23,782)	378,138	11,750,496
Total Liabilities and Fund Balances	\$ 4,779,443	\$ 376,674	\$ 131,854	\$ 379,033	\$ 12,894,346

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended June 30, 2005

	Fire Protection		Fire Protection Assessment		Roads		Wildlife Conservation Commission	
Revenues:	¢.	C 41C 070	¢.		ф		Ф	
Taxes	\$	6,416,970	\$		\$		\$	
Licenses and permits		410,654				64,654		12 210
Fines, forfeits and penalties		110 100		10		395,012		12,219
Revenue from use of money and property		119,180		18		48,001		1,688
Aid from other governments		602,618		151		4,435,364		
Charges for services		329,328		151		46,053		
Other		52,557	-	1.60		23,623		12.007
Total Revenues		7,931,307		169		5,012,707		13,907
Expenditures: Current:								
Public protection		6,249,236						15,396
Public ways and facilities						3,198,530		
Public assistance								
Health and sanitation								
Education								
Capital outlay		2,090,520				3,321,329		
Total Expenditures		8,339,756				6,519,859		15,396
Excess (Deficiency) of Revenues Over (Under) Expenditures		(408,449)		169		(1,507,152)		(1,489)
Other Financing Sources (Uses):								
Transfers in		100,000						
Transfers out		(61,357)						
Total Other Financing Sources (Uses)		38,643						
Net change in fund balances		(369,806)		169		(1,507,152)		(1,489)
Fund Balance - Beginning of Year		4,789,584		1,133		3,809,389		68,593
Fund Balance - End of Year	\$	4,419,778	\$	1,302	\$	2,302,237	\$	67,104

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2005

				Various	
		Child		Special Districts	
	Library	Support	IHSS	Under Board	Total
Revenues:					
Taxes	\$ 4,139,515	\$	\$	\$ 17,628	\$ 10,574,113
Licenses and permits					475,308
Fines, forfeits and penalties					407,231
Revenue from use of money and property	105,855	6,117		11,727	292,586
Aid from other governments	273,873	4,066,591	496,514	161	9,875,121
Charges for services	391,541			1,133,426	1,900,499
Other	213,534	2,140	1,975		293,829
Total Revenues	5,124,318	4,074,848	498,489	1,162,942	23,818,687
Expenditures:					
Current:					
Public protection		4,049,838		775,520	11,089,990
Public ways and facilities					3,198,530
Public assistance			650,800		650,800
Health and sanitation				198,698	198,698
Education	4,764,521				4,764,521
Capital outlay	17,619				5,429,468
Total Expenditures	4,782,140	4,049,838	650,800	974,218	25,332,007
Excess (Deficiency) of Revenues Over					
(Under) Expenditures	342,178	25,010	(152,311)	188,724	(1,513,320)
Other Financing Sources (Uses):					
Transfers in	288,490	3,940	137,492	11,711	541,633
Transfers out	(43,473)	3,5 10		(176,921)	(281,751)
Total Other Financing Sources (Uses)	245,017	3,940	137,492	(165,210)	259,882
, , , , , , , , , , , , , , , , , , ,				(, -)	
Net change in fund balances	587,195	28,950	(14,819)	23,514	(1,253,438)
Fund Balance - Beginning of Year	3,989,574		(8,963)	354,624	13,003,934
Fund Balance - End of Year	\$ 4,576,769	\$ 28,950	\$ (23,782)	\$ 378,138	\$ 11,750,496

Combining Balance Sheet Nonmajor Special Districts Under the Board of Supervisors June 30, 2005

ASSETS	A	County Service Area No. 3		County Service Area No. 4		Silverado Community Services		Silverado Maintenance Assessment	
ABSETS									
Cash and investments Receivable (Net):	\$	148,074	\$		\$	70,811	\$		
Taxes									
Special assessments		6,435		9,116				817	
Total Assets	\$	154,509	\$	9,116	\$	70,811	\$	817	
<u>LIABILITIES</u>									
Accounts payable	\$		\$		\$	562	\$		
Total Liabilities	_					562			
FUND BALANCES									
Reserved for:									
Encumbrances		4,960							
General		75,287				8,598			
Unreserved:									
Designated		26,127				667			
Undesignated:									
Special revenue funds		48,135		9,116		60,984		817	
Total Fund Balances		154,509		9,116		70,249		817	
Total Liabilities and									
Fund Balances	\$	154,509	\$	9,116	\$	70,811	\$	817	

Combining Balance Sheet (continued) Nonmajor Special Districts Under the Board of Supervisors June 30, 2005

<u>ASSETS</u>	Monticello Public Cemetery		Monticello Endowment		Total
Cash and investments	\$ 30,726	\$	112,761	\$	362,372
Receivable (Net):	202				202
Taxes Special assessments	293				293 16,368
Special assessments	 				10,500
Total Assets	\$ 31,019	\$	112,761	\$	379,033
<u>LIABILITIES</u>					
Accounts payable	\$ 333	\$		\$	895
Total Liabilities	 333				895
FUND BALANCES					
Reserved for:					
Encumbrances					4,960
General	22,118				106,003
Unreserved:					
Designated					26,794
Undesignated: Special revenue funds	8,568		112,761		240,381
Special revenue funus	 0,308		112,701		240,361
Total Fund Balances	 30,686		112,761		378,138
Total Liabilities and					
Fund Balances	\$ 31,019	\$	112,761	\$	379,033

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Districts Under the Board of Supervisors For the Year Ended June 30, 2005

	County Service Area No. 3	County Service Area No. 4	Silverado Community Services	Silverado Maintenance Assessment	
Revenues:					
Taxes	\$	\$	\$	\$	
Revenue from use of money and property	4,641	2,062	1,030	445	
Aid from other governments					
Charges for services	501,663	421,817	105,328	104,523	
Total Revenues	506,304	423,879	106,358	104,968	
Expenditures: Current:	222 422	421.069			
Public protection	322,422	421,068		105.220	
Health and sanitation			93,370	105,328	
Total Expenditures	322,422	421,068	93,370	105,328	
Excess (Deficiency) of Revenues Over (Under) Expenditures	183,882	2,811	12,988	(360)	
Other Financing Sources (Uses): Transfers in					
Transfers out	(165.210)				
	(165,210)				
Total Other Financing Sources (Uses)	(165,210)				
Net change in fund balance	18,672	2,811	12,988	(360)	
Fund Balance - Beginning of Year	135,837	6,305	57,261	1,177	
Fund Balance - End of Year	\$ 154,509	\$ 9,116	\$ 70,249	\$ 817	

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Districts Under the Board of Supervisors For the Year Ended June 30, 2005

	Monticello Public Cemetery		Monticello Endowment		Total
Revenues:					
Taxes	\$	17,628	\$		\$ 17,628
Revenue from use of money and property		711		2,838	11,727
Aid from other governments		161			161
Charges for services		95			 1,133,426
Total Revenues		18,595		2,838	 1,162,942
Expenditures: Current:					
Public protection		32,030			775,520
Health and sanitation					198,698
Total Expenditures		32,030			974,218
Excess (Deficiency) of Revenues Over (Under) Expenditures		(13,435)		2,838	 188,724
Other Financing Sources (Uses):					
Transfers in		11,711			11,711
Transfers out				(11,711)	 (176,921)
Total Other Financing Sources (Uses)		11,711		(11,711)	(165,210)
Net change in fund balance		(1,724)		(8,873)	23,514
Fund Balance - Beginning of Year		32,410		121,634	354,624
Fund Balance - End of Year	\$	30,686	\$	112,761	\$ 378,138

Budgetary Comparison Schedule Fire Protection For the Year Ended June 30, 2005

	Pudgatad	Amounts	Actual Amounts	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Budgetary fund balances, Beginning	\$ 4,789,584	\$ 4,789,584	\$ 4,789,584	\$
Budgetary fund barances, Beginning	φ +,702,30+	Ψ 4,762,364	Ψ +,702,304	Ψ
Resources (inflows):				
Taxes	5,598,242	5,598,242	6,416,970	818,728
Licenses and permits	500,000	500,000	410,654	(89,346)
Revenue from use of money and property	64,350	64,350	119,180	54,830
Aid from other governments	532,058	532,058	602,618	70,560
Charges for services	355,272	355,272	329,328	(25,944)
Other	5,000	22,145	52,557	30,412
Transfers in	40,000	40,000	100,000	60,000
Amounts available for appropriation	7,094,922	7,112,067	8,031,307	919,240
Charges to appropriations (outflows):				
Salaries and employee benefits	196,092	196,092	196,092	
Services and supplies	7,743,608	7,769,288	6,053,144	1,716,144
Capital assets	53,500	2,355,454	2,090,520	264,934
Contingencies and reserves	278,233	278,233		278,233
Transfers out		61,357	61,357	
Total charges to appropriations	8,271,433	10,660,424	8,401,113	2,259,311
Budgetary fund balances, Ending	\$ 3,613,073	\$ 1,241,227	\$ 4,419,778	\$ 3,178,551
Explanation of Differences between Budgetary Inflows and C and Expenditures:	Outflows and GAA	AP Revenues		
Sources/inflows of resources Actual amounts (budgetary basis) "available for appropriation comparison statement	n" from budgetary			\$ 8,031,307
Differences - budget to GAAP: Transfers from other funds are inflows of budgetary reso for financial reporting purposes.	urces but are not r	evenues		(100,000)
Total revenues as reported on the statement of revenues, expechanges in fund balances - Nonmajor Special Revenue Fun				\$ 7,931,307
changes in rand calantees 1 (change) appearance 1 and				Ψ 7,501,007
<u>Uses/outflows of resources</u> Actual amounts (budgetary basis) "total charges to appropriate budgetary comparison statement	tions" from the			\$ 8,401,113
Differences - budget to GAAP: Transfers to other funds are outflows of budgetary resour for financial reporting purposes.	ces but are not ex	penditures		(61,357)
Total expenditures as reported on the statement of revenues, changes in fund balances - Nonmajor Special Revenue Fun	_			\$ 8,339,756
• •				

Budgetary Comparison Schedule Fire Protection Assessment For the Year Ended June 30, 2005

	 Budgeted Amounts Original Final			al Amounts etary Basis)	Final Budget Positive (Negative)	
Budgetary fund balances, Beginning	\$ 1,133	\$	Final 1,133	\$ 1,133	\$	
Resources (inflows):						
Revenue from use of money and property				18		18
Charges for services				151		151
Amounts available for appropriation				169		169
Charges to appropriations (outflows):						
Services and supplies			255,459			255,459
Total charges to appropriations			255,459			255,459
Budgetary fund balances, Ending	\$ 1,133	\$	(254,326)	\$ 1,302	\$	255,628

Budgetary Comparison Schedule Roads For the Year Ended June 30, 2005

				Final Budget
	Budgeted	Amounts	Actual Amounts	Positive
	Original	Final	(Budgetary Basis)	(Negative)
Budgetary fund balances, Beginning	\$ 3,809,389	\$ 3,809,389	\$ 3,809,389	\$
Resources (inflows):				
Licenses and permits	430,000	430,000	64,654	(365,346)
Fines, forfeitures and penalties			395,012	395,012
Revenue from use of money and property	80,000	80,000	48,001	(31,999)
Aid from other governments	4,529,401	4,918,343	4,435,364	(482,979)
Charges for current services	42,000	42,000	46,053	4,053
Other	3,500	3,500	23,623	20,123
Transfers in	1,600,000	1,600,000		(1,600,000)
Amounts available for appropriation	6,684,901	7,073,843	5,012,707	(2,061,136)
Charges to appropriations (outflows):				
Salaries and employee benefits	2,399,037	2,359,037	2,280,287	78,750
Services and supplies	1,594,117	2,463,181	918,243	1,544,938
Other charges	50,000			
Capital assets	3,508,699	4,482,011	3,321,329	1,160,682
Total charges to appropriations	7,551,853	9,304,229	6,519,859	2,784,370
Budgetary fund balances, Ending	\$ 2,942,437	\$ 1,579,003	\$ 2,302,237	\$ 723,234

Budgetary Comparison Schedule Wildlife Conservation Commission For the Year Ended June 30, 2005

	Budgeted Amounts Original Final			Actual Amounts (Budgetary Basis)		Final Budget Positive (Negative)		
Budgetary fund balances, Beginning	\$	68,593	\$	68,593	\$	68,593	\$	
Resources (inflows):								
License and permits		6,900		6,900		12,219		5,319
Revenue from use of money and property		2,000		2,000		1,688		(312)
Amounts available for appropriation		8,900		8,900		13,907		5,007
Charges to appropriations (outflows):								
Salaries and employee benefits		12,000		16,620		15,396		1,224
Capital assets		36,373		31,753				31,753
Total charges to appropriations		48,373		48,373		15,396		32,977
Budgetary fund balances, Ending	\$	29,120	\$	29,120	\$	67,104	\$	37,984

Budgetary Comparison Schedule Library For the Year Ended June 30, 2005

		Dudaatad	Amounts	A at	tual Amounts		nriance with nal Budget Positive
			Amounts Final			(
Pudgatary fund halangas Daginning	\$	Original 3,989,574	\$ 3,989,574	\$	dgetary Basis)	\$	Negative)
Budgetary fund balances, Beginning	Ф	3,969,374	\$ 3,969,374	Ф	3,989,574	Ф	
Resources (inflows):							
Taxes		3,868,661	4,017,661		4,139,515		121,854
Revenue from use of money and property		34,490	74,490		105,855		31,365
Aid from other governments		449,045	487,375		273,873		(213,502)
Charges for current services		383,988	383,988		391,541		7,553
Other		125,510	160,510		213,534		53,024
Transfers in		186,000	193,928		288,490		94,562
Amounts available for appropriation		5,047,694	5,317,952		5,412,808		94,856
Tanouno d'annoto foi appropriation		2,017,021			0,112,000		7.,000
Charges to appropriations (outflows):							
Salaries and employee benefits		2,786,833	2,975,833		2,879,005		96,828
Services and supplies		2,068,446	2,227,337		1,885,516		341,821
Capital assets			18,229		17,619		610
Contingencies and reserves		150,000	144,050				144,050
Transfers out		28,726	222,654		43,473		179,181
Total charges to appropriations		5,034,005	5,588,103		4,825,613		762,490
• • • •		,					
Budgetary fund balances, Ending	\$	4,003,263	\$ 3,719,423	\$	4,576,769	\$	857,346
Explanation of Differences between Budgetary Inflows and C and Expenditures: Sources/inflows of resources			P Revenues				
Actual amounts (budgetary basis) "available for appropriation comparison statement	n" fro	om budgetary				\$	5,412,808
Differences - budget to GAAP: Transfers from other funds are inflows of budgetary resort for financial reporting purposes.	urces	but are not re	evenues				(288,490)
Total revenues as reported on the statement of revenues, expechanges in fund balances - Nonmajor Special Revenue Fund		ares, and				\$	5,124,318
<u>Uses/outflows of resources</u> Actual amounts (budgetary basis) "total charges to appropriat budgetary comparison statement	ions"	' from the				\$	4,825,613
Differences - budget to GAAP: Transfers to other funds are outflows of budgetary resour for financial reporting purposes.	ces b	out are not exp	penditures				(43,473)
Total expenditures as reported on the statement of revenues, e changes in fund balances - Nonmajor Special Revenue Fund	_	nditures, and				\$	4,782,140

Budgetary Comparison Schedule Child Support Services For the Year Ended June 30, 2005

	Budgeted Amounts				Act	ual Amounts	Fi	nal Budget Positive
	O	riginal		Final	(Bu	dgetary Basis)	(Negative)
Budgetary fund balances, Beginning	\$		\$		\$		\$	
Resources (inflows):								
Revenue from use of money and property		3,000		3,000		6,117		3,117
Aid from other governments	4	,140,548		4,140,548		4,066,591		(73,957)
Other						2,140		2,140
Transfers in		2,000		2,000		3,940		1,940
Amounts available for appropriation	4	,145,548		4,145,548		4,078,788		(66,760)
Charges to appropriations (outflows):								
Salaries and employee benefits	3	,126,756		3,126,756		3,052,949		73,807
Services and supplies	1	,018,792		1,018,792		996,889		21,903
Total charges to appropriations	4	,145,548		4,145,548		4,049,838		95,710
Budgetary fund balances, Ending	\$		\$		\$	28,950	\$	28,950
Explanation of Differences between Budgetary Inflows and C and Expenditures:	Outflow	s and GAA	P R	evenues				
Sources/inflows of resources Actual amounts (budgetary basis) "available for appropriation comparison statement	ı" from	budgetary					\$	4,078,788
Differences - budget to GAAP: Transfers from other funds are inflows of budgetary resort for financial reporting purposes.	urces b	ut are not r	even	ues				(3,940)
Total revenues as reported on the statement of revenues, expechanges in fund balances - Nonmajor Special Revenue Fund		es, and					\$	4,074,848

Budgetary Comparison Schedule IHSS For the Year Ended June 30, 2005

	Budgeted Amounts Original Final			Actual Amounts (Budgetary Basis)		Fi	riance with nal Budget Positive Negative)	
Budgetary fund balances, Beginning	\$	(8,963)	\$	(8,963)	\$	(8,963)	\$	
Resources (inflows):								
Aid from other governments		554,331		554,331		496,514		(57,817)
Other						1,975		1,975
Transfers in		147,354		147,354		137,492		(9,862)
Amounts available for appropriation		701,685		701,685		635,981		(65,704)
Charges to appropriations (outflows):		1.57.070		100.070		100 606		202
Salaries and employee benefits		167,978		180,979		180,686		293
Services and supplies		533,707		554,037		470,114		83,923
Total charges to appropriations		701,685		735,016		650,800		84,216
Budgetary fund balances, Ending	\$	(8,963)	\$	(42,294)	\$	(23,782)	\$	18,512
Explanation of Differences between Budgetary Inflows and C and Expenditures:	Outflov	ws and GAA	P Re	venues				
Sources/inflows of resources Actual amounts (budgetary basis) "available for appropriation comparison statement	n" fron	n budgetary					\$	635,981
Differences - budget to GAAP: Transfers from other funds are inflows of budgetary resort for financial reporting purposes.	urces l	out are not re	evenı	ies				(137,492)
Total revenues as reported on the statement of revenues, expechanges in fund balances - Nonmajor Special Revenue Fund		res, and					\$	498,489

Budgetary Comparison Schedule Districts Governed by the Board of Supervisors - County Service Area No. 3 For the Year Ended June 30, 2005

		Budgeted Original	l Amo	ounts Final	 al Amounts getary Basis)	Fi	riance with nal Budget Positive Negative)
Budgetary fund balances, Beginning	\$	135,837	\$	135,837	\$ 135,837	\$	
Resources (inflows):							
Revenue from use of money and property		4,777		4,777	4,641		(136)
Charges for current services		463,880		463,880	501,663		37,783
Amounts available for appropriation		468,657		468,657	506,304		37,647
Charges to appropriations (outflows):							
Services and supplies		280,284		527,794	322,422		205,372
Transfers out		164,938		165,238	 165,210		28
Total charges to appropriations		445,222		693,032	 487,632		205,400
Budgetary fund balances, Ending	\$	159,272	\$	(88,538)	\$ 154,509	\$	243,047
Explanation of Differences between Budgetary Inflows and O and Expenditures:	utflo	ws and GAA	AP Re	evenues			
<u>Uses/outflows of resources</u> Actual amounts (budgetary basis) "total charges to appropriate budgetary comparison statement	ions"	from the				\$	487,632
Differences - budget to GAAP: Transfers to other funds are outflows of budgetary resource for financial reporting purposes.	ces b	ut are not ex	pendi	tures			(165,210)
Total expenditures as reported on the statement of revenues, e changes in fund balances - Nonmajor Special Revenue Fund	-	ditures, and				\$	322,422

Budgetary Comparison Schedule Districts Governed by the Board of Supervisors - County Service Area No. 4 For the Year Ended June 30, 2005

	 Budgeted Original	Amo	ounts Final	ual Amounts getary Basis)	Fi	riance with nal Budget Positive Negative)
Budgetary fund balances, Beginning	\$ 6,305	\$	6,305	\$ 6,305	\$	
Resources (inflows):						
Revenue from use of money and property				2,062		2,062
Charges for current services	422,500		422,500	421,817		(683)
Amounts available for appropriation	422,500		422,500	423,879		1,379
Charges to appropriations (outflows):						
Services and supplies			1,200	416,486		(415,286)
Other charges			4,582	4,582		
Transfers out	422,500		421,300			421,300
Total charges to appropriations	422,500		427,082	421,068		6,014
Budgetary fund balances, Ending	\$ 6,305	\$	1,723	\$ 9,116	\$	7,393

Budgetary Comparison Schedule Districts Governed by the Board of Supervisors - Silverado Community Services For the Year Ended June 30, 2005

	 Budgeted Amounts Original Final			nal Amounts getary Basis)]	al Budget Positive Vegative)
Budgetary fund balances, Beginning	\$ 57,261	\$	57,261	\$ 57,261	\$	
Resources (inflows):						
Revenue from use of money and property	600		600	1,030		430
Charges for current services	109,497		109,497	105,328		(4,169)
Amounts available for appropriation	110,097		110,097	106,358		(3,739)
Charges to appropriations (outflows):						
Services and supplies	99,449		99,449	93,370		6,079
Capital assets	54,840		54,840			54,840
Total charges to appropriations	154,289		154,289	 93,370		60,919
Budgetary fund balances, Ending	\$ 13,069	\$	13,069	\$ 70,249	\$	57,180

Budgetary Comparison Schedule Districts Governed by the Board of Supervisors - Silverado Maintenance Assessment For the Year Ended June 30, 2005

	 Budgeted Original	Amo	ounts Final	 nal Amounts getary Basis)	Fin F	iance with al Budget Positive (egative)
Budgetary fund balances, Beginning	\$ 1,177	\$	1,177	\$ 1,177	\$	
Resources (inflows):						
Revenue from use of money and property				445		445
Charges for current services	103,000		103,000	104,523		1,523
Amounts available for appropriation	 103,000		103,000	104,968		1,968
Charges to appropriations (outflows):						
Services and supplies			105,330	105,328		2
Total charges to appropriations	 		105,330	105,328		2
Budgetary fund balances, Ending	\$ 104,177	\$	(1,153)	\$ 817	\$	1,970

Budgetary Comparison Schedule Districts Governed by the Board of Supervisors - Monticello Public Cemetery For the Year Ended June 30, 2005

		Budgeted	Amo			al Amounts	Fir	riance with nal Budget Positive
Budgetary fund balances, Beginning	\$	Original 32,410	\$	Final 32,410	\$	getary Basis) 32,410	\$	Negative)
Budgetary fund barances, Beginning	φ	32,410	φ	32,410	φ	32,410	φ	
Resources (inflows):								
Taxes		14,550		14,550		17,628		3,078
Revenue from use of money and property		800		800		711		(89)
Aid from other governments		130		130		161		31
Charges for current services		100		100		95		(5)
Transfers in				11,711		11,711		
Amounts available for appropriation		15,580		27,291		30,306		3,015
Charges to appropriations (outflows): Services and supplies Total charges to appropriations Budgetary fund balances, Ending Explanation of Differences between Budgetary Inflows and Cand Expenditures:	<u>\$</u> Outfloy	24,966 24,966 23,024 ws and GAA	<u>\$</u> .P Re	32,477 32,477 27,224 venues	\$	32,030 32,030 30,686	\$	447 447 3,462
Sources/inflows of resources Actual amounts (budgetary basis) "available for appropriation comparison statement	n" fron	n budgetary					\$	30,306
Differences - budget to GAAP: Transfers from other funds are inflows of budgetary resort for financial reporting purposes.	urces l	out are not r	evenu	es				(11,711)
Total revenues as reported on the statement of revenues, expechanges in fund balances - Nonmajor Special Revenue Fund		res, and					\$	18,595

Budgetary Comparison Schedule Districts Governed by the Board of Supervisors - Monticello Endowment For the Year Ended June 30, 2005

	Budgete	d Amo		 nal Amounts	Fir	riance with nal Budget Positive
Dudantam for disclarate Designing	Original	Φ.	Final	 getary Basis)		Negative)
Budgetary fund balances, Beginning	\$ 121,634	\$	121,634	\$ 121,634	\$	
Resources (inflows):						
Revenue from use of money and property				2,838		2,838
* * * *				 2,838		2,838
Amounts available for appropriation				 2,838		2,838
Charges to appropriations (outflows):						
Transfers out			11,711	11,711		
Total charges to appropriations			11,711	 11,711		
Total charges to appropriations			11,/11	 11,/11		
Budgetary fund balances, Ending	\$ 121,634	\$	109,923	\$ 112,761	\$	2,838
Explanation of Differences between Budgetary Inflows and C and Expenditures:	Outflows and GA.	AP Re	venues			
<u>Uses/outflows of resources</u> Actual amounts (budgetary basis) "total charges to appropriate budgetary comparison statement	tions" from the				\$	11,711
Differences - budget to GAAP: Transfers to other funds are outflows of budgetary resour for financial reporting purposes.	rces but are not ex	kpendit	tures			(11,711)
Total expenditures as reported on the statement of revenues, changes in fund balances - Nonmajor Special Revenue Fun	-				\$	<u></u>

MAJOR CAPITAL PROJECTS FUNDS

Major Capital Projects Funds are used to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by proprietary funds).

Construction Fund

This fund is used primarily to finance or reimburse the financing of various improvements including the renovation, acquisition and construction of capital projects.

NONMAJOR CAPITAL PROJECTS FUNDS

Criminal Justice Facility Construction

This fund provides for the expenditure of certain fine and forfeiture revenue, restricted by Government Code Section 76101 for support of "construction, reconstruction, expansion, improvement, operation or maintenance of County criminal justice and Court facilities, and for improvement of criminal justice automated information systems.

Courthouse Fund

This fund provides for the appropriation of Court Construction Funds, restricted by law to be used for the development or enhancement of Court facilities.

County Center Improvement Fund

This fund was established to provide for the expenditure of funds generated from the sale of County real property. Use of these funds is limited to the acquisition, development or enhancement of capital facilities or property.

Construction Capital Improvement

This County/City Parking Facility fund provides for the appropriations for the design of the downtown Parking Structure as agreed to between the County and the City of Napa.

Combining Balance Sheet Nonmajor Capital Projects Funds June 30, 2005

	Criminal			County	
	Justice		Construction	Center	
	Facility	Courthouse	Capital	Improvement	
	Construction	Fund	Improvements	Fund	Total
<u>ASSETS</u>					
Cash and investments	\$ 481,026	\$ 346,214	\$ 1,082,086	\$ 2,440,838	\$ 4,350,164
Accounts receivable	10,400				10,400
Total Assets	491,426	346,214	1,082,086	2,440,838	4,360,564
					-,,
<u>LIABILITIES</u>					
Accounts payable	\$	\$	\$	\$ 43	\$ 43
Total Liabilities				43	43
FUND BALANCES					
Unreserved, reported in:					
Capital projects funds	491,426	346,214	1,082,086	2,440,795	4,360,521
Cupital projects funds	171,120	310,211	1,002,000	2,110,723	1,500,521
Total Fund Balances	491,426	346,214	1,082,086	2,440,795	4,360,521
Total Liabilities and					
Fund Balances	\$ 491,426	\$ 346,214	\$ 1,082,086	\$ 2,440,838	\$ 4,360,564

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Capital Projects Fund For the Year Ended June 30, 2005

	Criminal Justice Facility Construction	Courthouse Fund	Construction Capital Improvements	County Center Improvement Fund	Total
Revenues:					.
Fines, forfeits and penalties	\$ 98,101	\$ 368,701	\$	\$	\$ 466,802
Revenue from use of money and property	10,862	7,841	25,205	25,448	69,356
Aid from other governments Other				500,000	500,000
Total Revenues	108,963	376,542	25,205	51,037 576,485	51,037 1,087,195
Total Revenues	100,903	370,342	25,205	370,463	1,067,193
Expenditures:					
Capital outlay		62,652	30,828	135,690	229,170
Total Expenditures		62,652	30,828	135,690	229,170
-					
Excess (Deficiency) of Revenues Over					
(Under) Expenditures	108,963	313,890	(5,623)	440,795	858,025
Other Financing Sources (Uses):					
Transfers in				2,000,000	2,000,000
Transfers out	(43,473)	(202,755)			(246,228)
Total Other Financing Sources (Uses)	(43,473)	(202,755)		2,000,000	1,753,772
Net change in fund balance	65,490	111,135	(5,623)	2,440,795	2,611,797
5	,	,	(/	, -,	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Fund Balance - Beginning of Year	425,936	235,079	1,087,709		1,748,724
Fund Balance - End of Year	\$ 491,426	\$ 346,214	\$ 1,082,086	\$ 2,440,795	\$ 4,360,521

Budgetary Comparison Schedule Construction Fund For the Year Ended June 30, 2005

	Budgeted	l Amounts	Actual Amounts	Variance with Final Budget Positive		
	Original	Final	(Budgetary Basis)	(Negative)		
Budgetary fund balances, Beginning	\$ 12,474,801	\$ 12,474,801	\$ 12,474,801	\$		
Resources (inflows):						
Revenue from use of money and property			174,367	174,367		
Other			1,300	1,300		
Amounts available for appropriation			175,667	175,667		
Charges to appropriations (outflows):						
Capital assets	11,300,000	10,214,967	9,645,842	569,125		
Other			168,531	(168,531)		
Total charges to appropriations	11,300,000	10,214,967	9,814,373	400,594		
Budgetary fund balances, Ending	\$ 1,174,801	\$ 2,259,834	\$ 2,836,095	\$ 576,261		

Budgetary Comparison Schedule Criminal Justice Facility Construction Fund For the Year Ended June 30, 2005

Budgetary fund balances, Beginning	\$	Budgeted Original 425,936	1 Amo	ounts Final 425,936		al Amounts getary Basis) 425,936	Fin	iance with al Budget Positive Vegative)
Resources (inflows):								
Fines, forfeitures, and penalties		98,000		98,000		98,101		101
Revenue from use of money and property		8,000		8,000		10,862		2,862
Amounts available for appropriation		106,000		106,000		108,963		2,963
Charges to appropriations (outflows): Transfers out Total charges to appropriations		43,292 43,292		43,492 43,492		43,473 43,473		19 19
Budgetary fund balances, Ending	\$	488,644	\$	488,444	\$	491,426	\$	2,982
Explanation of Differences between Budgetary and Expenditures:	Inflo	ws and Outfl	ows a	nd GAAP R	evenue	s		
<u>Uses/outflows of resources</u> Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement								43,473
Differences - budget to GAAP: Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.								(43,473)
Total expenditures as reported on the statement changes in fund balances - Nonmajor Capital		_	nditu	res, and			\$	

Budgetary Comparison Schedule Courthouse Fund For the Year Ended June 30, 2005

		Budgeted	l Amo	ounts	Actu	al Amounts	Fii	riance with nal Budget Positive	
		Original		Final	(Budg	getary Basis)	(1	Negative)	
Budgetary fund balances, Beginning	\$	235,079	\$	235,079	\$	235,079	\$		
Resources (inflows):									
Fines, forfeitures, and penalties		372,000		372,000		368,701		(3,299)	
Revenue from use of money and property		9,000		9,000		7,841		(1,159)	
Amounts available for appropriation		381,000		381,000		376,542		(4,458)	
Charges to appropriations (outflows):									
Capital assets		140,385		140,385		62,652		77,733	
Transfers out		240,615		240,615		202,755		37,860	
Total charges to appropriations		381,000		381,000		265,407		115,593	
Budgetary fund balances, Ending	\$	235,079	\$	235,079	\$	346,214	\$	111,135	
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:									
<u>Uses/outflows of resources</u> Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement								265,407	
Differences - budget to GAAP: Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.								(202,755)	
Total expenditures as reported on the statement changes in fund balances - Nonmajor Capital		•	nditu	res, and			\$	62,652	

Budgetary Comparison Schedule Construction Capital Improvement For the Year Ended June 30, 2005

Budgetary fund balances, Beginning	Budgeted Original \$ 1,087,709	Amounts Final \$ 1,087,709	Actual Amounts (Budgetary Basis) \$ 1,087,709	Variance with Final Budget Positive (Negative) \$
Resources (inflows):				
Revenue from use of money and property	30,000	30,000	25,205	(4,795)
Other	900,000	900,000		(900,000)
Transfers in	500,000	500,000		(500,000)
Amounts available for appropriation	1,430,000	1,430,000	25,205	(1,404,795)
Charges to appropriations (outflows):				
Capital assets	1,583,000	1,583,000	30,828	1,552,172
Total charges to appropriations	1,583,000	1,583,000	30,828	1,552,172
Budgetary fund balances, Ending	\$ 934,709	\$ 934,709	\$ 1,082,086	\$ 147,377

Budgetary Comparison Schedule County Center Improvement Fund For the Year Ended June 30, 2005

		Budgeted	eted Amounts			tual Amounts	Fin	iance with al Budget Positive
	Ori	ginal	Final		(Budgetary Basis)		(Negative)	
Budgetary fund balances, Beginning	\$		\$		\$		\$	
Resources (inflows):								
Revenue from use of money and property						25,448		25,448
Aid from other governments				500,000		500,000		,
Other				, 		51,037		51,037
Transfers in				1,051,037		2,000,000		948,963
Amounts available for appropriation				1,551,037		2,576,485		1,025,448
Charges to appropriations (outflows):								
Services and supplies				51,037		644		50,393
Capital assets				1,500,000		135,046		1,364,954
Total charges to appropriations	-			1,551,037	-	135,690		1,415,347
Total charges to appropriations				1,551,057		133,070		1,413,347
Budgetary fund balances, Ending	\$		\$		\$	2,440,795	\$	2,440,795
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:								
Sources/inflows of resources Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison statement \$ 2,576,485								
Differences - budget to GAAP: Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (2,000,000								
Total revenues as reported on the statement of r changes in fund balances - Nonmajor Capital		•	ures,	and			\$	576,485

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND:

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

Balance Sheet Nonmajor Debt Service Fund June 30, 2005

ASSETS

Cash and investments	\$	144,963
Restricted assets:		
Cash with fiscal agent		1,344,551
Advances to other funds		2,001,050
Total Assets	\$	3,490,564
FUND BALANCE		
	Φ.	2 001 050
Reserved for loans receivable and advances	\$	2,001,050
Unreserved, reported in:		
Debt service funds		1,489,514
Total Fund Balance	\$	3,490,564

Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Debt Service Fund For the Year Ended June 30, 2005

Revenues:	
Revenue from use of money and property	\$ 99,026
Total Revenues	99,026
Europ diagram	
Expenditures:	
Debt Service:	• 400 000
Principal	2,180,000
Interest	1,826,208
Administration, issuance and arbitrage fees	572,957
Total Expenditures	4,579,165
Excess (Deficiency) of Revenues Over	
(Under) Expenditures	(4,480,139)
(Olider) Experiantares	(4,460,137)
Other Financing Sources (Uses):	
Refunding certificates of participation issued	13,275,000
Premium on refunding certificates of participation issued	207,113
Payment to refunded debt escrow agent	(13,135,000)
Transfers in	2,851,800
Total Other Financing Sources (Uses)	3,198,913
Net change in fund balance	(1,281,226)
Fund Balance - Beginning of Year	5.054,779
	(282,989)
Prior period adjustment	(282,989)
Fund Balance - End of Year	\$ 3,490,564

Budgetary Comparison Schedule Debt Service Fund For the Year Ended June 30, 2005

	Budgeted Amounts Original Final			etual Amounts dgetary Basis)		Variance with Final Budget Positive (Negative)			
Budgetary fund balances, Beginning, as restated	\$	4,771,790	\$	4,771,790	\$	4,771,790	\$		
Resources (inflows):									
Revenue from use of money and property						99,026		99,026	
Other financing sources						13,482,113		13,482,113	
Transfers in		4,207,479		4,207,479		2,851,800		(1,355,679)	
Amounts available for appropriation		4,207,479		4,207,479		16,432,939		12,225,460	
Charges to appropriations (outflows):									
Debt service		4,207,479		4,533,780		4,579,165		(45,385)	
Other financing uses		4,207,479		4,333,760		13,135,000		(13,135,000)	
Transfers out				13,437,700		13,133,000		13,437,700	
Total charges to appropriations		4,207,479	_	17,971,480		17,714,165		257,315	
Total charges to appropriations		1,207,177	_	17,571,100		17,711,103		237,313	
Budgetary fund balances, Ending	\$	4,771,790	\$	(8,992,211)	\$	3,490,564	\$	12,482,775	
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures: Sources/inflows of resources									
Actual amounts (budgetary basis) "available for approcomparison statement	priatio	on" from budg	getar	у			\$	16,432,939	
Differences - budget to GAAP: Transfers from other funds are inflows of budgeta for financial reporting purposes. Other financing sources	ıry res	ources but are	not	revenues				(2,851,800) (13,482,113)	
Total revenues as reported on the statement of revenue changes in fund balances - Nonmajor Debt Service			d				\$	99,026	
<u>Uses/outflows of resources</u> Actual amounts (budgetary basis) "total charges to appudgetary comparison statement	propri	ations" from t	he				\$	17,714,165	
Differences - budget to GAAP: Transfers to other funds are outflows of budgetary for financial reporting purposes. Other Financing Uses	y resou	urces but are n	ot e	kpenditures				(13,135,000)	
Total expenditures as reported on the statement of rev changes in fund balances - Nonmajor Debt Service		, expenditures	, and	I			\$	4,579,165	

NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

Enterprise funds are 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 of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the County 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 purposes.

Lake Berryessa Resort Improvement

The Lake Berryessa Resort Improvement District (LBRID) was established in the 1960's by the Resort Improvement Act. LBRID's only functions are the provision of water and wastewater services within the district. Revenue is generated primarily from water and sewer availability charges, user fees, and property taxes.

Napa Berryessa Resort Improvement

The Napa Berryessa Resort Improvement District (NBRID) was established in the 1960's by the Resort Improvement Act. NBRID's only functions are the provision of water and wastewater services within the district. Revenue is generated primarily from water and sewer availability charges, user fees, and property taxes.

Combining Statement of Fund Net Assets Nonmajor Enterprise Funds June 30, 2005

	Lake Berryessa Resort		Napa Berryessa Resort			
ASSETS	Im	Improvement		provement	Total	
Current Assets:		_		_		
Cash and Investments	\$	262,438	\$	255,671	\$	518,109
Accounts receivable		6,181		7,111		13,292
Assessments receivable		31,637		14,673		46,310
Total Current Assets		300,256		277,455		577,711
Noncurrent Assets:						
Capital Assets:						
Nondepreciable:						
Land		5,050		44,402		49,452
Depreciable:						
Buildings and improvements		1,732,127		1,626,527		3,358,654
Equipment		148,935		99,560		248,495
Accumulated depreciation		(1,045,281)		(1,131,423)	((2,176,704)
Total Noncurrent Assets		840,831		639,066		1,479,897
Total Assets	\$	1,141,087	\$	916,521	\$	2,057,608
LIABILITIES						
Current Liabilities:						
Accounts payable	\$	741	\$	4,181	\$	4,922
Deposits with others		25,050		39,510		64,560
Total Current Liabilities		25,791		43,691		69,482
NET ASSETS						
Invested in capital assets, net of related debt		840,831		639,066		1,479,897
Unrestricted		274,465		233,764		508,229
Total Net Assets		1,115,296		872,830		1,988,126
Total Liabilities and Net Assets	\$	1,141,087	\$	916,521	\$	2,057,608

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds For the Year Ended June 30, 2005

	Lake Berryessa Resort				
	Improvement			rovement	Total
Operating Revenues:	-		-		
Charges for services	\$	557,551	\$	576,164	\$ 1,133,715
Total Operating Revenues		557,551		576,164	1,133,715
Operating Expenses:					
Services and supplies		556,494		583,349	1,139,843
Insurance		3,207		7,282	10,489
Other charges		69,545			69,545
Depreciation and amortization		81,050		43,401	124,451
Total Operating Expenses		710,296		634,032	1,344,328
Operating Income (Loss)		(152,745)		(57,868)	(210,613)
Non-Operating Revenues (Expenses):					
Aid from other governmental units		230		351	581
Tax revenue		6,704		6,658	13,362
Non-operating revenues		37		73	110
Interest income		6,926		9,509	16,435
Total Non-Operating Revenues (Expenses)		13,897		16,591	30,488
Change in Net Assets		(138,848)		(41,277)	(180,125)
Net Assets - Beginning of Year		1,254,144		914,107	2,168,251
Net Assets - End of Year	\$	1,115,296	\$	872,830	\$ 1,988,126

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2005

	Lake Berryessa Resort Improvement	Napa Berryessa Resort Improvement	Total
CASH FLOWS FROM			
OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 556,209	\$ 573,316	\$ 1,129,525
Cash paid to suppliers for goods and services	(627,850)	(602,488)	(1,230,338)
Net Cash Provided (Used) by			
Operating Activities	(71,641)	(29,172)	(100,813)
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES:			
Aid from other governmental units	230	351	581
Non-operating revenues	6,741	6,731	13,472
Net Cash Provided (Used) by			
Noncapital Financing Activities	6,971	7,082	14,053
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES:		(220.055)	(220.055)
Payments related to the acquisition of capital assets		(239,957)	(239,957)
Net Cash Provided (Used) by Capital			
and Related Financing Activities		(239,957)	(239,957)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	6,926	9,509	16,435
Net Cash Provided by Investing Activities	6,926	9,509	16,435
Net Increase (Decrease) in Cash			
and Cash Equivalents	(57,744)	(252,538)	(310,282)
Cash and Cash Equivalents, Beginning of Year	320,182	508,209	828,391
Cash and Cash Equivalents, End of Year	\$ 262,438	\$ 255,671	\$ 518,109

Statement of Cash Flows (continued) Nonmajor Enterprise Funds For the Year Ended June 30, 2005

Decree West's an of Occupation Learning (Learn)	Lake Berryessa Resort Improvement	Napa Berryessa Resort Improvement	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by			
Operating Activities:			
Operating income (loss)	\$ (152,745)	\$ (57,868)	\$ (210,613)
Adjustments to reconcile operating income	,		
(loss) to net cash provided (used) by			
operating activities:			
Depreciation	81,050	43,401	124,451
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(298)	(1,668)	(1,966)
Assessment receivable	(1,044)	(1,180)	(2,224)
Increase (decrease) in:			
Accounts payable	(1,464)	(16,963)	(18,427)
Deposits with others	2,860	5,106	7,966
Net Cash Provided (Used) by			
Operating Activities	\$ (71,641)	\$ (29,172)	\$ (100,813)



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments on a cost-reimbursement basis. Internal Service Funds used at the County are listed below:

Equipment Pool Service Fund, Equipment Replacement Fund and Vehicle Replacement Fund

These are working capital funds for the acquisition, operation and maintenance of the County-owned vehicle fleet and road maintenance equipment. Vehicles purchased are assigned to the operating departments. The departments are then charged mileage for the use of the vehicles. The revenue offsets the cost of the program.

Information Technology Services

ITS is responsible for the development, operation and maintenance of all County information technology systems (computer network and voice communications.) ITS is organized as an Internal Service Fund within County government, where appropriations are offset by revenue derived from charges for services to all departments and agencies that use the County's information technology systems.

Workers' Compensation

A self-insured Workers' Compensation Program and Internal Service Fund (ISF) was established in 1978 to partially self-insure against work-related losses. The current self-insured level is \$250,000 per claim occurrence. Coverage in excess of this limit, up to the statutory limit, is provided through participation in the California State Association of Counties Excess Insurance Authority (CSAC EIA). Annual charges for services for each department are based on a formula calculated from past claims experience and an assigned risk exposure for each employee/job classification within the department.

General Liability

The self-insured Liability program provides liability coverage for an initial portion of all losses resulting from tort or inverse condemnation. The current self-insured level is \$300,000 per claim occurrence. Excess liability coverage is provided through participation in the California State Association of Counties Excess Insurance Authority (CSAC EIA).

Annual charges for services for each department are based on a formula calculated from past claims experience and an assigned risk exposure for each department.

Combining Statement of Fund Net Assets Internal Service Funds June 30, 2005

ASSETS	Equipment Pool Service Fund		Pool Service Equipment		Vehicle Replacement		nformation Fechnology Services
Current Assets:		_			_		_
Cash and Investments	\$	300,224	\$ 2,998,934	\$	1,638,947	\$	1,343,197
Imprest cash							100
Inventories		16,342					
Accounts receivable		3,048					
Deposits							
Total Current Assets		319,614	2,998,934		1,638,947	_	1,343,297
Noncurrent Assets:							
Depreciable:							
Equipment		128,406	5,467,464		3,474,327		1,887,424
Accumulated depreciation		(128,406)	(2,675,052)		(1,715,379)		(1,422,750)
Total Noncurrent Assets			2,792,412		1,758,948	_	464,674
Total Assets	\$	319,614	\$ 5,791,346	\$	3,397,895	\$	1,807,971
LIABILITIES							
Current Liabilities:							
Accounts payable	\$	49,770	\$	\$	22,401	\$	20,331
Accrued salaries and benefits		4,163					135,269
Liability for unpaid claims							
Liability for compensated absences							62,249
Total Current Liabilities		53,933			22,401		217,849
Long-Term Liabilities:							
Liability for unpaid claims							
Liability for compensated absences		636					164,960
Total Liabilities		54,569			22,401		382,809
NET ASSETS							
Invested in capital assets, net of related debt			2,792,412		1,758,948		464,674
Unrestricted		265,045	2,998,934		1,616,546		960,488
Total Net Assets		265,045	5,791,346		3,375,494		1,425,162
Total Liabilities and Net Assets	\$	319,614	\$ 5,791,346	\$	3,397,895	\$	1,807,971

Combining Statement of Fund Net Assets (continued) Internal Service Funds June 30, 2005

ASSETS	Workers' Compensation	General Liability	Total
Current Assets:			
Cash and Investments	\$ 7,287,410	\$ 4,944,230	\$ 18,512,942
Imprest cash		30,452	30,552
Inventories			16,342
Accounts receivable			3,048
Deposits	60,000	50,000	110,000
Total Current Assets	7,347,410	5,024,682	18,672,884
Noncurrent Assets:			
Depreciable:			
Equipment			10,957,621
Accumulated depreciation			(5,941,587)
Total Noncurrent Assets			5,016,034
Total Assets	\$ 7,347,410	\$ 5,024,682	\$ 23,688,918
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 49,729	\$ 6,937	\$ 149,168
Accrued salaries and benefits	(679)		138,753
Liability for unpaid claims	2,697,710	3,218,179	5,915,889
Liability for compensated absences			62,249
Total Current Liabilities	2,746,760	3,225,116	6,266,059
Long-Term Liabilities:			
Liability for unpaid claims	2,532,290	61,821	2,594,111
Liability for compensated absences			165,596
Total Liabilities	5,279,050	3,286,937	9,025,766
NET ASSETS			
Invested in capital assets, net of related debt			5,016,034
Unrestricted	2,068,360	1,737,745	9,647,118
Total Net Assets	2,068,360	1,737,745	14,663,152
Total Liabilities and Net Assets	\$ 7,347,410	\$ 5,024,682	\$ 23,688,918

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2005

	Equipment Pool Service Fund		Equipment Replacement		Vehicle eplacement		nformation Cechnology Services
Operating Revenues:	20.210						
Charges for services	\$ 20,310	\$		\$		\$	5,663,798
Maintenance Charges:	526,861						
Equipment Vehicle	570,287						
Replacement charges			271,864		343,947		
Other revenue	2,542		2/1,004		10,000		106 591
Other revenue	 2,342				10,000		106,581
Total Operating Revenues	 1,120,000		271,864		353,947		5,770,379
Operating Expenses:							
Salaries and employee benefits	141,910						4,151,350
Services and supplies	963,083						1,572,681
Insurance Premium							
Claims expense							
Depreciation and amortization	 		272,384		329,074		179,072
Total Operating Expenses	 1,104,993		272,384		329,074		5,903,103
Operating Income (Loss)	15,007		(520)		24,873		(132,724)
Non-Operating Revenues (Expenses):							
Interest income	9,492		65,127		36,667		20,418
Gain (loss) on disposition of capital assets			15,158		(18,798)		(82,956)
Total Non-Operating Revenues (Expenses)	 9,492		80,285		17,869		(62,538)
Net Income Before Transfers	24,499		79,765		42,742		(195,262)
Transfers in			121,791		44,145		
Transfers out	 (100,000)		(64,000)				
Change in Net Assets	(75,501)		137,556		86,887		(195,262)
Net Assets - Beginning of Year	340,546		5,653,790		3,288,607		1,620,424
Net Assets - End of Year	\$ 265,045	\$	5,791,346	\$	3,375,494	\$	1,425,162

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued) Internal Service Funds For the Year Ended June 30, 2005

	Workers' Compensation		General Liability			Total
Operating Revenues:	<u> </u>					
Charges for services	\$	2,161,098	\$	1,152,367	\$	8,997,573
Maintenance Charges:						
Equipment						526,861
Vehicle						570,287
Replacement charges						615,811
Other revenue		176			_	119,299
Total Operating Revenues		2,161,274		1,152,367		10,829,831
Operating Expenses:						
Salaries and employee benefits						4,293,260
Services and supplies		1,101,724		159,572		3,797,060
Insurance Premium				285,277		285,277
Claims expense		1,077,344		985,685		2,063,029
Depreciation and amortization						780,530
Total Operating Expenses		2,179,068		1,430,534		11,219,156
Operating Income (Loss)		(17,794)		(278,167)		(389,325)
Non-Operating Revenues (Expenses):						
Interest income		155,140		114,045		400,889
Gain (loss) on disposition of capital assets						(86,596)
Total Non-Operating Revenues (Expenses)		155,140		114,045		314,293
Net Income Before Transfers		137,346		(164,122)		(75,032)
Transfers in				33,631		199,567
Transfers out		(50,000)		(288,466)	_	(502,466)
Change in Net Assets		87,346		(418,957)		(377,931)
Net Assets - Beginning of Year		1,981,014		2,156,702		15,041,083
Net Assets - End of Year	\$	2,068,360	\$	1,737,745	\$	14,663,152

Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2005

	Equipment Pool Service Equipment Fund Replacement		Vehicle Replacement	Information Technology Services
CASH FLOWS FROM				
OPERATING ACTIVITIES:				
Cash receipts from internal services provided	\$ 1,120,609	\$ 271,864	\$ 353,947	\$ 5,770,379
Cash paid to suppliers for goods and services	(949,781)		22,401	(1,607,015)
Cash paid to employees for services	(169,103)	. <u></u>		(4,103,154)
Net Cash Provided (Used) by				
Operating Activities	1,725	271,864	376,348	60,210
CASH FLOWS FROM NONCAPITAL				
FINANCING ACTIVITIES:				
Transfers in		121,791	44,145	
Transfers out	(100,000)	(64,000)		
Net Cash Provided (Used) by				
Noncapital Financing Activities	(100,000)	57,791	44,145	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds of sales of capital assets		25,425	23,200	
Payments related to the acquisition of capital assets		(233,517)	(540,308)	(121,203)
Net Cash Provided (Used) by Capital				
and Related Financing Activities		(208,092)	(517,108)	(121,203)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	9,492	65,127	36,667	20,418
Net Cash Provided by Investing Activities	9,492	65,127	36,667	20,418
Net Increase (Decrease) in Cash				
and Cash Equivalents	(88,783)	186,690	(59,948)	(40,575)
Cash and Cash Equivalents, Beginning of Year	389,007	2,812,244	1,698,895	1,383,872
Cash and Cash Equivalents, End of Year	\$ 300,224	\$ 2,998,934	\$ 1,638,947	\$ 1,343,297

Combining Statement of Cash Flows (continued) Internal Service Funds For the Year Ended June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	Workers' Compensation	General Liability	Total
Cash receipts from internal services provided	\$ 2,161,274	\$ 1,152,367	\$ 10,830,440
Cash paid to suppliers for goods and services	(2,229,401)	(1,430,267)	(6,194,063)
Cash paid to employees for services	(679)	(1,130,207)	(4,272,936)
Net Cash Provided (Used) by			
Operating Activities	(68,806)	(277,900)	363,441
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES:			
Transfers in		33,631	199,567
Transfers out	(50,000)	(288,466)	(502,466)
Net Cash Provided (Used) by			
Noncapital Financing Activities	(50,000)	(254,835)	(302,899)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: Proceeds of sales of capital assets			48,625
Payments related to the acquisition of capital assets			(895,028)
Net Cash Provided (Used) by Capital and Related Financing Activities			(846,403)
and Related I maneing Activities			(040,403)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	155,140	114,045	400,889
Net Cash Provided by Investing Activities	155,140	114,045	400,889
Net Increase (Decrease) in Cash and Cash Equivalents	36,334	(418,690)	(384,972)
Cash and Cash Equivalents, Beginning of Year	7,251,076	5,393,372	18,928,466
Cash and Cash Equivalents, End of Year	\$ 7,287,410	\$ 4,974,682	\$ 18,543,494

Combining Statement of Cash Flows (continued) Internal Service Funds For the Year Ended June 30, 2004

	Ec	quipment					Iı	nformation	
	Poo	Pool Service Equipment				Vehicle		Technology	
		Fund	Re	placement	R	eplacement	Services		
Reconciliation of Operating Income (Loss)									
to Net Cash Provided (Used) by									
Operating Activities:									
Operating income (loss)	\$	15,007	\$	(520)	\$	24,873	\$	(132,724)	
Adjustments to reconcile operating income									
(loss) to net cash provided (used) by									
operating activities:									
Depreciation				272,384		329,074		179,072	
Changes in assets and liabilities:									
(Increase) decrease in:									
Accounts receivable		609							
Inventory		(517)							
Increase (decrease) in:									
Accounts payable		13,819				22,401		(34,334)	
Accrued salaries		(1,814)						25,243	
Compensated absences		(25,379)						22,953	
Net Cash Provided (Used) by									
Operating Activities	\$	1,725	\$	271,864	\$	376,348	\$	60,210	

Combining Statement of Cash Flows (continued) Internal Service Funds For the Year Ended June 30, 2004

	Workers' Compensation		General Liability		Total	
Reconciliation of Operating Income (Loss)			•		,	
to Net Cash Provided (Used) by						
Operating Activities:						
Operating income (loss)	\$ (17,794)	\$	(278,167)	\$	(389,325)	
Adjustments to reconcile operating income						
(loss) to net cash provided (used) by						
operating activities:						
Depreciation					780,530	
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable					609	
Inventory					(517)	
Increase (decrease) in:						
Accounts payable	(50,333)		267		(48,180)	
Accrued salaries	(679)				22,750	
Compensated absences	 	_			(2,426)	
Net Cash Provided (Used) by						
Operating Activities	\$ (68,806)	\$	(277,900)	\$	363,441	



FIDUCIARY FUNDS

INVESTMENT TRUST FUNDS:

These funds are used by the County to account for the assets of legally separate entities who deposit cash with the County Treasurer. These include school and community college districts, other special districts governed by local boards, regional boards and authorities, courts and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

School Districts

The school districts are legally separate primary governmental units. The financial reporting for these governmental entities, which are independent of the County of Napa, is limited to the total amount of cash and investments and the related fiduciary responsibilities of the County for disbursement of these assets. Activities of the school districts are administered by boards which are separately elected and which are independent of the County Board of Supervisors and have been excluded from the County's basic financial statements.

Special Districts

The special districts are legally separate primary governmental units. The financial reporting for these governmental entities, which are independent of the County of Napa, is limited to the total amount of cash and investments and the related fiduciary responsibilities of the County for disbursement of these assets. Activities of the local board governed districts are administered by boards which are separately elected and which are independent of the County Board of Supervisors and have been excluded from the County's basic financial statements.

AGENCY FUNDS:

Agency funds account for assets held by the County as an agent for various local governments and individuals.

Combining Statement of Fiduciary Net Assets Investment Trust Funds June 30, 2005

ASSETS				Special Districts		Total
Current Assets:	¢.	126 100 045	ф	20 552 570	ď	174 662 422
Cash and investments	\$	136,109,845	\$	38,553,578	<u> </u>	174,663,423
Total Current Assets	\$	136,109,845	\$	38,553,578	\$	174,663,423
NET ASSETS Net assets held in trust for investment pool participants	\$	136,109,845	\$	38,553,578	\$	174,663,423
Total Net Assets	<u>\$</u>	136,109,845	\$	38,553,578	\$	174,663,423

Combining Statement of Changes in Fiduciary Net Assets Investment Trust Funds For the Year Ended June 30, 2005

	Schools Districts	Special Districts	Total
<u>ADDITIONS</u>			
Contributions:			
Contributions to investment pool	\$ 1,029,852,445	\$ 106,715,214	\$ 1,136,567,659
Total Contribution	1,029,852,445	106,715,214	1,136,567,659
Net Investment Income:			
Interest	1,699,681	1,040,699	2,740,380
Net Investment Income	1,699,681	1,040,699	2,740,380
Total Additions	1,031,552,126	107,755,913	1,139,308,039
DEDUCTIONS			
Distributions from investment pool	969,597,686	108,888,507	1,078,486,193
Total Deductions	969,597,686	108,888,507	1,078,486,193
Change in Net Assets	61,954,440	(1,132,594)	60,821,846
Net Assets, Beginning	74,155,405	39,686,172	113,841,577
Net Assets, Ending of Year	\$ 136,109,845	\$ 38,553,578	\$ 174,663,423

Combining Statement of Changes in Assets and Liabilities Agency Funds June 30, 2005

ASSETS	July 1, 2004	Additions	Deletions	June 30, 2005
Current Assets:				
Cash and investments	\$ 26,285,337	\$ 550,924,807	\$ 537,024,421	\$ 40,185,723
Taxes receivable	5,636,457	3,746,474		9,382,931
Total Current Assets	\$ 31,921,794	\$ 554,671,281	\$ 537,024,421	\$ 49,568,654
LIABILITIES				
Agency funds held for others	\$ 31,921,794	\$ 554,671,281	\$ 537,024,421	\$ 49,568,654
Total Liabilities	\$ 31,921,794	\$ 554,671,281	\$ 537,024,421	\$ 49,568,654



Statistical Section

Statistical Section

This part of the County of Napa's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and required supplementary information.

	Page
Financial Trends Information These schedules contain trend information that may assist the reader in assessing the County's current financial performance by placing it in historical perspective	134
Revenue Capacity Information	
These schedules contain information that may assist the reader in assessing the viability of the County's two most significant local revenue sources; property taxes and sales taxes	138
Debt Capacity Information	
These schedules present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future	145
Demographic & Economic Information These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader's understanding of the County's present and ongoing financial status	148
Operating Information	
This schedule contains service and infrastructure indicators about how the information in the	
County's financial statements relates to the services the County provides and the activities it performs	150

Notes: The County implemented GASB Statement No. 34 in 2001-2002; schedules presenting government-wide information include information beginning in that year.

County of Napa Changes in Net Assets, Last Four Fiscal Years

(accrual basis of accounting)

				Fisca	al Year			
		2001-02		2002-03		2003-04		2004-05
Expenses								
Governmental activities:								
General government	\$	32,049,841	\$	35,498,520	\$	33,547,309	\$	24,611,200
Public protection		54,093,413		59,155,040		62,616,759		70,316,699
Public ways and facilities		21,127,537		16,877,819		23,224,824		28,269,848
Health and sanitation		27,125,790		29,123,849		27,777,318		29,561,078
Public assistance		28,898,408		26,085,613		27,306,722		31,683,117
Education		4,382,122		4,869,614		4,827,336		5,194,812
Recreational and cultural services		-		44,978		300,142		1,021,586
Debt service:								
Interest on long-term debt		3,640,446		3,549,288		4,474,723		3,882,91
Administration and arbitrage fees		· · · · · ·		171,193		11,209		1,507,883
Total governmental activities expenses		171,317,557		175,375,914		184,086,342		196,049,130
Business-type activities:				,	-	,,.		
Airport		1,251,864		1,435,205		1,715,493		1,676,592
Lake Berryessa Resort Improvement		480,768		574,405		709,545		710,296
Napa Berryessa Public Improvement		489,437		584,255		567,119		634,032
• •	-	2,222,069		2,593,865		2,992,157		3,020,920
Total business-type activities expenses Total primary government expenses	\$	173,539,626	\$	177,969,779	\$	187,078,499	\$	199,070,05
Program Revenues Governmental activities:								
Governmental activities:								
Charges for services:								
General government	\$	5,706,775	\$	4,976,957	\$	3,368,205	\$	3,305,17
Public protection		9,023,197		9,203,552		11,616,975		15,100,42
Other activities Operating grants and contributions		6,000,804 78,530,500		10,147,260 77,087,961		11,226,993 81,430,737		9,947,969 73,472,534
Capital grants and contributions		78,330,300		77,087,901		40,000		13,412,33
Total governmental activities program revenues		99,261,276		101,415,730		107,682,910		101,826,103
Business-type activities:				, , , , , , , , ,		,,		,,,,,,,
Charges for services:								
Airport		1,492,907		1,554,468		1,540,253		1,571,022
Lake Berryessa Resort Improvement		505,227		514,730		583,130		557,55
Napa Berryessa Public Improvement		550,526		521,361		633,931		576,16
Operating grants and contributions Capital grants and contributions		1,367,540		1,187,475		945,373		2,975,901
Total business-type activities program revenues		3,916,200		3,778,034		3,702,687		5,680,638
Total primary government program revenues	\$	103,177,476	\$	105,193,764	\$	111,385,597	\$	107,506,74
Y . 77					-			
Net (Expense)/Revenue ¹	¢.	(72.057.201)	ф	(72.060.104)	¢	(76.402.422)	d.	(04.222.022
Governmental activities Business-type activities	\$	(72,056,281) 1,694,131	\$	(73,960,184) 1,184,169	\$	(76,403,432) 710,530	\$	(94,223,033 2,659,718
Total primary government net expense	\$	(70,362,150)	\$	(72,776,015)	\$	(75,692,902)	\$	(91,563,315

(Continued)

Notes:

Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than expenses.

County of Napa Changes in Net Assets, Last Four Fiscal Years, continued

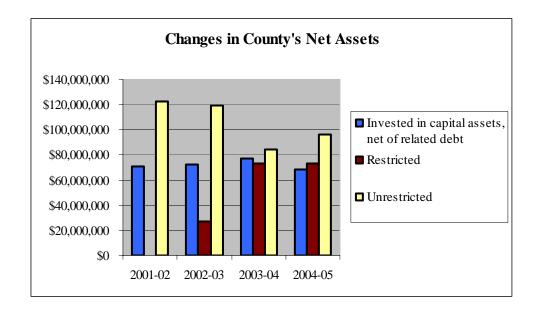
(accrual basis of accounting)

	Fiscal Year										
		2001-02		2002-03		2003-04		2004-05			
General Revenues and Other Changes in Net Assets											
Governmental activities:											
Taxes											
Property taxes	\$	41,161,336	\$	45,288,344	\$	42,424,261	\$	44,667,099			
Sales and use taxes		23,897,615		25,700,246		27,920,438		27,065,296			
Other		-		-		6,161,383		7,535,043			
Motor vehicle in lieu taxes								9,417,773			
Unrestricted interest and investment earnings		5,172,876		4,012,538		2,968,228		3,713,125			
Miscellaneous		8,562,503		6,653,267		7,166,948		2,535,650			
Special items		-		-		1,801,309		-			
Transfers		276,009		(667,395)		77,476		85,840			
Total governmental activities		79,070,339		80,987,000		88,520,043		95,019,826			
Business-type activities:											
Investment earnings		19,453		62,215		36,415		69,232			
Miscellaneous		155,560		451,113		184,129		119,809			
Transfers		(276,009)		667,395		(77,476)		(85,840)			
Total business-type activities		(100,996)		1,180,723		143,068		103,201			
Total primary government	\$	78,969,343	\$	82,167,723	\$	88,663,111	\$	95,123,027			
Change in Net Assets											
Governmental activities	\$	7,014,058	\$	7,026,816	\$	12,116,611	\$	796,793			
Business-type activities		1,593,135		2,364,892		853,598		2,762,919			
Total primary government	\$	8,607,193	\$	9,391,708	\$	12,970,209	\$	3,559,712			

County of Napa Government-wide Net Assets by Component, Last Four Fiscal Years

(accrual basis of accounting)

	Fiscal Year								
		2001-02		2002-03		2003-04		2004-05	
Governmental activities									
Invested in capital assets, ¹ net of related debt	\$	58,975,246	\$	60,088,718	\$	66,892,363	\$	55,998,181	
Restricted		-		26,658,643		73,467,180		73,543,466	
Unrestricted		124,753,532		119,685,666		81,546,729		92,878,429	
Total governmental activities net assets	\$	183,728,778	\$	206,433,027	\$	221,906,272	\$	222,420,076	
Business-type activities									
Invested in capital assets, net of related debt	\$	11,486,607	\$	12,061,886	\$	9,972,402	\$	12,139,129	
Unrestricted		(1,976,428)		(186,815)		2,756,267		3,254,322	
Total business-type activities net assets	\$	9,510,179	\$	11,875,071	\$	12,728,669	\$	15,393,451	
Primary government									
Invested in capital assets, net of related debt	\$	70,461,853	\$	72,150,604	\$	76,864,765	\$	68,137,310	
Restricted		-		26,658,643		73,467,180		73,543,466	
Unrestricted		122,777,104		119,498,851		84,302,996		96,132,751	
Total primary government net assets ²	\$	193,238,957	\$	218,308,098	\$	234,634,941	\$	237,813,527	
Percent of increase (decrease) in primary government n	et assets	N/A		12.97%		7.48%		1.35%	



Notes:

¹ Capital assets include land, easements, infrastructure, construction in progress, structures and improvements, and equipment

² Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when an external party, such as the state or federal governments, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.

County of Napa Fund Balances, Governmental Funds, Last Ten Fiscal Years

(modified accrual basis of accounting)
(in thousands)

	Fiscal Year																			
	19	995-9 <u>6</u>	19	<u>996-97</u>	1	<u>997-98</u>	1	<u>998-99</u>	1	<u>999-00</u>	<u>2000-01</u>		<u>2001-02</u>		20	002-03	2	003-04	2	<u>004-05</u>
General Fund																				
Reserved	\$	4,102	\$	2,535	\$	4,052	\$	9,205	\$	11,089	\$	11,798	\$	26,413	\$	21,971	\$	8,225	\$	7,394
Unreserved		10,088		12,474		10,889		10,032		14,644		27,693		42,563		44,317		56,471		57,574
Total general fund	\$	14,190	\$	15,009	\$	14,941	\$	19,237	\$	25,733	\$	39,491	\$	68,976	\$	66,288	\$	64,696	\$	64,968
							_		_											
All Other Governmental Funds																				
Reserved		16,150		31,222		21,212		14,746		47,783		17,091		33,416		68,644		20,546		17,551
Unreserved, reported in:																				
Special revenue funds		3,588		3,576		4,859		10,926		22,607		31,081		6,927		22,579		52,154		61,985
Capital projects funds		277		299		568		714		-		-		991		534		12,710		7,124
Debt service funds		-		-		-		-		-		-		7,800		5,365		4,296		1,490
Total all other governmental funds	\$	20,015	\$	35,097	\$	26,639	\$	26,386	\$	70,390	\$	48,172	\$	49,134	\$	97,122	\$	89,706	\$	88,150

County of Napa Governmental Activities Tax Revenues By Source Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	 Property Tax		Sales & Use Tax		Transient Occupancy Tax	Property Transfer Tax		Other Taxes	Total
1996	\$ 21,513,526	\$	8,960,549	\$	3,604,087	\$ 413,922	\$	2,814	\$ 34,494,898
1997	22,669,260		10,580,454		4,025,255	519,712		-	37,794,681
1998	23,349,954		10,274,084		4,393,654	657,862		12,614	38,688,168
1999	25,573,812		18,878,339		4,865,146	866,531		1,887	50,185,715
2000	27,653,695		22,863,411		5,029,392	1,103,203		2,975	56,652,676
2001	31,858,409		25,402,154		5,743,126	1,127,920		3,452	64,135,061
2002	34,344,592		24,359,026		4,293,481	1,054,546		1,543	64,053,188
2003	39,213,921		25,858,407		4,774,394	1,140,502		1,365	70,988,589
2004	42,424,260		28,065,192		4,718,763	1,440,722		1,899	76,650,836
2005	44,667,099		27,065,296		5,743,951	1,790,692		400	79,267,438
Change									
1996-									
2005	107.6%	1	202.0%	2	59.4%	332.6%	3	-85.8%	129.8%

Notes:

- Property tax revenues increased 108 percent in the last ten years due to additional assessments by the Assessor's Office based on reappraisals of real property due to changes in ownership or completion of new construction.
- Sales and use tax revenues increased 202 percent in the last ten years due to a combination of rate increases (an additional ½ cent sales tax for flood improvements began in July of 1998) and general growth in taxable sales.
- Property Transfers have increased 333 percent over the last ten years due to an increase in the number of changes in ownerships.

Source: Auditor-Controller's Office - County of Napa, California

County of Napa Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

(modified accrual basis of accounting) (in thousands)

										Fiscal	Year	•								
	1	995-96	1	1996-97	1	997-98	1	1998-99	1	999-00	2	2000-01	2	001-02	2	2002-03	2	003-04	2	004-05
Revenues:																				
Taxes	\$	35,268	\$	37,113	\$	38,696	\$	49,791	\$	46,398	\$	62,874	\$	65,059	\$	70,989	\$	76,506	\$	88,685
Licenses, fees and permits	Ф	1,456	Ф	4,905	Ф	5,637	Ф	2,518	Ф	1,888	Ф	2,605	Ф	4,325	Ф	2,936	Ф	3,590	Ф	3,981
Fines, forfeits and penalties		62,190		55,224		57,137		57,997		70,874		68,339		1,769		1,927		2,263		1,385
Use of money and property		2,062		1,164		1,380		2,794		2,398		1,761		4,522		3,551		2,700		3,312
Aid from other governments		15,276		2,597		2,655		2,794		2,398 4,744		6,205		78,530		77,088		77,462		73,473
Charges for services		1,003		11,272		11,871		13,199		11,296		13,190		14,496		19,140		19,620		22,988
Other		4,249		5,054		6,780		4,129		7,503		10,204		8,560		6,970		7,186		4,101
Total Revenues		121,504		117,329		124,156		132,631		145,101		165,178		177,261		182,601		189,327		197,925
Total Revenues		121,304		117,329		124,130		132,031		143,101		103,178		177,201		182,001		189,327		197,923
Expenditures:																				
Current:																				
General government		19,685		16,548		19,266		25,443		24,769		28,944		27,344		36,207		29,906		24,887
Public protection		38,785		44,188		48,777		39,202		40,464		38,463		53,186		58,057		61,253		69,203
Public ways and facilities		7,284		5,375		5,234		10,148		17,502		44,963		14,814		10,527		16,859		22,298
Health and sanitation		16,885		17,828		18,400		19,458		20,577		24,453		26,976		28,963		27,663		29,404
Public assistance		36,138		24,436		23,237		23,514		22,916		19,748		28,746		25,924		27,110		31,566
Education		3,220		2,706		2,780		2,941		3,007		3,167		4,297		4,783		4,735		5,075
Recreational and cultural services		4		-		-		-		-		-		-		45		300		1,022
Capital Outlay		1,830		3,691		10,099		5,615		1,171		3,909		7,132		7,710		21,505		20,048
Debt Service:																				
Princip al		1,845		1,935		2,050		2,640		2,790		2,950		3,110		9,870		3,880		4,365
Interest		1,791		1,546		2,160		2,044		3,920		3,808		3,641		3,421		4,472		3,941
Administration and arbitrage fees		_		-		-		-		-		-		-		1,091		11		1,508
Total Expenditures		127,467		118,253		132,003		131,005		137,116		170,405		169,246		186,598		197,694		213,317
Excess of revenue																				
over (under) expenditures		(5,963)		(924)		(7,847)		1,626		7,985		(5,227)		8,015		(3,997)		(8,367)		(15,392)
over (under) experientures		(3,903)		(924)		(7,047)		1,020		1,965		(3,221)		0,013		(3,991)		(0,307)		(13,392)
Other Financing Sources (Uses)																				
Proceeds from borrowing				16,994				611		43,620						32,417				14,002
Transfers in		6,491		6,882		8,121		8,279		5,300		4,567		4,871		16,052		4,738		5,857
Transfers out		(5,915)		(6,085)		(7,532)		(5,729)		(4,550)		(4,887)		(4,366)		(15,048)		(5,378)		(5,468)
Total other financing								,		_										
sources (uses)		576		17,791		589		3,161		44,370		(320)		505		33,421		(640)		14,391
Net change in fund balances	\$	(5,387)	\$	16,867	\$	(7,258)	\$	4,787	\$	52,355	\$	(5,547)	\$	8,520	\$	29,424	\$	(9,007)	\$	(1,001)
The change in fund balances	Ψ	(3,307)	Ψ	10,007	Ψ	(7,230)	Ψ	7,707	Ψ	32,333	Ψ	(3,377)	Ψ	0,520	Ψ	27,724	Ψ	(2,007)	Ψ	(1,001)
Debt service as a percentage of																				
noncapital expenditures		2.89%		3.04%		3.45%		3.74%		4.94%		4.06%		4.16%		7.43%		4.74%		4.30%

County of Napa Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	7	Γaxes Levied	Collected within the Estate Co			(Collections		Total Collection	ns to Date	Total Cumulative Uncollected Taxes			
Ended		for the			Percentage	in Subsequent			Percentage			Percentage		
June 30,		Fiscal Year		Amount	of Levy		Years		Amount	of Levy	A	mount	of Levy	
1996	\$	101,432,268	\$	98,876,277	97.48%	\$	2,554,985	\$	101,431,262	100.00%	\$	1,006	0.00%	
1997		106,210,897		103,627,105	97.57%		2,573,639		106,200,744	99.99%		10,153	0.01%	
1998		110,321,364		107,611,776	97.54%		2,692,945		110,304,721	99.98%		16,643	0.02%	
1999		118,072,074		115,611,143	97.92%		2,440,644		118,051,787	99.98%		20,287	0.02%	
2000		126,413,149		124,436,238	98.44%		1,934,451		126,370,689	99.97%		42,460	0.03%	
2001		138,346,760		136,022,226	98.32%		2,287,608		138,309,834	99.97%		36,926	0.03%	
2002		154,095,824		151,698,269	98.44%		2,294,509		153,992,778	99.93%		103,046	0.07%	
2003		170,449,903		167,419,783	98.22%		2,792,788		170,212,571	99.86%		237,332	0.14%	
2004		194,623,245		191,764,130	98.53%		2,388,324		194,152,454	99.76%		470,791	0.24%	
2005		211,298,951		207,475,991	98.19%		-		207,475,991	98.19%		3,822,960	1.81%	

Source: Auditor-Controller's Office – County of Napa, California

County of Napa Taxable Assessed Value of Property Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended	Year		Less: Personal Tax Exempt					otal Taxable Assessed	 Net Increase					
June 30,		Property	1	Property		Property	_	Value ¹	Amount	Percentage				
1996	\$	9,221,046	\$	471,573	\$	469,943	\$	9,222,676	-	n/a				
1997		9,509,751		502,246		495,905		9,516,092	\$ 293,416	3.18%				
1998		9,862,414		529,589		504,450		9,887,553	371,461	3.90%				
1999		10,379,531		628,954		518,199		10,490,286	602,733	6.10%				
2000		11,347,969		626,689		539,918		11,434,740	944,454	9.00%				
2001		12,509,849		623,099		550,129		12,582,819	1,148,079	10.04%				
2002		14,086,106		691,127		588,735		14,188,498	1,605,679	12.76%				
2003		15,617,221		713,924		674,258		15,656,887	1,468,389	10.35%				
2004		17,193,975		757,097		712,053		17,239,019	1,582,132	10.11%				
2005		18,805,536		794,875		736,767		18,863,644	1,624,625	9.42%				

Notes:

- Article XIIIA, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased:
 - a. To reflect annual inflation up to two percent;
 - b. To reflect current market value at time of ownership change and
 - c. To reflect market value for new construction

Source: Auditor-Controller's Office - County of Napa, California

County of Napa Direct and Overlapping Property Tax Rates¹ Last Ten Fiscal Years

(rate per \$100 of assessed value)

		o			
Fiscal Year	County Direct Rate	Local S pecial Districts	Schools	Cities	Total Direct and Overlapping ²
1996	1.00	0.76	0.01	0.04	1.81
1997	1.00	0.72	0.05	0.07	1.84
1998	1.00	0.67	0.05	0.06	1.78
1999	1.00	0.67	0.16	0.05	1.88
2000	1.00	0.52	0.09	0.05	1.66
2001	1.00	0.42	0.08	0.04	1.54
2002	1.00	0.28	0.07	0.04	1.39
2003	1.00	0.28	0.13	0.04	1.45
2004	1.00	0.28	0.17	0.03	1.48
2005	1.00	0.28	0.16	0.03	1.47

Notes:

Source: Auditor-Controller's Office – County of Napa, California

¹ California voters, on June 6, 1978, approved a constitutional amendment to Article XIIIA of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIIIA of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978. The rates shown above are percentages of assessed valuation.

² These rates represent the maximum rate charged to taxpayers if all rates applied to them. In reality, the rates applicable to tax rate areas will vary at amounts lower than these totals.

County of Napa Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

			State		Direct G	overnment	Overlapping Government	
Fiscal Year	General Fund ²	Local Revenue Fund	Local Public Safety Fund	Fiscal Recovery Fund ³	County Operations ³	County Transportation	Flood Authority ¹	Total
1996	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.00%	7.25%
1997	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.00%	7.25%
1998	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.00%	7.25%
1999	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2000	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2001	4.75%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.50%
2002	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2003	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2004	5.00%	0.50%	0.50%	0.00%	1.00%	0.25%	0.50%	7.75%
2005	5.00%	0.50%	0.50%	0.25%	0.75%	0.25%	0.50%	7.75%

Notes:

Source: California State Board of Equalization

¹ In March of 1998, the County of Napa citizens approved an additional ½ cent sales tax increase for flood improvements, effective July 1, 1998.

² The sales tax rate for the State General Fund's portion has remained at 5.00% for the past ten years except in 2001 when it was temporarily reduced by 0.25% to 4.75%.

³ Proposition 57 authorized the State of California to issue \$15 billion in economic recovery bonds to be repaid via a dedicated revenue source. Therefore, 0.25% of the County Operations share of sales and use taxes were shifted to the new State Fiscal Recovery Fund.

County of Napa Principal Property Tax Payers Current Year, Five Years Ago, Ten Years Ago

	2005					1996				
<u>Taxpayer</u>	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	
Beringer Wine Estates	\$ 192,126,911	1	1.02%	\$ 75,553,651	4	0.60%	_		_	
IDV North America Inc.	100,444,717	2	0.53%	77,240,630	3	0.61%	_		_	
Pacific Gas and Electric Company	99,523,208	3	0.53%	90,745,653	1	0.72%	\$ 106,548,027	1	1.16%	
Sterling Vineyards Inc	88,444,824	4	0.47%	34,839,150	8	0.28%	_		_	
Dey Laboratories	87,018,110	5	0.46%	86,349,105	2	0.69%	36,191,019	9	0.39%	
Sutter Home Winery Inc.	49,276,056	6	0.26%	47,641,551	6	0.38%	_		_	
Pacific Bell	39,338,901	7	0.21%	58,615,429	5	0.47%	75,113,300	3	0.81%	
Domaine Chandon Inc.	37,979,346	8	0.20%	34,703,125	9	0.28%	_		_	
Codorniu Napa Inc.	36,345,160	9	0.19%	_		_	_		_	
Pokka USA Inc	36,084,650	10	0.19%	_		_	_		_	
Oregon Steel Mills	_		_	33,084,530	10	0.26%	_		_	
Sunstone OP Properties	_		_	_		_	_		_	
Silverado Country Club	_		_	44,502,314	7	0.35%	68,811,526	4	0.75%	
Heublein Inc.	_		_	_		_	76,713,100	2	0.83%	
Robert Mondavi Winery	_		_	_		_	47,198,540	5	0.51%	
Premium Wines Inc.	_		_	_		_	42,380,807	6	0.46%	
Deux Rivieres Vineyards	_		_	_		_	41,677,199	7	0.45%	
Trinchero, Louis and Evalyn TR	_		_	_		_	40,565,173	8	0.44%	
Napa Pipe Corporation	_		_	_		_	34,272,686	10	0.37%	
Total	\$ 766,581,883		4.06%	\$ 583,275,138		4.64%	\$ 569,471,377		6.17%	

Source: Auditor-Controller's Office – County of Napa, California

County of Napa Ratios of Total Debt Outstanding by Type Last Ten Fiscal Years

(dollars in thousands, except per capita)

	Governmental Activities								Business-Type Activities								
Fiscal l Year		Sales Tax Revenue Bonds	Certificates of Participation		Capital Leases		Total		Improvement Bonds		Term Loan Payable		Total Primary Government		Percentage of Personal Income ¹	Per Capita ¹	
1996			\$	23,760	\$	225	\$	23,985	\$	565			\$	24,550	0.77%	\$	210
1997				39,810				39,810		475				40,285	1.19%		342
1998				37,760				37,760		380				38,140	1.05%		320
1999				35,120				35,120		275				35,395	0.90%		294
2000	\$	43,650		32,330				75,980		170				76,150	1.78%		625
2001		43,650		29,380				73,030		60				73,090	1.55%		589
2002		43,650		26,270				69,920			\$	500		70,420	1.45%		556
2003		43,650		48,750				92,400				485		92,885	1.86%		725
2004		41,555		46,965				88,520				460		88,980	1.76%		684
2005		53,025		44,925				97,950				439		98,389	unavailable		748

Source: Auditor-Controller's Office - County of Napa, California

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

See the Demographic and Economic Statistics table for personal income and population data. These ratios are calculated using personal income and population from the prior calendar year.

2002

2003

2004

2005

10,918

10,619

11,993

11,593

County of Napa Pledged Revenue Bond Coverage Last Ten Fiscal Years (dollars in thousands)

Improvement Bonds 1

60

2

		110 (01140 2 01145 111045410 11										provement Bonds						
Fiscal		ales Tax	Δdı	Less: ministrative	Δ	Net vailable	D	eht S	ervice			operty Tax		Debt S	ervic	P		
riscai		Iaa	Aui	ministrative	71	varrabic		CDLB	CIVICC			ша		Dents	CIVIC			
Year	Re	venue		Cost	R	Revenue	Princ	ipal	Interest	Coverage	Colle	ections 2	Pri	ncipal	Inte	erest	Coverage	
1996		-		-		-		-	-	-	\$	129	\$	90	\$	39	1.00	
1997		-		-		-		-	-	-		122		90		33	0.99	
1998		-		-		-		-	-	-		99		95		27	0.81	
1999	\$	7,826	\$	121	\$	7,705		-	-	-		109		105		21	0.87	
2000		9,990		122		9,868		-	-	-		152		105		14	1.28	
2001		10,445		128		10,317		-	\$ 2,071	4.98		45		110		8	0.38	

2,071

2,071

2,063

2,326

5.20

5.05

2.73

2.66

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements. Administrative cost equal the California State Board of Equalization's administrative charge for collecting the ½ cent sales tax for flood improvements.

2,277

1,974

Napa Berryessa Resort and Lake Berryessa Resort Improvement Bonds have been combined as Improvement Bonds.

Revenue Bonds - Measure A

10,775

10,468

11,829

11,447

143

151

164

146

Source: Auditor-Controller's Office - County of Napa, California

Property tax collections are adjusted annually to cover debt requirements. This is accomplished through the establishment of a tax rate applied to the secured and unsecured tax rolls. There are fund balances and reserves that ensure payment of the improvement bonds. The reserve accounts are liquidated in the final year of payment.

County of Napa Direct and Overlapping Debt As of June 30, 2005

Assessed Valuation (including unitary utility valuation) Less: Redevelopment incremental valuation ¹ Adjusted assessed valuation

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	Debt Outstanding	Percentage Applicable
Direct General Fund Obligation Debt		
Napa County Certificates of Participation	\$ 44,925,000	100.000%
Overlapping General Fund Obligation Debt		
School Districts		
Napa County Board of Education Certificates of Participation	3,770,000	100.000%
Calistoga Joint Unified School District Certificates of Participation	1,044,824	87.433%
Fairfield-Suisun Unified School District Certificates of Participation	13,481	1.045%
Cities		
City of American Canyon General Fund Obligations	3,710,000	100.000%
City of Calistoga Certificates of Participation	1,420,000	100.000%
Total Overlapping General Fund Obligation Debt	9,958,305	
Total Direct and Overlapping General Fund Obligation Debt	54,883,305	
O VERLAPPING TAX AND ASSESSMENT DEBT:		
School Districts		
Napa Valley Community College District	21,286,944	99.133%
Calistoga Joint Unified School District	1,997,844	87.433%
Fairfield-Suisun Joint Unified School District	988,988	1.045%
Napa Valley Unified School District	75,980,000	100.000%
St. Helena Unified School District	17,270,000	100.000%
Cities		
City of Calistoga	71,000	100.000%
City of St. Helena	1,615,000	100.000%
City of American Canyon 1915 Act Bonds	7,255,000	100.000%
City of Napa 1915 Act Bonds	3,355,000	100.000%
Unincorporated Areas		
Napa County 1915 Act Bonds	875,000	100.000%
California Statewide Community Development Authority Assessment District No. 05-01	1,209,830	
Total Overlapping Tax and Assessment Debt	131,904,606	
COMBINED TOTAL DEBT	186,787,911 2	
Ratio to 2004-05 Assessed Valuation:		
Total Overlapping Tax and Assessment Debt0.69%		
Ratios to Adjusted Assessed Valuation:		
Combined Direct Debt (\$44,925,000)0.24%		

Notes:

Source: California Municipal Statistics, Inc.

Combined Total Debt......1.00%

Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment. Base year assessed value is the agreed upon value of a property at the time the redevelopment agency was established.

Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

County of Napa Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal			Per Capita	School	Unemployment
Year	Population ¹	Personal Income ¹	Personal Income ¹	Enrollment ²	Rate1
1996	117,739	\$ 3,385,000,000	\$ 28,750	18340	5.9%
1997	119,129	3,634,900,000	30,512	18714	5.1%
1998	120,544	3,922,800,000	32,542	18977	4.0%
1999	121,914	4,278,700,000	35,096	19303	3.3%
2000	124,094	4,713,500,000	37,983	19381	3.2%
2001	126,600	4,846,400,000	38,281	19341	3.3%
2002	128,100	4,982,900,000	38,899	19461	4.3%
2003	130,100	5,054,437,000	38,850	19673	4.6%
2004	131,600	unavailable	n/a	19765	4.6%
2005	133,294	unavailable	n/a	19654	4.0%

Sources: ¹ California State Department of Finance ² Napa Valley Economic Development Corporation

County of Napa Principal Employers Current Year, Five Years Ago, Ten Years Ago

200	5		2001							
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment					
Napa State Hospital	2,006	2.98%	Napa State Hospital	1,973	3.27%					
Napa Valley Unified School District	2,000	2.97%	Napa Valley Unified School District	1,500	2.48%					
Cultured Stone	1,500	2.23%	Queen of the Valley Hospital	1,200	1.99%					
Queen of the Valley Hospital	1,400	2.08%	County of Napa	1,095 1	1.81%					
County of Napa	1,289 1	1.91%	St. Helena Hospital	960	1.59%					
Veterans' Home of California	1,000	1.48%	Veterans' Home of California	950	1.57%					
St. Helena Hospital	1,000	1.48%	Robert Mondavi Winery	900	1.49%					
Silverado Country Club	575	0.85%	Beringer viney ards	740	1.23%					
Dey Laboratories, Inc.	547	0.81%	Dey Laboratories	650	1.08%					
Napa Valley Community College	525	0.78%	Silverado Country Club	630	1.04%					

Total

10,598

17.55%

17.57%

1996

11,842

Total

	~	
		Percentage of Total County
Employer	Employees	Employment
Napa State Hospital	1,800	3.37%
Napa Valley Unified School District	1,300	2.43%
Queen of the Valley Hospital	1,200	2.25%
County of Napa	964 1	1.81%
CA Veterans Home	950	1.78%
St. Helena Hospital and Health Club	800	1.50%
Silverado County Club	565	1.06%
Wine World Estates	560	1.05%
Napa Valley College	458	0.86%
Pacific Union College	391	0.73%
Total	8,988	16.84%

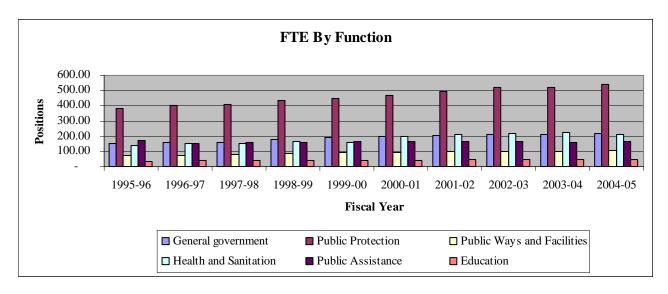
Sources: Napa Valley Economic Development Corporation

State of California Employment Development Department

¹ County Executive Office – County of Napa, California

County of Napa Full-time Equivalent County Government Employees by Function Last Ten Fiscal Years

	Fiscal Year											
	1995-96	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	2000-01	2001-02	2002-03	2003-04	2004-05		
Function/program												
General government	154.10	158.20	159.35	175.85	192.50	197.90	204.15	210.15	211.60	215.95		
Public Protection	385.25	400.50	408.50	433.00	450.75	469.25	497.00	519.50	523.10	540.88		
Public Ways and Facilities	73.80	74.30	77.00	83.00	90.50	94.10	96.10	98.00	99.00	103.80		
Health and Sanitation	138.98	151.13	153.38	167.40	156.90	197.53	209.40	216.50	221.40	212.50		
Public Assistance	170.53	148.48	158.53	159.98	164.23	164.35	166.25	165.25	161.25	167.25		
Education	35.35	36.55	36.35	37.35	39.85	41.35	47.85	47.85	47.85	48.85		
Total full-time												
equivalent employees	958.01	969.16	993.11	1,056.58	1,094.73	1,164.48	1,220.75	1,257.25	1,264.20	1,289.23		



Source: Auditor-Controller's Office (Final Budgets) - County of Napa, California