## **COUNTY OF NAPA, CALIFORNIA**

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED JUNE 30, 2004



PAMELA A. KINDIG AUDITOR-CONTROLLER

## COUNTY OF NAPA COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2004

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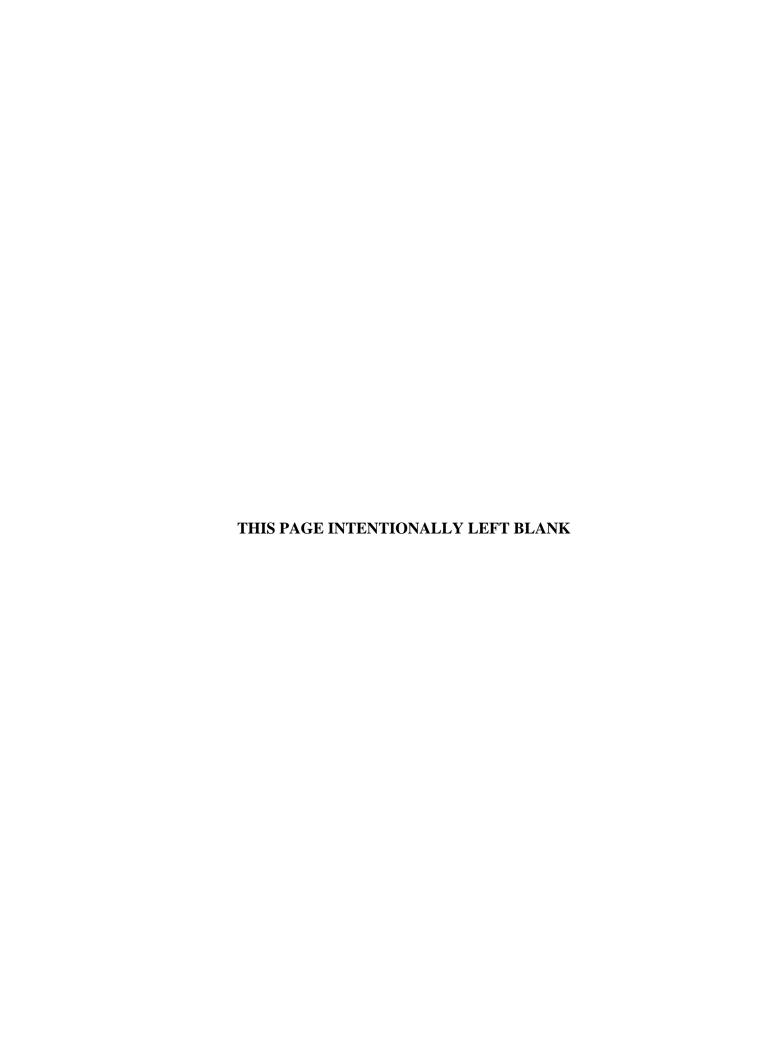
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**Introductory Section** 



## **COUNTY** of **NAPA**

NANCY WATT
County Executive Officer

March 22, 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, 2004.

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, 2004. 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 County Executive Officer appointed by the Board runs the day-to-day business affairs of the County.

Board of Supervisors March 22, 2005 Page ii

Throughout the varied geographical expanse of Napa County's 794 square miles, 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 and library services. Other services, which are governed by the Board of Supervisors, include 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). 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 is located in one of California's most beautiful valleys. The scenic agricultural setting is nestled with grapevines planted on the valley floor, through rolling hills, and on the rugged mountainsides. 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 131,600 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 California Agricultural Statistics service, "Wine grapes are by far the most dominant crop in the County in terms of production value. With nearly \$3.2 billon worth produced during the last 20 years, the value of wine grapes in Napa County increased 504 percent between 1981 and 2001 and by 152.2 percent between 1990 and 2001."

Major industries located within the County's boundaries or in close proximity include wine growers and producers, manufacturers of pipe and construction materials as well as culinary training institutes. The State of California also has a significant economic presence due to a major mental health facility that provides employment to more than 3,000 healthcare professionals and staff. Public instruction in 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

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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 has increased faster than the State overall in 2001 (2.1 percent versus 1.6 percent). Generally, since the mid-1980's, the County's labor force growth has matched the State at an average of 1.8 percent. Likewise, 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 6.2 percent (1995) to 3.2 percent (2000), only to rise once more to 4.6 percent (2003) 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; in 2001-2002 the General Fund reserve was 18.9 percent of total General Fund expenditures and in 2003-2004 reserves were 14.9 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 will prepare a formal General Fund Five-Year Revenue/Expenditure Forecast for consideration by the Board of Supervisors.

#### 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 has 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.

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### 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 four 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.

The most recent calculations estimate the total cost of the City of Napa Project at \$255 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 fourth 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 fourth in the nation for counties with a population of 150,000 or less. In 2004, Napa County also received a Counties Care for Kids Award by the National Association of Counties. The award recognized

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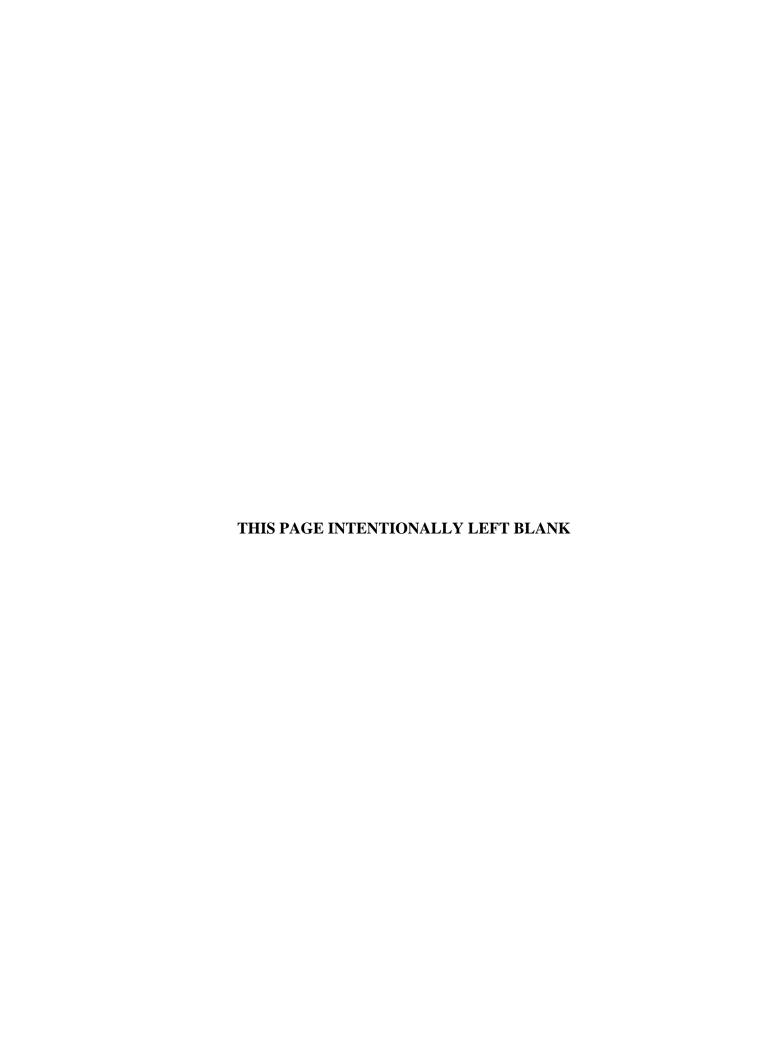
the County's Therapeutic Child Care Center as an innovative prevention model for at-risk children to reduce mental health, substance abuse and child development problems within families. It is the first such program of its kind in the Country.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. 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





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, 2004, 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, 2004, 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 October 21, 2004, 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.

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 the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 statements. 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 October 21, 2004



Management's Discussion and Analysis

Management's Discussion and Analysis For the Year Ended June 30, 2004

## 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, 2004. 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 2003-2004 fiscal year by \$234,634,941 (*net assets*). Of this amount, \$84,302,996 (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, \$73,467,180 is restricted for debt service, capital projects, and for grants and other purposes and \$76,864,765 is invested in capital assets, net of related debt.
- As of June 30, 2004, the County governmental funds reported combined fund balances of \$154,402,020. Approximately 81.4% of the combined fund balances, \$125,631,699 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 \$56,470,865, or 37.1% 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 decreased by \$428,283 in comparison with the prior year. The decrease was primarily due to the offset of the annual principal payments on the 1990, 1996 and 2003 Certificates of Participations (COPs) and increases in compensated absences and liability of unpaid claims.

#### 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 13-15 of this report.

## Management's Discussion and Analysis For the Year Ended June 30, 2004

**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 21 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 17-20 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 21-24 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 25-26 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 **27-55** of this report.

## Management's Discussion and Analysis For the Year Ended June 30, 2004

**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 57-60 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 61-105 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 \$234,634,941 at the close of the most recent fiscal year. Further detail is provided in Table 1.

Governmental **Business-type** Total Activities Activities Total Dollar Percent 2004 2003 2004 2003 2004 2003 Change Change 189,043 185,490 191,612 187,391 4.221 2.3% Current and other assets 2,569 \$ 1,901 128,508 10.4% 142,796 12,871 141,050 14,617 Capital assets 12,542 155,667 331,839 313,998 15,440 14,443 347,279 328,441 18,838 5.7% Total assets 7,947 5,150 2,229 2,068 10,176 7,218 2,958 41.0% Current and other liabilities Long-term liabilities 101,986 500 102,468 102,415 482 102,915 -447 -0.4% 2,568 Total liabilities 109,933 107,565 2,711 112,644 110,133 2,511 2.3% Net assets: Invested in capital assets, net 66,892 60.089 9.972 12,062 76,864 4.713 6.5% of related debt 72.151 73,467 26,658 0 73,467 26,658 46,809 175.6% Restricted net assets 0 -29.5% 2,757 84,304 119,499 Unrestricted net assets 81,547 119,686 -187 35,195 221.906 206 433 12,729 11.875 234,635 218.308 16.327 7.5% Total net assets

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, 2004, amount to \$347.3 million, an increase of \$18.9 million (or 5.7%) from the prior year. The majority of the increase in total assets is comprised of an increase in cash, an increase in the amounts due from other governments, an increase in loans receivable, and an increase in capital assets due to two major construction projects (new Sheriff's Building and Juvenile Justice Center) funded by the 2003 Certificates of Participation (COP) monies.
- The County's total liabilities as of June 30, 2004, are \$112.6 million, an increase of \$2.5 million (or 2.3%) from the prior year. This increase is mainly due to an increase in the liability for unpaid claims.

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

• The largest portion of the County's net assets (35.9%) represents *unrestricted net assets* of \$84.3 million, which may be used to meet the County's ongoing obligations to citizens and creditors.

## Management's Discussion and Analysis For the Year Ended June 30, 2004

- Another significant portion of the County's net assets (32.8%) reflects its investment of \$76.9 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 is 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.
- The remaining portion of the County's net assets (31.3%) represents restricted net assets of \$73.4 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 change in net assets has increased by \$13.0 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, 2004, amount to \$198.2 million, an increase of \$10.9 million (or 5.8%) from the prior year. The majority of the increase in total revenues was due to increases in operating grants, charges for services and property taxes. The County's total expenses as of June 30, 2004, amount to \$187.1 million, an increase of \$9.1 million (or 5.1%) from the prior year. The majority of the increase in total expenses was due to increased expenses for pubic protection and public ways and facilities. Further detail is provided in Table 2.

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 \$12.1 million, thereby accounting for 93.4% of the total growth in the net assets of the County before prior period adjustments.

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

|   | Governmental |          |            |    | Busine | ss-typ | oe .   |    |         |      |         |    | Tot    | al      |
|---|--------------|----------|------------|----|--------|--------|--------|----|---------|------|---------|----|--------|---------|
|   | A            | ctivitie | es         |    | Acti   | vities |        |    | To      | tal  |         | Γ  | Oollar | Percent |
|   | 2004         |          | 2003       |    | 2004   |        | 2003   |    | 2004    | 2003 |         | C  | hange  | Change  |
| Revenues:                                   |              |          |            | -  |        |        |        |    |         |      |         |    |        |         |
| Program revenues:                           |              |          |            |    |        |        |        |    |         |      |         |    |        |         |
| Fees, fines and charges for services        | \$ 26,21     |          | 24,328     | \$ | 2,757  | \$     | 2,591  | \$ | 28,969  | \$   | 26,919  | \$ | 2,050  | 7.6%    |
| Operating grants and contributions          | 81,43        |          | 77,088     |    | 945    |        | 1,187  |    | 82,376  |      | 78,275  |    | 4,101  | 5.2%    |
| Capital grants and contributions            | 4            | 0        | 0          |    | 0      |        | 0      |    | 40      |      | 0       |    | 40     | n/a     |
| General revenues:                           |              |          |            |    |        |        |        |    |         |      |         |    |        |         |
| Property taxes                              | 42,42        | 4        | 39,214     |    | 60     |        | 53     |    | 42,484  |      | 39,267  |    | 3,217  | 8.2%    |
| Sales and use taxes                         | 27,92        | 0        | 25,700     |    | 0      |        | 0      |    | 27,920  |      | 25,700  |    | 2,220  | 8.6%    |
| Other taxes                                 | 6,16         | 1        | 6,074      |    | 0      |        | 0      |    | 6,161   |      | 6,074   |    | 87     | 1.4%    |
| Unrestricted interest and                   |              |          |            |    |        |        |        |    |         |      |         |    |        |         |
| investment earnings                         | 2,96         | 8        | 4,013      |    | 37     |        | 62     |    | 3,005   |      | 4,075   |    | -1,070 | -26.3%  |
| Miscellaneous                               | 7,16         | 7        | 6,653      |    | 125    |        | 398    |    | 7,292   |      | 7,051   |    | 241    | 3.4%    |
| Total revenues                              | 194,32       | 3        | 183,070    |    | 3,924  |        | 4,291  |    | 198,247 |      | 187,361 |    | 10,886 | 5.8%    |
| Expenses:                                   |              |          |            |    |        |        |        |    |         |      |         |    |        |         |
| General government                          | 33,54        | 7        | 35,499     |    | 0      |        | 0      |    | 33,547  |      | 35,499  |    | -1,952 | -5.5%   |
| Public protection                           | 62,61        | 7        | 59,155     |    | 0      |        | 0      |    | 62,617  |      | 59,155  |    | 3,462  | 5.9%    |
| Public ways and facilities                  | 23,22        | 5        | 16,878     |    | 0      |        | 0      |    | 23,225  |      | 16,878  |    | 6,347  | 37.6%   |
| Health and sanitation                       | 27,77        | 7        | 29,124     |    | 1,277  |        | 1,159  |    | 29,054  |      | 30,283  |    | -1,229 | -4.1%   |
| Public assistance                           | 27,30        | 5        | 26,085     |    | 0      |        | 0      |    | 27,305  |      | 26,085  |    | 1,220  | 4.7%    |
| Education                                   | 4,82         | 9        | 4,870      |    | 0      |        | 0      |    | 4,829   |      | 4,870   |    | -41    | -0.8%   |
| Recreation and cultural studies             | 30           | 0        | 45         |    | 0      |        | 0      |    | 300     |      | 45      |    | 255    | 566.7%  |
| Interest on long-term debt                  | 4,47         | 5        | 3,549      |    | 0      |        | 0      |    | 4,475   |      | 3,549   |    | 926    | 26.1%   |
| Administration and issuance costs           | 1            | 1        | 171        |    | 0      |        | 0      |    | 11      |      | 171     |    | -160   | -93.6%  |
| Airports                                    |              | 0        | 0          |    | 1,715  |        | 1,435  |    | 1,715   |      | 1,435   |    | 280    | 19.5%   |
| Total expenses                              | 184,08       | 6        | 175,376    |    | 2,992  |        | 2,594  |    | 187,078 |      | 177,970 |    | 9,108  | 5.1%    |
| Excess (deficiency) before special          | 10,23        | 7        | 7,694      |    | 932    |        | 1,697  |    | 11,169  |      | 9,391   |    | 1,778  | 18.9%   |
| items and transfer                          |              |          |            |    |        |        |        |    |         |      |         |    |        |         |
| Special items (loss on sale of fixed asset) | 1,80         | 1        | 0          |    | 0      |        | 0      |    | 1,801   |      | 0       |    | 1,801  | n/a     |
| Transfers                                   | 7            | 8        | -667       |    | -78    |        | 667    |    | 0       |      | 0       |    | 0      | 0.0%    |
| Change in net assets                        | 12,11        | 6        | 7,027      |    | 854    |        | 2,364  |    | 12,970  |      | 9,391   |    | 3,579  | 38.1%   |
| Net assets - July 1, 2003 - restated        | 209,79       | 0        | 199,406    |    | 11,875 |        | 9,511  |    | 221,665 |      | 208,917 |    | 12,748 | 6.1%    |
| Net assets - June 30, 2004                  | \$ 221,90    | 6 5      | \$ 206,433 | \$ | 12,729 | \$     | 11,875 | \$ | 234,635 | \$   | 218,308 | \$ | 16,327 | 7.5%    |

## Management's Discussion and Analysis For the Year Ended June 30, 2004

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

- Fees, fines and charges for services increased by \$1.9 million (or 7.7%) 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 \$3.2 million (or 8.2%). This is increase was primarily due to increased home sales, increasing property values, and higher assessments.
- Sales and use taxes increased by \$2.2 million (or 8.6%). This increase was primarily due to an increase in one-time sales tax allocations to the Flood Authority and general sales tax growth.

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

- General government expenses decreased by \$2.0 million (or 5.5%) from the prior year. The majority of the decrease was due to reduced state funding.
- Public protection expenses increased by \$3.5 million (or 5.9%) from the prior year. The majority of this increase was due to an increase in the cost of salaries and benefits, the State fire contract and software purchase.
- Public ways and facilities expenses increased by \$6.3 million (or 37.6%) from the prior year. The majority of this increase was due to an increase in flood project expenditures in comparison with last year.

**Business-type activities.** Business-type activities increased the County's net assets by \$0.9 million, thereby accounting for 6.6% of the total growth in the net assets of the County before prior period adjustments.

#### 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, 2004, the County's governmental funds reported combined fund balances of \$154,402,020, a decrease of \$9,008,631 in comparison with last year. Approximately 81.4% of this total amount or \$125,631,699 constitutes *unreserved fund balance*, which is available to meet the County's current and future needs. The remainder of fund balance, \$28,770,321, is *reserved* to indicate that it is not available for new spending because it has been committed (1) to liquidate contractual commitments (\$5,702,951) 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 (\$23,067,370).

The general fund is the chief operating fund of the County. At June 30, 2004, unreserved fund balance of the general fund was \$56,470,865 while total fund balance reached \$64,695,529. 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 37.1% of the total fund expenditures, while total fund balance represents 42.5% of that same amount. The total fund balance of the County's General Fund decreased by \$1,592,972 during the current year.

## Management's Discussion and Analysis For the Year Ended June 30, 2004

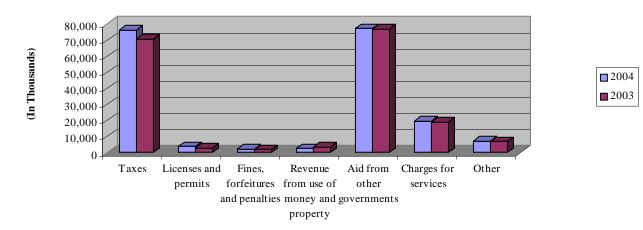
Table 3 provides a comparison of revenues by source for governmental funds for the current and prior years. Further detail is depicted in Figures 1 and 2.

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

|  |    | FY 200  | )4       |    | FY 2    | 003      | ]  | Increase/(1 | Decrease) |
|--|----|---------|----------|----|---------|----------|----|-------------|-----------|
|  |    | Percent |          |    |         | Percent  |    |             | Percent   |
| Revenues by Source                     | A  | mount   | of Total | A  | mount   | of Total | Aı | mount       | of change |
| Taxes                                  | \$ | 76,506  | 40.4%    | \$ | 70,989  | 38.9%    | \$ | 5,517       | 7.8%      |
| Licenses and permits                   |    | 3,590   | 1.9%     |    | 2,936   | 1.6%     |    | 654         | 22.3%     |
| Fines, forfeitures and penalties       |    | 2,263   | 1.2%     |    | 1,927   | 1.1%     |    | 336         | 17.4%     |
| Revenue from use of money and property |    | 2,700   | 1.4%     |    | 3,551   | 1.9%     |    | -851        | -24.0%    |
| Aid from other governments             |    | 77,462  | 40.9%    |    | 77,088  | 42.2%    |    | 374         | 0.5%      |
| Charges for services                   |    | 19,619  | 10.4%    |    | 19,140  | 10.5%    |    | 479         | 2.5%      |
| Other                                  |    | 7,186   | 3.8%     |    | 6,970   | 3.8%     |    | 216         | 3.1%      |
| Total                                  | \$ | 189,326 | 100.0%   | \$ | 182,601 | 100.0%   | \$ | 6,725       | 3.7%      |

- Taxes increased by \$5.5 million (or 7.8%) 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, one-time sales tax allocations and general sales tax growth.
- Licenses and permits increased \$0.7 million (or 22.3%) from the prior year. This increase is caused by an increase in fees billed for building and planning permits.
- Fines, forfeitures and penalties increased by \$0.3 million (or 17.4%) from the prior year. This increase was caused mainly by a one-time distribution adjustment from the consumer fraud program.
- Revenue from use of money and property decreased by \$0.8 million (or 24.0%) from the prior year. This decrease was due to the overall lower interest rate.

Figure 1 - Two year comparison of Governmental Fund Revenues



## Management's Discussion and Analysis For the Year Ended June 30, 2004

Figure 2 - Revenues Classified by Source - Governmental Funds

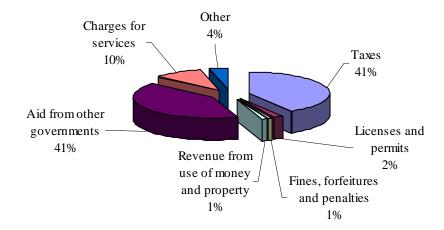


Table 4 provides a comparison of expenditures by function for governmental funds for the current and prior years. Further detail is depicted in Figure 3.

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

|  | FY 2004 |         |          |    | FY 20   | 003      | Increase/(Decrease) |        |           |  |
|--|---------|---------|----------|----|---------|----------|---------------------|--------|-----------|--|
|  |         |         | Percent  |    |         | Percent  |                     |        | Percent   |  |
| Expenditures by Function                         | A       | mount   | of Total | A  | mount   | of Total | A                   | mount  | of change |  |
| General government                               | \$      | 29,906  | 15.1%    | \$ | 36,207  | 19.4%    | \$                  | -6,301 | -17.4%    |  |
| Public protection                                |         | 61,253  | 31.0%    |    | 58,057  | 31.2%    |                     | 3,196  | 5.5%      |  |
| Public ways and facilities                       |         | 16,859  | 8.5%     |    | 10,527  | 5.5%     |                     | 6,332  | 60.2%     |  |
| Health and sanitation                            |         | 27,663  | 14.0%    |    | 28,963  | 15.6%    |                     | -1,300 | -4.5%     |  |
| Public assistance                                |         | 27,110  | 13.7%    |    | 25,924  | 13.9%    |                     | 1,186  | 4.6%      |  |
| Education  |         | 4,735   | 2.4%     |    | 4,783   | 2.6%     |                     | -48    | -1.0%     |  |
| Recreation                                       |         | 300     | 0.1%     |    | 45      | 0.0%     |                     | 255    | 566.7%    |  |
| Capital outlay                                   |         | 21,505  | 10.9%    |    | 7,710   | 4.1%     |                     | 13,795 | 178.9%    |  |
| Debt service-principal retirement                |         | 3,880   | 2.0%     |    | 9,870   | 5.3%     |                     | -5,990 | -60.7%    |  |
| Debt-interest charges                            |         | 4,472   | 2.3%     |    | 3,421   | 1.8%     |                     | 1,051  | 30.7%     |  |
| Debt-administration, issuance and arbitrage fees |         |         |          |    |         |          |                     |        |           |  |
|  |         | 11      | 0.0%     |    | 1,091   | 0.6%     |                     | -1,080 | -99.0%    |  |
| Total  | \$      | 197,694 | 100.0%   | \$ | 186,598 | 100.0%   | \$                  | 11,096 | 5.9%      |  |

- General government expenditures decreased by \$6.3 million (or 17.4%) from the prior year. This decrease was due to reduced state funding.
- Public protection expenditures increased by \$3.2 million (or 5.5%) from the prior year. This increase was mainly due to an increase in the cost of salaries and benefits.
- Public ways and facilities expenditures increased by \$6.3 million (or 60.2%) from the prior year. This increase was mainly due to an increase in flood projects expenditures in comparison with last year.
- Capital Outlay increased by \$13.8 million (or 178.9%) from the prior year. This increase was due to two major construction projects (new Sheriff Building and Juvenile Justice Center).
- Debt service-principal retirement expenditures decreased \$6.0 million (or 60.7%) from the prior year. This decrease in principal retirement was due to the refinancing of the 1993 COP in the previous year.

## Management's Discussion and Analysis For the Year Ended June 30, 2004

Figure 3 - Expenditures by Function - Governmental Funds

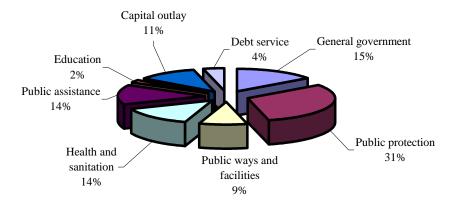


Table 5 provides a comparison of the County's other financing sources/(uses) for the current and prior years.

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

|                                    |      |        |      |         |    | Tota    | al      |  |
|------------------------------------|------|--------|------|---------|----|---------|---------|--|
|                                    |      | Amo    | ount |         |    | Dollar  | Percent |  |
| Other Financing Sources (Uses)     | 2004 |        |      | 2003    | (  | Change  | Change  |  |
| Proceeds from issuance of new debt | \$   | 0      | \$   | 32,417  | \$ | -32,417 | -100.0% |  |
| Transfers in                       |      | 4,738  |      | 16,052  |    | -11,314 | -70.5%  |  |
| Transfers out                      |      | -5,378 |      | -15,048 |    | 9,670   | -64.3%  |  |
| Net financing sources (uses)       | \$   | -640   | \$   | 33,421  | \$ | -34,061 | -101.9% |  |

- Proceeds from issuance of new debt decreased \$32.4 million (or 100%) from the prior year. This variance is due to no new debt being issued in the current fiscal year.
- Transfers in decreased \$11.3 million (or 70.5%) from the prior year, while transfers out decreased \$9.7 million (or 64.3%) from the prior year. These variances were mainly due to the retirement of the 1993 COP in the prior year.

Table 6 details the changes in fund balance for each governmental fund as of June 30, 2004.

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

|  | Major Funds |           |    |          |     | Non-Major Funds |    |        |    |        |    |        |    |         |
|--|-------------|-----------|----|----------|-----|-----------------|----|--------|----|--------|----|--------|----|---------|
|  | Gen         | eral Fund |    | Flood    | Con | struction       | S  | pecial | ]  | Debt   | Ca | apital |    |         |
|  |             |           | A  | uthority |     | Fund            | R  | evenue | S  | ervice | Pr | ojects |    | Total   |
|  |             |           |    |          |     |                 |    | Fund   | ]  | Fund   | F  | und    |    |         |
| Revenues   | \$          | 154,714   | \$ | 12,664   | \$  | 419             | \$ | 21,023 | \$ | 111    | \$ | 395    | \$ | 189,326 |
| Expenditures   |             | 152,280   |    | 11,741   |     | 11,721          |    | 17,574 |    | 4,197  |    | 180    |    | 197,693 |
| Other financing sources (uses), net  |             | -4,027    |    | 0        |     | 0               |    | -38    |    | 3,776  |    | -351   |    | -640    |
| Excess (deficiency) of revenues and<br>other financing sources over (under)<br>expenditures and other financing uses |             | -1,593    |    | 923      |     | -11,302         |    | 3,411  |    | -310   |    | -136   |    | -9,007  |
| Fund balances - July 1, 2003, as restated  |             | 66,289    |    | 40,369   |     | 23,776          |    | 27,239 |    | 5,365  |    | 371    |    | 163,409 |
| Fund balances - June 30, 2004  | \$          | 64,696    | \$ | 41,292   | \$  | 12,474          | \$ | 30,650 | \$ | 5,055  | \$ | 235    | \$ | 154,402 |

## Management's Discussion and Analysis For the Year Ended June 30, 2004

The fund balance of the County's general fund decreased by \$1,592,972 during the fiscal year. This decrease was caused by an increase in debt service payment and an increase in the purchase of systems software.

**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, 2004.

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

|                                   | Majo | or Funds |        | Non-Maj |       |        |    |        |  |
|-----------------------------------|------|----------|--------|---------|-------|--------|----|--------|--|
|                                   | N    | Napa     | Lake B |         |       |        |    |        |  |
|                                   | C    | ounty    | Re     | esort   | Re    | esort  | T  | otal ( |  |
|                                   | Ai   | irport   | Impro  | vement  | Impro | vement |    |        |  |
| Operating revenues                | \$   | 1,640    | \$     | 583     | \$    | 634    | \$ | 2,857  |  |
| Operating expenses                |      | 1,690    |        | 710     |       | 567    |    | 2,967  |  |
| Operating income (loss)           |      | -50      |        | -127    |       | 67     |    | -110   |  |
| Non-operating reveues (expenses), |      | 948      |        | 49      |       | 44     |    | 1,041  |  |
| Net income (loss) before          |      | 898      |        | -78     |       | 111    |    | 931    |  |
| Transfer in (out)                 |      | -77      |        | 0       |       | 0      |    | -77    |  |
| Net income (loss)                 | \$   | 821      | \$     | -78     | \$    | 111    | \$ | 854    |  |

#### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the General Fund's original budget and the final amended budget resulted in a \$12,666,720 increase in appropriations and can be briefly summarized as follows:

- Contract and Purchase Order re-encumbrances amounted to \$3.3 million.
- Cost for additional capital improvements projects amounted to \$5.0 million.
- Cost of implementing the general plan update amounted to \$1.0 million.
- Increases in Grants and Federal and State Projects account for the majority of the additional increased appropriations approximately \$2.9 million.

#### 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, 2004, amounted to \$155.7 million (net of accumulated depreciation) an increase of \$14.6 million (or 10.4%) from the prior year. This investment in capital assets includes infrastructure, land and easements, structures and improvements, equipment, and construction in progress.

Table 8 provides a comparison of the County's capital assets for the governmental and business-type activities for the current and prior years. Additional information about the County's capital assets can be found in Note 6 to the Basic Financial Statements.

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

|                             | Govern        | mental |         |            | Business-type |    |        |       |         |    |         |    | Tota   | l       |  |
|-----------------------------|---------------|--------|---------|------------|---------------|----|--------|-------|---------|----|---------|----|--------|---------|--|
|                             | Activ         | vities |         | Activities |               |    |        | Total |         |    |         | 1  | Oollar | Percent |  |
|                             | 2004          |        | 2003    |            | 2004          |    | 2003   | -     | 2004    |    | 2003    | C  | hange  | Change  |  |
| Infrastructure              | \$<br>58,174  | \$     | 64,309  | \$         | 0             | \$ | 0      | \$    | 58,174  | \$ | 64,309  | \$ | -6,135 | -9.5%   |  |
| Land and easements          | 4,556         |        | 4,556   |            | 747           |    | 747    |       | 5,303   |    | 5,303   |    | 0      | 0.0%    |  |
| Structures and improvements | 51,140        |        | 46,972  |            | 10,181        |    | 10,053 |       | 61,321  |    | 57,025  |    | 4,296  | 7.5%    |  |
| Equipment                   | 7,405         |        | 8,032   |            | 164           |    | 169    |       | 7,569   |    | 8,201   |    | -632   | -7.7%   |  |
| Construction in progress    | <br>21,522    |        | 4,639   |            | 1,779         |    | 1,573  |       | 23,301  |    | 6,212   |    | 17,089 | 275.1%  |  |
| Total                       | \$<br>142,797 | \$     | 128,508 | \$         | 12,871        | \$ | 12,542 | \$    | 155,668 | \$ | 141,050 | \$ | 14,618 | 10.4%   |  |

## Management's Discussion and Analysis For the Year Ended June 30, 2004

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 \$6.1 million (or 9.5%) was due to the depreciation of infrastructure.
- Structures and improvements increased by \$4.3 million (or 7.5%) from the prior year. This increase was primarily caused by the purchase of new office building and animal shelter.
- Construction in progress increased by \$17.1 million (or 275.1%) from the prior year. This increase was due mainly to two construction projects (new Sheriff's Building and 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, 2004, the County Governmental Activities total long-term debt outstanding was \$101,986,283 as compared to \$102,414,566 in the prior year. This amount was comprised of \$41,555,000 of Napa County Flood 1999 Series A bonds, \$47,025,202 of Certificates of Participations (which included unamortized premiums of \$60,202), \$8,510,000 in liability for unpaid insurance claims, and \$4,896,081 compensated absence. There were no notes payable. During the year, retirement of Certificates of Participations amounted to \$1,788,169 (which included Change of amortization of debt premium of \$3,169). Additional information regarding the County's long-term debt can be found in Note 8 to the Basic Financial Statements.

#### **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 4.6% as of November 2004. This is below the statewide unemployment rate of 6.2%.
- The property tax growth remains solid with anticipated growth of 7% 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 2004-2005.

#### 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, 2004

|   |                           | Primary Governmen           | t                         |
|---|---------------------------|-----------------------------|---------------------------|
| <u>ASSETS</u>   | Governmental Activities   | Business-Type<br>Activities | Totals                    |
| Cash and investments  | \$ 136,689,292            | \$ 2,604,629                | \$ 139,293,921            |
| Restricted Assets:  | , ,                       | , , ,                       | , ,                       |
| Cash with fiscal agent  | 15,686,238                |                             | 15,686,238                |
| Imprest cash  | 6,820                     | 100                         | 6,920                     |
| Revolving cash  | 112,331                   |                             | 112,331                   |
| Receivables, net  | 112,551                   |                             | 112,331                   |
|   | 2.500.007                 |                             | 2.500.007                 |
| Taxes   | 3,560,667                 |                             | 3,560,667                 |
| Special assessments   | 24,475                    | 44,086                      | 68,561                    |
| Accounts  | 1,054,982                 | 11,327                      | 1,066,309                 |
| Due from other government agencies                              | 19,129,544                | 556,690                     | 19,686,234                |
| Inventory   | 15,825                    |                             | 15,825                    |
| Deposits  | 110,000                   |                             | 110,000                   |
| Other assets  | 831,906                   |                             | 831,906                   |
| Internal balances   | 2,439,039                 | (2,439,039)                 |                           |
| Loans receivable  | 9,381,892                 | 1,790,820                   | 11,172,712                |
| Capital Assets:   | 7,000,000                 | -,                          | ,-,                       |
| Nondepreciable  | 26,077,387                | 2,526,487                   | 28,603,874                |
| Depreciable, net  | 116,719,177               | 10,344,954                  | 127,064,131               |
| Depreciable, liet   | 110,/19,1//               | 10,344,734                  | 127,004,131               |
| Total Assets  | \$ 331,839,575            | \$ 15,440,054               | \$ 347,279,629            |
| LIABILITIES   |                           |                             |                           |
| Accounts payable  | \$ 5,286,690              | \$ 361,419                  | \$ 5,648,109              |
| Accrued salaries and benefits                                   | 2,050,000                 | 13,121                      | 2,063,121                 |
| Due to other government agencies                                | 361,288                   |                             | 361,288                   |
| Interest payable  | 249,042                   |                             | 249,042                   |
| Deposits with others  | 217,012                   | 63,840                      | 63,840                    |
| Deferred revenue  |                           | 1,790,820                   | 1,790,820                 |
|   | <del></del>               | 1,790,620                   | 1,790,620                 |
| Long-Term Liabilities:  |                           |                             |                           |
| Portion due or payable within one year:                         |                           | 21 404                      | 21 404                    |
| Loan payable  | <del></del>               | 21,484                      | 21,484                    |
| Bonds payable   | 2,185,000                 |                             | 2,185,000                 |
| Certificates of participation                                   | 2,180,000                 |                             | 2,180,000                 |
| Compensated absences  | 1,511,518                 | 9,303                       | 1,520,821                 |
| Liability for unpaid claims                                     | 3,965,255                 |                             | 3,965,255                 |
| Portion due or payable after one year:                          |                           |                             |                           |
| Loan payable  |                           | 438,516                     | 438,516                   |
| Bonds payable   | 39,370,000                |                             | 39,370,000                |
| Certificates of participation                                   | 44,845,202                |                             | 44,845,202                |
| Compensated absences  | 3,384,563                 | 12,882                      | 3,397,445                 |
| Liability for unpaid claims                                     | 4,544,745                 |                             | 4,544,745                 |
| Total Liabilities   | 109,933,303               | 2,711,385                   | 112,644,688               |
| NET ASSETS  |                           |                             |                           |
|   |                           | _                           |                           |
| Invested in capital assets, net of related debt Restricted for: | 66,892,363                | 9,972,402                   | 76,864,765                |
| Debt service  | 2,615,274                 | <del></del>                 | 2,615,274                 |
|   |                           | <del></del>                 |                           |
| Capital projects  | 12,676,001                |                             | 12,676,001                |
| Grants and other purposes                                       | 58,175,905                | 2.756.267                   | 58,175,905                |
| Unrestricted Total Net Assets                                   | 81,546,729<br>221,906,272 | 2,756,267<br>12,728,669     | 84,302,996<br>234,634,941 |
|   |                           |                             |                           |
| Total Liabilities and Net Assets                                | \$ 331,839,575            | \$ 15,440,054               | \$ 347,279,629            |

The accompanying notes are an integral part of these financial statements.

## Statement of Activities For the Year Ended June 30, 2004

|                                   |                |  | Program Revenues                   |                                  |
|-----------------------------------|----------------|--|------------------------------------|----------------------------------|
| Functions/Programs                | Expenses       | Fees, Fines and<br>Charges for<br>Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government:               |                |  |                                    |                                  |
| Governmental Activities:          |                |  |                                    |                                  |
| General government                | \$ 33,547,309  | \$ 3,368,205                               | \$ 18,992,690                      | \$                               |
| Public protection                 | 62,467,022     | 11,616,975                                 | 12,309,536                         |                                  |
| Public ways and facilities        | 23,224,824     | 3,761,050                                  | 4,071,424                          | 40,000                           |
| Health and sanitation             | 27,777,318     | 6,964,944                                  | 20,266,255                         |                                  |
| Public assistance                 | 27,454,506     | 106,578                                    | 24,953,520                         |                                  |
| Education                         | 4,829,289      | 394,421                                    | 618,603                            |                                  |
| Recreation and cultural services  | 300,142        |  | 218,709                            |                                  |
| Debt Service:                     |                |  |                                    |                                  |
| Interest and fiscal charges       | 4,474,723      |  |                                    |                                  |
| Administration and arbitrage fees | 11,209         |  |                                    |                                  |
| Total Governmental Activities     | 184,086,342    | 26,212,173                                 | 81,430,737                         | 40,000                           |
| Business-Type Activities:         |                |  |                                    |                                  |
| Airport                           | 1,715,493      | 1,540,253                                  | 944,816                            |                                  |
| Lake Berryessa Resort Improvement | 709,545        | 583,130                                    | 227                                |                                  |
| Napa Berryessa Public Improvement | 567,119        | 633,931                                    | 330                                |                                  |
| Total Business-Type Activities:   | 2,992,157      | 2,757,314                                  | 945,373                            |                                  |
| Total Napa County                 | \$ 187,078,499 | \$ 28,969,487                              | \$ 82,376,110                      | \$ 40,000                        |

#### General Revenues:

Taxes:

Property taxes

Sales and use taxes

Other

Unrestricted interest and investment earnings

Miscellaneous

Special items

Transfers

Total General Revenues, Special Items and Transfers

## Change in Net Assets

Net assets - July 1, 2003

Prior period adjustment

Net assets - June 30, 2004

## Net (Expense) Revenue and Changes in Net Assets

| Primary Government |              |    |              |       |              |  |  |  |  |
|--------------------|--------------|----|--------------|-------|--------------|--|--|--|--|
| (                  | Governmental | Βι | isiness-Type |       |              |  |  |  |  |
| Activities         |              |    | Activities   | Total |              |  |  |  |  |
|                    |              |    |              |       |              |  |  |  |  |
| \$                 | (11,186,414) |    |              | \$    | (11,186,414) |  |  |  |  |
|                    | (38,540,511) |    |              |       | (38,540,511) |  |  |  |  |
|                    | (15,352,350) |    |              |       | (15,352,350) |  |  |  |  |
|                    | (546,119)    |    |              |       | (546,119)    |  |  |  |  |
|                    | (2,394,408)  |    |              |       | (2,394,408)  |  |  |  |  |
|                    | (3,816,265)  |    |              |       | (3,816,265)  |  |  |  |  |
|                    | (81,433)     |    |              |       | (81,433)     |  |  |  |  |
|                    | (4,474,723)  |    |              |       | (4,474,723)  |  |  |  |  |
|                    | (11,209)     |    |              |       | (11,209)     |  |  |  |  |
|                    | (76,403,432) |    |              |       | (76,403,432) |  |  |  |  |
|                    | _            |    |              |       |              |  |  |  |  |
|                    |              | \$ | 769,576      |       | 769,576      |  |  |  |  |
|                    |              |    | (126,188)    |       | (126,188)    |  |  |  |  |
|                    |              |    | 67,142       |       | 67,142       |  |  |  |  |
|                    |              |    | 710,530      |       | 710,530      |  |  |  |  |
| \$                 | (76,403,432) | \$ | 710,530      | \$    | (75,692,902) |  |  |  |  |
| Ψ                  | (70,403,432) | Ψ  | 710,550      | Ψ     | (13,072,702) |  |  |  |  |
|                    |              |    |              |       |              |  |  |  |  |
|                    | 42,424,261   |    | 59,710       |       | 42,483,971   |  |  |  |  |
|                    | 27,920,438   |    |              |       | 27,920,438   |  |  |  |  |
|                    | 6,161,383    |    |              |       | 6,161,383    |  |  |  |  |
|                    | 2,968,228    |    | 36,415       |       | 3,004,643    |  |  |  |  |
|                    | 7,166,948    |    | 124,419      |       | 7,291,367    |  |  |  |  |
|                    | 1,801,309    |    |              |       | 1,801,309    |  |  |  |  |
|                    | 77,476       |    | (77,476)     |       |              |  |  |  |  |
|                    | 88,520,043   |    | 143,068      | _     | 88,663,111   |  |  |  |  |
|                    | 12,116,611   |    | 853,598      |       | 12,970,209   |  |  |  |  |
|                    | 206,433,027  |    | 11,875,071   |       | 218,308,098  |  |  |  |  |
|                    | 3,356,634    |    | -,,-,-       |       | 3,356,634    |  |  |  |  |
| \$                 | 221,906,272  | \$ | 12,728,669   | \$    | 234,634,941  |  |  |  |  |

The accompanying notes are an integral part of these financial statements.



## BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS



## Balance Sheet Governmental Funds June 30, 2004

|  | General          | Napa County<br>Flood Protection<br>and Watershed<br>Improvement<br>Authority | Construction<br>Fund | Other<br>Governmental<br>Funds | Total                 |
|--|------------------|--|----------------------|--------------------------------|-----------------------|
| <u>ASSETS</u>                                |                  |  |                      |                                |                       |
| Cash and investments Restricted assets:      | \$ 56,664,437    | \$ 39,245,362  | \$ 961,686           | \$ 20,889,441                  | \$ 117,760,926        |
| Cash with fiscal agent                       |                  | 394,963  | 12,676,001           | 2,615,274                      | 15,686,238            |
| Imprest cash Revolving cash                  | 6,220<br>112,227 |  |                      | 500<br>104                     | 6,720<br>112,331      |
| Receivable (Net):                            | 112,227          |  |                      | 104                            | 112,551               |
| Taxes  | 3,368,656        |  |                      | 192,011                        | 3,560,667             |
| Special assessments                          |                  |  |                      | 24,475                         | 24,475                |
| Accounts receivable                          | 1,016,673        |  |                      | 34,652                         | 1,051,325             |
| Due from other government agencies           | 16,015,445       | 1,955,100  |                      | 1,158,999                      | 19,129,544            |
| Due from other funds Loans receivable        | 141,957          | <br>   |                      | 9,381,892                      | 141,957<br>9,381,892  |
| Advances due from other funds                |                  |  |                      | 2,439,039                      | 2,439,039             |
| Total Assets                                 | \$ 77,325,615    | \$ 41,595,425  | \$ 13,637,687        | \$ 36,736,387                  | \$ 169,295,114        |
| <u>LIABILITIES</u>                           |                  |  |                      |                                |                       |
| Accounts payable                             | \$ 3,111,378     | \$ 303,875   | \$ 1,162,886         | \$ 511,203                     | \$ 5,089,342          |
| Accrued payroll                              | 1,790,910        |  |                      | 143,087                        | 1,933,997             |
| Due to other funds                           |                  |  |                      | 141,957                        | 141,957               |
| Due to other government agencies             | 361,288          |  |                      |                                | 361,288               |
| Deferred revenue                             | 7,366,510        |  |                      |                                | 7,366,510             |
| Total Liabilities                            | 12,630,086       | 303,875  | 1,162,886            | 796,247                        | 14,893,094            |
| FUND BALANCES                                |                  |  |                      |                                |                       |
| Reserved for:                                |                  |  |                      |                                |                       |
| Encumbrances                                 | 3,221,948        |  |                      | 2,481,003                      | 5,702,951             |
| General                                      | 4,884,269        |  |                      | 6,147,634                      | 11,031,903            |
| Imprest cash                                 | 6,220            |  |                      | 500                            | 6,720                 |
| Revolving cash Loans receivable and advances | 112,227          |  |                      | 104<br>11,820,931              | 112,331<br>11,820,931 |
| Equipment                                    |                  |  |                      | 95,485                         | 95,485                |
| Unreserved:                                  |                  |  |                      | 75,105                         | 23,103                |
| Designated                                   | 15,063,742       | 41,001,925   | 12,474,801           | 1,680,653                      | 70,221,121            |
| Undesignated:                                |                  |  |                      |                                |                       |
| General fund                                 | 41,407,123       |  |                      |                                | 41,407,123            |
| Special revenue funds                        |                  | 289,625  |                      | 10,863,011                     | 11,152,636            |
| Capital projects funds Debt service funds    |                  |  |                      | 235,079                        | 235,079               |
| Debt service funds                           |                  |  |                      | 2,615,740                      | 2,615,740             |
| Total Fund Balances                          | 64,695,529       | 41,291,550   | 12,474,801           | 35,940,140                     | 154,402,020           |
| Total Liabilities and                        |                  |  |                      |                                |                       |
| Fund Balances                                | \$ 77,325,615    | \$ 41,595,425  | \$ 13,637,687        | \$ 36,736,387                  | \$ 169,295,114        |

The accompanying notes are an integral part of these financial statements.

# Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities June 30, 2004

| Fund Balance - total governmental funds (page 17)   | \$        | 154,402,020  |
|---|-----------|--------------|
| 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.  |           | 137,759,807  |
| 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.  |           | 7,366,510    |
| 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: |           | 15,041,083   |
| 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   |           | (46,965,000) |
| Unamortized premiums  |           | (60,202)     |
| Bonds payable   |           | (41,555,000) |
| Accrued interest on debt  |           | (249,042)    |
| Compensated absences  | _         | (4,665,810)  |
| Net assets of governmental activities (page 13)   | <u>\$</u> | 221,906,272  |

# Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2004

|   | General       | Napa County Flood Protection and Watershed Improvement Authority | Construction<br>Fund | Other<br>Governmental<br>Funds | Total          |
|---|---------------|--|----------------------|--------------------------------|----------------|
| Revenues:                                   |               |  |                      |                                |                |
| Taxes                                       | \$ 54,842,390 | \$ 11,948,764  | \$                   | \$ 9,714,929                   | \$ 76,506,083  |
| Licenses and permits                        | 3,313,034     |  |                      | 277,054                        | 3,590,088      |
| Fines, forfeits and penalties               | 1,354,236     |  |                      | 908,563                        | 2,262,799      |
| Revenue from use of money and property      | 1,086,412     | 715,290  | 419,297              | 479,055                        | 2,700,054      |
| Aid from other governments                  | 71,624,557    |  |                      | 5,837,506                      | 77,462,063     |
| Charges for services                        | 15,489,238    |  |                      | 4,130,350                      | 19,619,588     |
| Other                                       | 7,004,071     |  |                      | 181,704                        | 7,185,775      |
| Total Revenues                              | 154,713,938   | 12,664,054   | 419,297              | 21,529,161                     | 189,326,450    |
| Expenditures:                               |               |  |                      |                                |                |
| Current:                                    |               |  |                      |                                |                |
| General government                          | 29,906,007    |  |                      |                                | 29,906,007     |
| Public protection                           | 54,500,870    |  |                      | 6,602,103                      | 61,102,973     |
| Public ways and facilities                  | 4,471,032     | 7,575,354  |                      | 4,812,663                      | 16,859,049     |
| Health and sanitation                       | 27,453,390    |  |                      | 209,555                        | 27,662,945     |
| Public assistance                           | 26,522,276    |  |                      | 737,739                        | 27,260,015     |
| Education                                   | 284,369       |  |                      | 4,450,258                      | 4,734,627      |
| Recreation and cultural services            | 300,142       |  |                      | , , ,                          | 300,142        |
| Capital outlay                              | 8,842,319     |  | 11,720,840           | 942,008                        | 21,505,167     |
| Debt Service:                               | -,- ,         |  | ,,.                  | ,,,,,,                         | , ,            |
| Principal                                   |               | 2,095,000  |                      | 1,785,000                      | 3,880,000      |
| Interest and fiscal charges                 |               | 2,071,078  |                      | 2,400,309                      | 4,471,387      |
| Administration, issuance and arbitrage fees |               | _,,,,,,,,  |                      | 11,209                         | 11,209         |
| Total Expenditures                          | 152,280,405   | 11,741,432   | 11,720,840           | 21,950,844                     | 197,693,521    |
| Excess (Deficiency) of Revenues Over        |               |  |                      |                                |                |
| (Under) Expenditures                        | 2,433,533     | 922,622  | (11,301,543)         | (421,683)                      | (8,367,071)    |
| Other Financing Sources (Uses):             |               |  |                      |                                |                |
| Transfers in                                | 395,775       |  |                      | 4,342,571                      | 4,738,346      |
| Transfers out                               | (4,422,280)   |  |                      | (956,424)                      | (5,378,704)    |
| Total Other Financing Sources (Uses)        | (4,026,505)   |  |                      | 3,386,147                      | (640,358)      |
| Net change in fund balances                 | (1,592,972)   | 922,622  | (11,301,543)         | 2,964,464                      | (9,007,429)    |
| Fund Balance - Beginning of Year            | 66,288,501    | 40,368,928   | 23,776,344           | 32,976,878                     | 163,410,651    |
| Prior period adjustment                     |               | , , , , <u></u>  | , ,<br>              | (1,202)                        | (1,202)        |
| Fund Balance - Beginning of Year, restated  | 66,288,501    | 40,368,928   | 23,776,344           | 32,975,676                     | 163,409,449    |
| Fund Balance - End of Year                  | \$ 64,695,529 | \$ 41,291,550  | \$ 12,474,801        | \$ 35,940,140                  | \$ 154,402,020 |

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, 2004

| Net change to fund balance - total governmental funds (page 19)  | \$<br>(9,007,429) |
|--|-------------------|
| 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  \$ 21,287,345 (8,356,079)  | 12,931,266        |
| Governmental fund revenues deferred at year end due to unavailability<br>and therefore, deferred under the modified accrual method of<br>accounting, were recognized as revenue on the full accrual method   | 12,931,200        |
| of accounting.   | 4,008,674         |
| 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. |                   |
| Principal payments 3,880,000   | 2 990 000         |
| 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.  | 3,880,000         |
| Accrued interest on debt  Amortization of bond issuance costs  Change in compensated absences  Change in amortization of debt premium  3,169   |                   |
| Change in amortization of debt premium  3,169  Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of   | (138,642)         |
| certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.  | (1,358,567)       |
| Special Items are significant items that meet one of the following criteria: Unusual in nature or infrequent in occurence  | <br>1,801,309     |
| Change in net assets of governmental activities (pages 14-15)  | \$<br>12,116,611  |

# Statement of Fund Net Assets Proprietary Funds June 30, 2004

|   | Business-T                  | Sype Activities - En         | terprise Funds              | Governmental Activities      |
|---|-----------------------------|------------------------------|-----------------------------|------------------------------|
| ASSETS  | Napa<br>County<br>Airport   | Other<br>Enterprise<br>Funds | Total                       | Internal<br>Service<br>Funds |
| Current Assets:                                     | f 1776 229                  | ¢ 929.201                    | ¢ 2.604.620                 | ¢ 10.000.266                 |
| Cash and Investments                                | \$ 1,776,238<br>100         | \$ 828,391                   | \$ 2,604,629<br>100         | \$ 18,928,366<br>100         |
| Imprest cash Inventories                            | 100                         |                              | 100                         | 15,825                       |
| Accounts receivable                                 | 556,690                     | 11,327                       | 568,017                     | 3,657                        |
| Assessments receivable                              | 330,090                     | 44,086                       | 44,086                      | 3,037                        |
| Deposits  |                             | ,000                         |                             | 110,000                      |
| Total Current Assets                                | 2,333,028                   | 883,804                      | 3,216,832                   | 19,057,948                   |
| Noncurrent Assets:                                  |                             |                              |                             |                              |
| Long-term note receivable                           | 1,790,820                   |                              | 1,790,820                   |                              |
| Capital Assets:                                     | 1,750,020                   |                              | 1,770,020                   |                              |
| Nondepreciable:                                     |                             |                              |                             |                              |
| Land  | 697,702                     | 49,452                       | 747,154                     |                              |
| Construction in progress                            | 1,779,333                   |                              | 1,779,333                   |                              |
| Depreciable:  | -,,                         |                              | -,,                         |                              |
| Structures and improvements                         | 10,405,800                  |                              | 10,405,800                  |                              |
| Buildings and improvements                          | 10,586,952                  | 3,145,280                    | 13,732,232                  |                              |
| Equipment   | 124,402                     | 221,912                      | 346,314                     | 10,697,228                   |
| Accumulated depreciation                            | (12,087,138)                | (2,052,254)                  | (14,139,392)                | (5,660,471)                  |
| Total Noncurrent Assets                             | 13,297,871                  | 1,364,390                    | 14,662,261                  | 5,036,757                    |
| Total Assets  | \$ 15,630,899               | \$ 2,248,194                 | \$ 17,879,093               | \$ 24,094,705                |
| LIABILITIES   |                             |                              |                             |                              |
| Current Liabilities:                                |                             |                              |                             |                              |
| Accounts payable                                    | \$ 338,070                  | \$ 23,349                    | \$ 361,419                  | \$ 197,348                   |
| Accrued salaries and benefits                       | 13,121                      |                              | 13,121                      | 116,003                      |
| Deposits with others                                | 7,246                       | 56,594                       | 63,840                      |                              |
| Loan payable, current portion                       | 21,484                      |                              | 21,484                      |                              |
| Liability for unpaid claims, current portion        |                             |                              |                             | 3,965,255                    |
| Liability for compensated absences, current portion | 9,303                       |                              | 9,303                       | 73,768                       |
| Total Current Liabilities                           | 389,224                     | 79,943                       | 469,167                     | 4,352,374                    |
| Long-Term Liabilities:                              |                             |                              |                             |                              |
| Advances due to other funds                         | 2,439,039                   |                              | 2,439,039                   |                              |
| Deferred revenue                                    | 1,790,820                   |                              | 1,790,820                   |                              |
| Loan payable  | 438,516                     |                              | 438,516                     |                              |
| Liability for unpaid claims                         |                             |                              |                             | 4,544,745                    |
| Liability for compensated absences                  | 12,882                      |                              | 12,882                      | 156,503                      |
| Total Liabilities                                   | 5,070,481                   | 79,943                       | 5,150,424                   | 9,053,622                    |
| NET ASSETS  | 0.400.012                   | 1 264 200                    | 0.072.402                   | E 024 757                    |
| Invested in capital assets, net of related debt     | 8,608,012                   | 1,364,390                    | 9,972,402                   | 5,036,757                    |
| Unrestricted Total Nat Assats                       | 1,952,406                   | 803,861                      | 2,756,267                   | 10,004,326                   |
| Total Vet Assets                                    | 10,560,418<br>\$ 15,630,899 | 2,168,251<br>\$ 2,248,194    | 12,728,669<br>\$ 17,879,093 | \$ 24,094,705                |
| <b>Total Liabilities and Net Assets</b>             | <u>\$ 13,030,899</u>        | \$ 2,248,194                 | \$ 17,879,093               | \$ 24,094,705                |

The accompanying notes are an integral part of these financial statements.

# Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2004

|   | Business-Typ              | pe Activities - En           | terprise Funds | Governmental<br>Activities   |
|---|---------------------------|------------------------------|----------------|------------------------------|
|   | Napa<br>County<br>Airport | Other<br>Enterprise<br>Funds | Total          | Internal<br>Service<br>Funds |
| Operating Revenues:                     |                           |                              |                |                              |
| Charges for services                    | \$ 1,540,253              | \$ 1,217,061                 | \$ 2,757,314   | \$ 9,508,028                 |
| Maintenance Charges:                    |                           |                              |                |                              |
| Equipment                               |                           |                              |                | 553,285                      |
| Vehicle                                 |                           |                              |                | 536,282                      |
| Replacement charges                     |                           |                              |                | 732,740                      |
| Other revenue                           | 99,748                    |                              | 99,748         | 210,421                      |
| Total Operating Revenues                | 1,640,001                 | 1,217,061                    | 2,857,062      | 11,540,756                   |
| Operating Expenses:                     |                           |                              |                |                              |
| Salaries and employee benefits          | 407,918                   |                              | 407,918        | 3,994,791                    |
| Services and supplies                   | 412,607                   | 1,080,536                    | 1,493,143      | 4,522,759                    |
| Maintenance                             | 79,381                    |                              | 79,381         |                              |
| Insurance                               |                           | 9,772                        | 9,772          |                              |
| Other charges                           |                           | 70,933                       | 70,933         |                              |
| Claims expense                          |                           |                              |                | 4,509,278                    |
| Depreciation and amortization           | 790,516                   | 115,423                      | 905,939        | 895,975                      |
| Depreciation and amortization           | 770,310                   | 113,423                      | 703,737        | 673,713                      |
| Total Operating Expenses                | 1,690,422                 | 1,276,664                    | 2,967,086      | 13,922,803                   |
| Operating Income (Loss)                 | (50,421)                  | (59,603)                     | (110,024)      | (2,382,047)                  |
| Non-Operating Revenues (Expenses):      |                           |                              |                |                              |
| Aid from other governmental units       | 944,816                   | 557                          | 945,373        |                              |
| Tax revenue                             |                           | 59,710                       | 59,710         |                              |
| Non-operating revenues                  |                           | 24,671                       | 24,671         |                              |
| Interest income                         | 28,375                    | 8,040                        | 36,415         | 268,174                      |
| Interest expense                        | (25,071)                  |                              | (25,071)       |                              |
| Loss on disposition of capital assets   |                           |                              |                | 37,472                       |
| Total Non-Operating Revenues (Expenses) | 948,120                   | 92,978                       | 1,041,098      | 305,646                      |
| Net Income Before Transfers             | 897,699                   | 33,375                       | 931,074        | (2,076,401)                  |
| Transfers in                            | 37,562                    |                              | 37,562         | 1,074,594                    |
| Transfers out                           | (115,038)                 |                              | (115,038)      | (356,760)                    |
| Change in Net Assets                    | 820,223                   | 33,375                       | 853,598        | (1,358,567)                  |
| Net Assets - Beginning of Year          | 9,740,195                 | 2,134,876                    | 11,875,071     | 16,399,650                   |
| Net Assets - End of Year                | \$ 10,560,418             | \$ 2,168,251                 | \$ 12,728,669  | \$ 15,041,083                |

The accompanying notes are an integral part of these financial statements.

# Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2004

| Napa   |   | Business-Ty  | pe Activities - En | terprise Funds | Governmental Activities |
|--|---|--------------|--------------------|----------------|-------------------------|
| Airport   Funds   Fu   |   | Napa         | Other              |                | Internal                |
| CASH FLOWS FROM   CASH PROVISION   CAS   |   | County       | Enterprise         |                | Service                 |
| OPERATING ACTIVITIES:         \$ 1,651,355         \$ 1,550,074         \$ 3,201,429         \$ 1.540,767           Cash receipts from customers         (203,862)         (1,131,235)         (1,335,097)         (5,711,340)           Cash paid to suppliers for goods and services         (400,214)         — (400,214)         (3,963,900)           Net Cash Provided (Used) by Operating Activities           Operating Activities           CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:           Aid from other governmental units         700,707         557         701,264         — 7           Transfers in any other funds         (310,594)         — 37,562         1,074,594           Transfers out colspan="6">(1115,038)         — (115,038)         (356,760)           Advances from other funds         (310,594)         — 7         701,264         — 7           Non-operating revenues         — 84,381         84,381         — 7           Net Cash Provided (Used) by Noncapital Financing Activities         312,637         84,938         397,575         717,834           CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:         — — — — — — — — — — — — — — — — — — —   |   | Airport      | Funds              | Total          | Funds                   |
| Cash receipts from customers   |   |              |                    |                |                         |
| Cash receipts from internal fund services provided Cash paid to suppliers for goods and services   |   |              |                    |                |                         |
| Cash paid to suppliers for goods and services         (203,862) (1,131,235) (1,335,097) (5,711,340) (3,963,900)           Cash paid to employees for services         (400,214) (400,214) (3,963,900)           Net Cash Provided (Used) by Operating Activities         1,047,279         418,839         1,466,118         1,865,527           CASH FLOWS FROM NONCAPITAL           FINANCING ACTIVITIES:           Aid from other governmental units         700,707         557         701,264         —           Transfers in         37,562         —         37,562         1,074,594           Transfers out         (115,038)         —         (115,038)         365,760           Non-operating revenues         (310,594)         —         (310,594)         —           Net Cash Provided (Used) by Noncapital Financing Activities         312,637         84,938         397,575         717,834           CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:           Proceeds of sales of capital assets         —         —         —         56,026           Principal repayments related to capital purposes         (20,000)         —         (20,000)         —           Interest repayments related to capital purposes         (25,071)         —         (25,071)         —   | <u>-</u>  | \$ 1,651,355 | \$ 1,550,074       | \$ 3,201,429   | ·                       |
| Cash paid to employees for services         (400,214)         — (400,214)         (3,963,900)           Net Cash Provided (Used) by Operating Activities         1,047,279         418,839         1,466,118         1,865,527           CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:  Aid from other governmental units         700,707         557         701,264         — 7074,594           Transfers in         37,562         — 37,562         1,074,594           Transfers out         (115,038)         — (115,038)         (356,760)           Advances from other funds         (310,594)         — (310,594)         — 7           Non-operating revenues         — 84,381         84,381         — 7           Net Cash Provided (Used) by Noncapital Financing Activities         312,637         84,938         397,575         717,834           CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:         Proceeds of sales of capital assets         — — — 56,026         — 56,026           Principal repayments related to capital purposes         (20,000)         — 20,000)         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000         — 10,000   | •   | -            |                    |                |                         |
| Net Cash Provided (Used) by Operating Activities   1,047,279   418,839   1,466,118   1,865,527   |   | , ,          |                    | * ' ' '        |                         |
| Operating Activities         1,047,279         418,839         1,466,118         1,865,527           CASH FLOWS FROM NONCAPITAL           FINANCING ACTIVITIES:           Aid from other governmental units         700,707         557         701,264         —           Transfers in         37,562         -         37,562         1,074,594           Transfers out         (115,038)         -         (115,038)         (356,760)           Advances from other funds         (310,594)         —         (310,594)         —           Non-operating revenues         —         84,381         84,381         —           Net Cash Provided (Used) by<br>Noncapital Financing Activities         312,637         84,938         397,575         717,834           CASH FLOWS FROM CAPITAL AND           RELATED FINANCING ACTIVITIES:           Principal repayments related to capital purposes         (20,000)         —         20,000         —           Principal repayments related to capital purposes         (25,071)         —         25,071         —           Payments related to the acquisition of capital assets         (1,142,258)         (93,236)         (1,280,565)         (414,216)           CASH FLOWS FROM INVESTING ACTIVITIES <th>Cash paid to employees for services</th> <th>(400,214</th> <th></th> <th>(400,214)</th> <th>(3,963,900)</th>   | Cash paid to employees for services                   | (400,214     |                    | (400,214)      | (3,963,900)             |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: Aid from other governmental units Aid from other governmental Aid from other governments (115,038) Aid (115,038) Aid (115,038) Aid (130,594) Aid (130,59) A | Net Cash Provided (Used) by                           |              |                    |                |                         |
| FINANCING ACTIVITIES:   Aid from other governmental units   700,707   557   701,264     17 ansfers in   37,562     37,562   1,074,594   17 ansfers out   (115,038)     (115,038)   (356,760)   Advances from other funds   (310,594)     84,381   84,381   | · · · · · · · · · · · · · · · · · · ·                 | 1,047,279    | 418,839            | 1,466,118      | 1,865,527               |
| FINANCING ACTIVITIES:   Aid from other governmental units   700,707   557   701,264     17 ansfers in   37,562     37,562   1,074,594   17 ansfers out   (115,038)     (115,038)   (356,760)   Advances from other funds   (310,594)     |   |              |                    |                |                         |
| Aid from other governmental units         700,707         557         701,264            Transfers in         37,562          37,562         1,074,594           Transfers out         (115,038)          (115,038)         (356,760)           Advances from other funds         (310,594)          (310,594)            Non-operating revenues          84,381         84,381            Net Cash Provided (Used) by<br>Noncapital Financing Activities         312,637         84,938         397,575         717,834           CASH FLOWS FROM CAPITAL AND<br>RELATED FINANCING ACTIVITIES:           Proceeds of sales of capital assets           56,026           Principal repayments related to capital purposes         (20,000)          (20,000)            Interest repayments related to capital purposes         (25,071)          (25,071)            Payments related to the acquisition of capital assets         (1,142,258)         (93,236)         (1,235,494)         (470,242)           Net Cash Provided (Used) by Capital and Related Financing Activities         28,375         8,040         36,415         268,174           Net Cash Provided by Invest  |   |              |                    |                |                         |
| Transfers in Transfers out         37,562  |   |              |                    |                |                         |
| Transfers out         (115,038)          (115,038)         (356,760)           Advances from other funds         (310,594)          (310,594)            Non-operating revenues          84,381         84,381            Net Cash Provided (Used) by Noncapital Financing Activities         312,637         84,938         397,575         717,834           CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:           Proceeds of sales of capital assets           56,026           Principal repayments related to capital purposes         (20,000)          (20,000)            Interest repayments related to capital purposes         (25,071)          (25,071)            Payments related to the acquisition of capital assets         (1,142,258)         (93,236)         (1,235,494)         (470,242)           Net Cash Provided (Used) by Capital and Related Financing Activities         (1,187,329)         (93,236)         (1,280,565)         (414,216)           CASH FLOWS FROM INVESTING ACTIVITIES           Interest received         28,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415 <td><u> </u></td> <td>*</td> <td></td> <td>,</td> <td></td>   | <u> </u>  | *            |                    | ,              |                         |
| Advances from other funds Non-operating revenues    Cash Provided (Used) by Noncapital Financing Activities   Size of Sales of Capital assets   Proceeds of sales of Capital purposes   (20,000)   (20,000)   (25,071)   (25,071)   (25,071)   (25,071)   (25,071)   (20,000)   |   |              |                    |                |                         |
| Non-operating revenues   |   |              |                    | , , ,          | (356,760)               |
| Net Cash Provided (Used) by   Noncapital Financing Activities   312,637   84,938   397,575   717,834   |   | (310,594     |                    |                |                         |
| Noncapital Financing Activities         312,637         84,938         397,575         717,834           CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:           Proceeds of sales of capital assets         -         -         -         -         56,026           Principal repayments related to capital purposes         (20,000)         -         (20,000)         -           Interest repayments related to capital purposes         (25,071)         -         (25,071)         -           Payments related to the acquisition of capital assets         (1,142,258)         (93,236)         (1,235,494)         (470,242)           Net Cash Provided (Used) by Capital and Related Financing Activities         (1,187,329)         (93,236)         (1,280,565)         (414,216)           CASH FLOWS FROM INVESTING ACTIVITIES         38,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147  | Non-operating revenues                                |              | 84,381             | 84,381         |                         |
| Noncapital Financing Activities         312,637         84,938         397,575         717,834           CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:           Proceeds of sales of capital assets         -         -         -         -         56,026           Principal repayments related to capital purposes         (20,000)         -         (20,000)         -           Interest repayments related to capital purposes         (25,071)         -         (25,071)         -           Payments related to the acquisition of capital assets         (1,142,258)         (93,236)         (1,235,494)         (470,242)           Net Cash Provided (Used) by Capital and Related Financing Activities         (1,187,329)         (93,236)         (1,280,565)         (414,216)           CASH FLOWS FROM INVESTING ACTIVITIES         38,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147  | Not Cosh Provided (Used) by                           |              |                    |                |                         |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:  Proceeds of sales of capital assets  56,026  Principal repayments related to capital purposes (20,000) (20,000) (25,071) (2   | · · · · · · · · · · · · · · · · · · ·                 | 312 633      | 84 938             | 397 575        | 717 834                 |
| RELATED FINANCING ACTIVITIES:           Proceeds of sales of capital assets            56,026           Principal repayments related to capital purposes         (20,000)          (20,000)            Interest repayments related to capital purposes         (25,071)          (25,071)            Payments related to the acquisition of capital assets         (1,142,258)         (93,236)         (1,235,494)         (470,242)           Net Cash Provided (Used) by Capital and Related Financing Activities         (1,187,329)         (93,236)         (1,280,565)         (414,216)           CASH FLOWS FROM INVESTING ACTIVITIES         Interest received         28,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147  | roncapital I manering rectivities                     | 312,037      |                    | 371,313        | 717,054                 |
| Proceeds of sales of capital assets         -         -         -         -         56,026           Principal repayments related to capital purposes         (20,000)         -         (20,000)         -           Interest repayments related to capital purposes         (25,071)         -         (25,071)         -           Payments related to the acquisition of capital assets         (1,142,258)         (93,236)         (1,235,494)         (470,242)           Net Cash Provided (Used) by Capital and Related Financing Activities         (1,187,329)         (93,236)         (1,280,565)         (414,216)           CASH FLOWS FROM INVESTING ACTIVITIES         Interest received         28,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147   | CASH FLOWS FROM CAPITAL AND                           |              |                    |                |                         |
| Principal repayments related to capital purposes         (20,000)          (20,000)            Interest repayments related to capital purposes         (25,071)          (25,071)            Payments related to the acquisition of capital assets         (1,142,258)         (93,236)         (1,235,494)         (470,242)           Net Cash Provided (Used) by Capital and Related Financing Activities         (1,187,329)         (93,236)         (1,280,565)         (414,216)           CASH FLOWS FROM INVESTING ACTIVITIES         Interest received         28,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147  | RELATED FINANCING ACTIVITIES:                         |              |                    |                |                         |
| Interest repayments related to capital purposes  | Proceeds of sales of capital assets                   | -            |                    |                | 56,026                  |
| Payments related to the acquisition of capital assets       (1,142,258)       (93,236)       (1,235,494)       (470,242)         Net Cash Provided (Used) by Capital and Related Financing Activities       (1,187,329)       (93,236)       (1,280,565)       (414,216)         CASH FLOWS FROM INVESTING ACTIVITIES       Interest received       28,375       8,040       36,415       268,174         Net Cash Provided by Investing Activities       28,375       8,040       36,415       268,174         Net Increase (Decrease) in Cash and Cash Equivalents       200,962       418,581       619,543       2,437,319         Cash and Cash Equivalents, Beginning of Year       1,575,376       409,810       1,985,186       16,491,147   | Principal repayments related to capital purposes      | (20,000      |                    | (20,000)       |                         |
| Net Cash Provided (Used) by Capital and Related Financing Activities       (1,187,329)       (93,236)       (1,280,565)       (414,216)         CASH FLOWS FROM INVESTING ACTIVITIES       28,375       8,040       36,415       268,174         Net Cash Provided by Investing Activities       28,375       8,040       36,415       268,174         Net Increase (Decrease) in Cash and Cash Equivalents       200,962       418,581       619,543       2,437,319         Cash and Cash Equivalents, Beginning of Year       1,575,376       409,810       1,985,186       16,491,147  | Interest repayments related to capital purposes       | (25,071      |                    | (25,071)       |                         |
| and Related Financing Activities         (1,187,329)         (93,236)         (1,280,565)         (414,216)           CASH FLOWS FROM INVESTING ACTIVITIES           Interest received         28,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147  | Payments related to the acquisition of capital assets | (1,142,258   | (93,236)           | (1,235,494)    | (470,242)               |
| and Related Financing Activities         (1,187,329)         (93,236)         (1,280,565)         (414,216)           CASH FLOWS FROM INVESTING ACTIVITIES           Interest received         28,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147  |   |              |                    |                | _                       |
| CASH FLOWS FROM INVESTING ACTIVITIES           Interest received         28,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147  |   |              |                    |                |                         |
| Interest received         28,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147   | and Related Financing Activities                      | (1,187,329   | (93,236)           | (1,280,565)    | (414,216)               |
| Interest received         28,375         8,040         36,415         268,174           Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147   | CASH ELOWS EDOM INVESTING ACTIVITIES                  |              |                    |                |                         |
| Net Cash Provided by Investing Activities         28,375         8,040         36,415         268,174           Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147   |   | 28 375       | 8 040              | 36.415         | 268 174                 |
| Net Increase (Decrease) in Cash and Cash Equivalents         200,962         418,581         619,543         2,437,319           Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147   |   |              |                    |                |                         |
| and Cash Equivalents       200,962       418,581       619,543       2,437,319         Cash and Cash Equivalents, Beginning of Year       1,575,376       409,810       1,985,186       16,491,147   | Net Cash Frovided by investing Activities             |              | 0,040              | 30,413         | 200,174                 |
| and Cash Equivalents       200,962       418,581       619,543       2,437,319         Cash and Cash Equivalents, Beginning of Year       1,575,376       409,810       1,985,186       16,491,147   | Net Increase (Decrease) in Cash                       |              |                    |                |                         |
| Cash and Cash Equivalents, Beginning of Year         1,575,376         409,810         1,985,186         16,491,147  |   | 200,962      | 418,581            | 619,543        | 2,437,319               |
|  | •   | •            | •                  | •              | . ,                     |
| Cash and Cash Equivalents, End of Year         \$ 1,776,338         \$ 828,391         \$ 2,604,729         \$ 18,928,466  | Cash and Cash Equivalents, Beginning of Year          | 1,575,376    | 409,810            | 1,985,186      | 16,491,147              |
| Cash and Cash Equivalents, End of Year         \$ 1,776,338         \$ 828,391         \$ 2,604,729         \$ 18,928,466  |   |              |                    |                | _                       |
|  | Cash and Cash Equivalents, End of Year                | \$ 1,776,338 | \$ 828,391         | \$ 2,604,729   | \$ 18,928,466           |

continued

# Statement of Cash Flows (continued) Proprietary Funds For the Year Ended June 30, 2004

|   | Business-Type Activities - Enterprise Funds |  |    |          | G     | overnmental<br>Activities |    |                              |
|---|---|--|----|----------|-------|---------------------------|----|------------------------------|
|   |   | Napa Other County Enterprise Airport Funds |    |          | Total |                           |    | Internal<br>Service<br>Funds |
| Reconciliation of Operating Income (Loss) |   | •  |    |          |       |                           |    |                              |
| to Net Cash Provided (Used) by            |   |  |    |          |       |                           |    |                              |
| Operating Activities:                     |   |  |    |          |       |                           |    |                              |
| Operating income (loss)                   | \$  | (50,421)                                   | \$ | (59,603) | \$    | (110,024)                 | \$ | (2,382,047)                  |
| Adjustments to reconcile operating income |   |  |    |          |       |                           |    |                              |
| (loss) to net cash provided (used) by     |   |  |    |          |       |                           |    |                              |
| operating activities:                     |   |  |    |          |       |                           |    |                              |
| Depreciation                              |   | 790,516                                    |    | 115,423  |       | 905,939                   |    | 895,975                      |
| Changes in assets and liabilities:        |   |  |    |          |       |                           |    |                              |
| (Increase) decrease in:                   |   |  |    |          |       |                           |    |                              |
| Accounts receivable                       |   | 174,115                                    |    | 314,349  |       | 488,464                   |    | 11                           |
| Assessment receivable                     |   |  |    | 18,664   |       | 18,664                    |    |                              |
| Inventory                                 |   |  |    |          |       |                           |    | (2,448)                      |
| Increase (decrease) in:                   |   |  |    |          |       |                           |    |                              |
| Accounts payable                          |   | 288,126                                    |    | 23,341   |       | 311,467                   |    | 2,145                        |
| Deferred revenue                          |   | (162,761)                                  |    |          |       | (162,761)                 |    |                              |
| Deposits with others                      |   |  |    | 6,665    |       | 6,665                     |    |                              |
| Accrued salaries                          |   | 5,249                                      |    |          |       | 5,249                     |    | 32,311                       |
| Compensated absences                      |   | 2,455                                      |    |          |       | 2,455                     |    | (1,420)                      |
| Liability for self-insurance              |   |  |    |          |       |                           |    | 3,321,000                    |
| Net Cash Provided (Used) by               |   |  |    |          |       |                           |    |                              |
| Operating Activities                      | \$  | 1,047,279                                  | \$ | 418,839  | \$    | 1,466,118                 | \$ | 1,865,527                    |

# Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2004

| ASSETS   | Investment<br>Trust | Private<br>Purpose<br>Trust Funds | Agency<br>Funds             | Total                       |
|--|---------------------|-----------------------------------|-----------------------------|-----------------------------|
| Current Assets:  |                     |                                   |                             |                             |
| Cash and investments   | \$ 113,841,577      | \$ 2,569,907                      | \$ 26,285,337               | \$ 142,696,821              |
| Taxes receivable   |                     |                                   | 5,636,457                   | 5,636,457                   |
| Total Current Assets   | \$ 113,841,577      | \$ 2,569,907                      | \$ 31,921,794               | \$ 148,333,278              |
| LIABILITIES  Agency funds held for others  Total Liabilities | \$<br>              | \$                                | \$ 31,921,794<br>31,921,794 | \$ 31,921,794<br>31,921,794 |
| NET ASSETS   |                     |                                   |                             |                             |
| Net assets held in trust for (reserved                       |                     |                                   |                             |                             |
| for) endowment purpose                                       |                     | 2,569,907                         |                             | 2,569,907                   |
| Net assets held in trust for                                 |                     |                                   |                             |                             |
| investment pool participants                                 | 113,841,577         |                                   |                             | 113,841,577                 |
| Total Net Assets   | 113,841,577         | 2,569,907                         |                             | 116,411,484                 |
| <b>Total Liabilities and Net Assets</b>                      | \$ 113,841,577      | \$ 2,569,907                      | \$ 31,921,794               | \$ 148,333,278              |

# Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2004

|                                   |                | Private      |                |
|-----------------------------------|----------------|--------------|----------------|
|                                   | Investment     | Purpose      |                |
|                                   | Trust          | Trust Funds  | Total          |
| <u>ADDITIONS</u>                  |                |              |                |
| Contribution:                     |                |              |                |
| Contribution to investment pool   | \$ 735,061,191 | \$ 1,219,084 | 736,280,275    |
| Total Contribution                | 735,061,191    | 1,219,084    | 736,280,275    |
| Net Investment Income:            |                |              |                |
| Interest                          | 2,063,696      | 51,053       | 2,114,749      |
| Net Investment Income             | 2,063,696      | 51,053       | 2,114,749      |
| Total Additions                   | 737,124,887    | 1,270,137    | 738,395,024    |
| <b>DEDUCTIONS</b>                 |                |              |                |
| Distribution from investment pool | 745,643,253    | 2,230,497    | 747,873,750    |
| Total Deductions                  | 745,643,253    | 2,230,497    | 747,873,750    |
| Change in Net Assets              | (8,518,366)    | (960,360)    | (9,478,726)    |
| Net Assets, Beginning of Year     | 122,359,943    | 3,530,267    | 125,890,210    |
| Net Assets, Ending of Year        | \$ 113,841,577 | \$ 2,569,907 | \$ 116,411,484 |

# 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, 2004

## 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.

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 30<sup>th</sup> year end.

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 and Napa County Public Improvement Corporation.

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

# Notes to the Basic Financial Statements For the Year Ended June 30, 2004

## Note 1: The Financial Reporting Entity (continued)

#### A. Excluded from the Reporting Entity (continued)

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

## 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.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

## Note 1: The Financial Reporting Entity (continued)

#### B. Excluded – Joint Power Authorities (JPA) (continued)

- 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.

#### 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.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

#### 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.

#### 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.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

## Note 2: Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

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

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.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

## Note 2: Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

- 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 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

## Note 2: Summary of Significant Accounting Policies (continued)

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

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 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. 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.

#### D. 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.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

## Note 2: Summary of Significant Accounting Policies (continued)

#### E. Property Tax Receivable and Revenue

The property taxes receivable balance is \$5,636,457 before an allowance for uncollectibles. A conservative percentage figure for uncollectibles is 3%.

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.

#### F. 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, 2004

## Note 2: Summary of Significant Accounting Policies (continued)

#### F. 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.

## G. 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 | MAXIMUM ACCRUAL OF              |
|---------------------|---------------------------------|
| COUNTY SERVICE      | <b>UNUSED VACATION BENEFITS</b> |
|                     |                                 |
| 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               |
|                     |                                 |

#### H. 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, 2004

## Note 2: Summary of Significant Accounting Policies (continued)

## H. **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.

#### I. 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**

• *IHSS Fund* – In-Home Supportive Services Public Authority of Napa County was determined to be blended component unit of the County of Napa since it is governed by the County Board of Supervisors. During the prior year, it was reported as an agency fund of the County.

## **Prior Period Adjustment**

• General Fund – A prior period adjustment of \$3,357,836 was made in the government-wide statements to reflect SB 90 revenues earned in prior years and not received nor reported by the County.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

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

# Prior Period Adjustment (continued)

|   | Government-Wide Statement of Activities | Fund Financial Statements Other |  |
|---|---|---------------------------------|--|
|   | Governmental Activities                 | Governmental<br>Funds           |  |
| Net assets/Fund balance – June 30, 2003, as previously reported | \$ 206,433,027                          | \$ 32,976,878                   |  |
| Adjustment associated with: Fund reclassification:              |   |                                 |  |
| In-Home Supportive Services                                     | (1,202)                                 | (1,202)                         |  |
| Prior period adjustment Total Adjustments                       | 3,357,836<br>3,356,634                  | (1,202)                         |  |
| Net assets/Fund balance - July 1, 2003, as restated             | <u>\$ 209,789,661</u>                   | \$ 32,975,676                   |  |

# Note 4: Cash and Investments

Total cash and investments held in the Treasury are commingled for investment purposes. Cash with fiscal agent is held outside the Treasury and is not commingled with other cash and investments.

Total County deposits and investments for financial statements are as follows:

| Cash and investments in Treasury per financial statements | \$ 281,990,742 |
|---|----------------|
| Add: outstanding warrants and reconciling items           | 12,360,881     |
| Total Per Treasurer                                       | \$ 294,351,623 |

The County maintains a Cash and Investment Pool (Pool) that is available for use by all County funds. Certain agencies outside of the County reporting entity participate in the Pool.

The fair value of investments in the Pool is determined monthly based upon quoted market prices. The Pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by the California Government Code Section 27143. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2004 to support the values of shares in the Pool. However, the management believes that the investments in the Pool are of high quality and that the risk of participation in the Pool is negligible. At June 30, 2004, the difference between the cost and fair value of cash and investments was not material (fair value is 99.3% of cost). Therefore, an adjustment to fair value was not required for GASB 31 compliance.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

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

The Pool generally allows participant shares to be withdrawn based on the cost balances invested regardless of changes in market values. Specifically, the Pool distributes income to participants quarterly based on their relative participation during the quarter which is calculated based on (1) realized investment gains and losses computed on a cost basis, (2) interest income based on stated rates, (3) amortization of discounts and premiums at maturity only, and (4) investment and administrative expenses. Investment income related to investments reported in certain funds is assigned to other funds based upon legal or contractual provisions.

# **Deposits**

All deposits are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a County's deposits by pledging governmental securities as collateral. The market value of pledged securities must equal at least 110% of a County's deposits. California law also allows financial institutions to secure a County's deposit by pledging first trust deed mortgage notes having a value of 150% of a County's total deposits. The County may but does not waive collateral requirements for deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

At year-end, the carrying amount of the County's cash deposits (including amounts in checking and non-negotiable certificates of deposit) was \$4,344,991 and the bank balance was \$3,091,994. The difference between the carrying amount of the County's deposits and the bank balance is a result of transactions in transit. Of the bank balances, \$500,000 was covered by federal depository insurance and \$2,591,994 was collateralized (i.e., collateralized with securities held by pledging financial institutions at 110% of the investments, but not in the County's name).

#### **Investments**

The California Government Code authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Recorder's, non-negotiable certificates of deposit, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, obligations of the State of California, obligations of local agencies within California, corporate notes, mutual funds, financial futures, financial option contracts and the State Treasurer's Local Agency Investment Fund. The County is also authorized to enter into reverse repurchase agreements; however, the County did not enter into such agreements during the year ended June 30, 2004.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

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

#### <u>Investments</u> (continued)

The County's pro-rata share of investment in the State Treasurer's Local Agency Investment Fund (LAIF) at June 30, 2004 is \$26,180,000. The total amount invested by all public agencies in LAIF is \$57 billion. Of this amount, 1.6% was invested in asset backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County's portion in the pool.

#### Credit Risk, Carrying Amount, and Fair Values of Investments

Investments of the County are summarized below. The investments that are represented by specific identifiable investment securities are classified as to custodial credit risk by three categories as follows:

Category 1 – includes investments that are insured or registered, or for which securities are held by the County or its agent in the County's name;

Category 2 – includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name;

Category 3 – includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

The County did not have any Category 2 or 3 investments at June 30, 2004.

|                                   |               | Stated         | Carrying              |                       |                       |
|-----------------------------------|---------------|----------------|-----------------------|-----------------------|-----------------------|
|                                   | Maturity Date | Interest Rates | Amount                | Fair Values           | Par Values            |
| Category 1 Investments:           |               |                |                       |                       |                       |
| Bankers Acceptances               | 7/04 - 8/04   | 1.07% - 1.33%  | \$ 12,352,559         | \$ 12,350,789         | \$ 12,374,000         |
| Commercial Paper                  | 7/04          | 1.08%          | 1,281,346             | 1,281,196             | 1,282,000             |
| Federal Agencies                  | 7/04 - 6/09   | 1.01% - 4.98%  | 249,193,639           | 247,045,335           | 249,935,000           |
|                                   |               |                | 262,827,544           | 260,677,320           | 263,591,000           |
| Non-Categorized Cash and Investme | ents:         |                |                       |                       |                       |
| Local Agency Investment Fund (I   | LAIF)         |                | 26,180,000            | 26,137,698            | 26,180,000            |
| Local Certificates of Deposit     |               |                | 200,000               | 200,000               | 200,000               |
| Local Agency Loan (Teeter Note)   | )             |                | 936,631               | 936,631               | 936,631               |
| Cash in Bank                      |               |                | 4,144,991             | 4,144,991             | 4,144,991             |
| Cash on Hand                      |               |                | 62,457                | 62,457                | 62,457                |
|                                   |               |                |                       |                       |                       |
| Total Treasury                    |               |                | <u>\$ 294,351,623</u> | <u>\$ 292,159,097</u> | <u>\$ 295,115,079</u> |

# Notes to the Basic Financial Statements For the Year Ended June 30, 2004

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

Credit Risk, Carrying Amount, and Fair Values of Investments (continued)

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool at June 30, 2004:

## Statement of Net Assets

| Net assets held for pool participants   | \$ 281,990,742   |
|---|--|
| Equity of external pool participants Equity of internal pool participants Total Equity                | \$ 116,411,484   |
| Net assets at July 1, 2003<br>Net investment income<br>Net withdrawals<br>Net Assets at June 30, 2004 | \$ 279,873,538<br>4,688,707<br>(2,571,503)<br>\$ 281,990,742 |

## Note 5: **Interfund Transactions**

# **Interfund Receivables/Payables**

The composition of interfund balances as of June 30, 2004 are as follows:

#### Due to/from other funds:

| Receivable Fund                                      | Payable Fund        | Amount            |  |  |  |  |
|--|---------------------|-------------------|--|--|--|--|
| General Fund   | IHSS                | <u>\$ 141,957</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 | \$ 2,439,039      |  |  |  |  |

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, 2004

# 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   |
|--------------------------|---|----------------------|---|
| Airport Fund             | Other Governmental Funds                          | \$ 115,038           | Debt service payments.  |
| General Fund             | Other Governmental Funds Other Governmental Funds | 3,347,905<br>126,103 | Debt service payments. Contribution to In-Home Supportive Services Public Authority of Napa County. Purchase of software/global imaging |
|                          | Internal Service Funds                            | 948,272<br>4,422,280 | system.   |
| Internal Service Funds   | Internal Service Funds                            | 100,000              | Equipment pool relocation. Contribution from workers comp to fund fire/life safety programs. Contribution from General Liability        |
|                          | General Fund                                      | 256,760<br>356,760   | to cover operating expenses.  |
| Other Governmental Funds | General Fund<br>Other Governmental Funds          | 139,015<br>312,804   | Historical Courthouse renovation.  Debt service payments.  Purchase of mobile equipment and reimbursement for structural fire           |
|                          | Other Governmental Funds                          | 440,721              | protection services.  Special Aviation fund (1240) was closed and its fund balance was  |
|                          | Airport Fund                                      | 37,562               | transferred to the Napa County<br>Airport fund (4500).  |
|                          | Internal Service Funds                            | 26,322<br>956,424    | Equipment replacement.  |
|                          |   | \$ 5,850,502         |   |

# Notes to the Basic Financial Statements For the Year Ended June 30, 2004

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

| Governmental Activities Capital assets, not being depreciated:                                | Balance<br>July 1, 2003                       | Additions                                 | Retirements         | Transfers & Adjustments | Balance<br>June 30, 2004                      |
|---|---|---|---------------------|-------------------------|---|
| Land Construction in progress   | \$ 4,555,707<br>4,639,058                     | \$<br>17,228,134                          | \$<br>              | \$<br>(345,512)         | \$ 4,555,707<br>21,521,680                    |
| Total capital assets, not being depreciated   | 9,194,765                                     | 17,228,134                                |                     | (345,512)               | 26,077,387                                    |
| Capital assets, being depreciated: Infrastructure Structures and improvements Equipment       | 168,891,574<br>61,070,283<br>20,473,822       | 168,882<br>5,147,186<br>1,030,181         | <br><br>(988,013)   | 345,512                 | 169,060,456<br>66,562,981<br>20,515,990       |
| Total capital assets, being depreciated   | 250,435,679                                   | 6,346,249                                 | (988,013)           | 345,512                 | 256,139,427                                   |
| Less accumulated depreciation for: Infrastructure Structures and improvements Equipment       | (104,582,617)<br>(14,097,737)<br>(12,441,814) | (6,306,805)<br>(1,325,778)<br>(1,619,470) | <br><br>950,629     | 2,948<br>563<br>(169)   | (110,886,474)<br>(15,422,952)<br>(13,110,824) |
| Total accumulated depreciation  | (131,122,168)                                 | (9,252,053)                               | 950,629             | 3,342                   | (139,420,250)                                 |
| Total capital assets, being depreciated, net  | 119,313,511                                   | (2,905,804)                               | (37,384)            | 348,854                 | 116,719,177                                   |
| Government activities capital assets, net   | <u>\$ 128,508,276</u>                         | <u>\$14,322,330</u>                       | <u>\$ (37,384)</u>  | <u>\$ 3,342</u>         | <u>\$ 142,796,564</u>                         |
| Business-Type Activities Capital assets, not being depreciated: Land Construction in progress | \$ 747,154<br>1,573,016                       | \$<br>1,192,347                           | \$<br>(115,079)     | \$<br>(870,951)         | \$ 747,154<br>                                |
| Total capital assets, not being depreciated   | 2,320,170                                     | 1,192,347                                 | (115,079)           | (870,951)               | 2,526,487                                     |
| Capital assets, being depreciated:<br>Structures and improvements<br>Equipment                | 23,141,589<br>313,580                         | 110,607<br>32,734                         | <br>                | 885,836                 | 24,138,033<br>346,314                         |
| Total capital assets, being depreciated   | 23,455,169                                    | 143,341                                   |                     | 885,836                 | 24,484,347                                    |
| Less accumulated depreciation for:<br>Structures and improvements<br>Equipment                | (13,088,948)<br>(144,505)                     | (868,095)<br>(37,844)                     | <br>                | <br>                    | (13,957,043)<br>(182,349)                     |
| Total accumulated depreciation  | (13,233,453)                                  | (905,939)                                 |                     |                         | (14,139,392)                                  |
| Total capital assets, being depreciated, net  | 10,221,716                                    | (762,598)                                 |                     | 885,836                 | 10,344,954                                    |
| Business-type activities capital assets, net  | <u>\$ 12,541,886</u>                          | \$ 429,749                                | <u>\$ (115,079)</u> | <u>\$ 14,885</u>        | <u>\$ 12,871,441</u>                          |

# Notes to the Basic Financial Statements For the Year Ended June 30, 2004

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

# **Depreciation**

Depreciation expense was changed to governmental functions as follows:

| General government    | \$<br>1,234,453 |
|-----------------------|-----------------|
| Public protection     | 1,268,069       |
| Public ways           | 6,328,198       |
| Health and sanitation | 163,296         |
| Public assistance     | 165,329         |
| Education             | <br>92,708      |
|                       |                 |

Total Depreciation Expense – Governmental Functions <u>\$ 9,252,053</u>

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

| Airport  | \$<br>790,516 |
|--|---------------|
| Lake Berryessa Resort Improvement                    | 75,049        |
| Napa Berryessa Public Improvement                    | <br>40,374    |
|  |               |
| Total Depreciation Expense – Business-Type Functions | \$<br>905,939 |

#### 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, 2004 was \$2,439,039.

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

| Year EndingJune 30, | <u>Principal</u>    | Principal Interest |              |
|---------------------|---------------------|--------------------|--------------|
| 2005                | \$ 437,989          | \$ 77,236          | \$ 515,225   |
| 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      |
| 2010-2013           | 1,060,200           | 105,384            | 1,165,584    |
| Total               | <u>\$ 2,439,039</u> | <u>\$ 410,471</u>  | \$ 2,849,510 |
|                     | 4.4                 |                    |              |

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

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, 2004:

|                                  |                      |                     |                       |               | Amounts             |
|----------------------------------|----------------------|---------------------|-----------------------|---------------|---------------------|
|                                  | Balance              |                     |                       | Balance       | Due Within          |
|                                  | July 1, 2003         | Additions           | Deletions             | June 30, 2004 | One Year            |
| Governmental Activities:         |                      |                     |                       |               |                     |
| Bonds payable                    | \$ 43,650,000        | \$                  | \$ (2,095,000)        | \$ 41,555,000 | \$ 2,185,000        |
| Certificates of Participation    | 48,750,000           |                     | (1,785,000)           | 46,965,000    | 2,180,000           |
| Unamortized premiums             | 63,371               |                     | (3,169)               | 60,202        |                     |
| Compensated absences             | 4,762,195            | 1,645,403           | (1,511,517)           | 4,896,081     | 1,511,518           |
| Liability for unpaid claims      | 5,189,000            | 4,818,843           | (1,497,843)           | 8,510,000     | 3,965,255           |
| Total Governmental Activities    | <u>\$102,414,566</u> | <u>\$ 6,464,246</u> | <u>\$ (6,892,529)</u> | \$101,986,283 | <u>\$ 9,841,773</u> |
| <b>Business-Type Activities:</b> |                      |                     |                       |               |                     |
| Loan payable                     | \$ 480,000           | \$                  | \$ (20,000)           | \$ 460,000    | \$ 21,484           |
| Compensated absences             | 19,730               | 11,757              | (9,302)               | 22,185        | 9,303               |
| Total Business-Type Activities   | \$ 400.720           | ¢ 11.757            | \$ (20,202)           | ¢ 492.195     | \$ 30,787           |
| Activities                       | <u>\$ 499,730</u>    | <u>\$ 11,757</u>    | <u>\$ (29,302)</u>    | \$ 482,185    | <u>\$ 30,787</u>    |

As of June 30, 2004, annual debt service requirements of governmental activities to maturity are as follows:

|             | Governmental Activities |                      |                  |                      |  |  |  |
|-------------|-------------------------|----------------------|------------------|----------------------|--|--|--|
| Year Ending | Bonds I                 | Payable              | Certificates of  | Participation        |  |  |  |
| June 30     | <u>Principal</u>        | Interest             | <u>Principal</u> | Interest             |  |  |  |
|             |                         |                      |                  |                      |  |  |  |
| 2005        | \$ 2,185,000            | \$ 1,982,040         | \$ 2,180,000     | \$ 1,997,479         |  |  |  |
| 2006        | 2,275,000               | 1,889,177            | 2,120,000        | 1,918,026            |  |  |  |
| 2007        | 2,375,000               | 1,792,490            | 2,185,000        | 1,851,276            |  |  |  |
| 2008        | 2,475,000               | 1,687,990            | 2,255,000        | 1,777,768            |  |  |  |
| 2009        | 2,590,000               | 1,576,615            | 2,335,000        | 1,690,894            |  |  |  |
| 2010-2014   | 14,885,000              | 5,948,860            | 13,205,000       | 6,883,092            |  |  |  |
| 2015-2019   | 14,770,000              | 1,891,250            | 13,480,000       | 3,685,080            |  |  |  |
| 2020-2023   |                         |                      | 9,205,000        | 1,080,663            |  |  |  |
|             | \$41,555,000            | <u>\$ 16,768,422</u> | \$ 46,965,000    | <u>\$ 20,884,278</u> |  |  |  |

# Notes to the Basic Financial Statements For the Year Ended June 30, 2004

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

# **Summary of Long-Term Debt** (continued)

|             | <u>B</u>  | Business-Type Activities |           |         |  |  |
|-------------|-----------|--------------------------|-----------|---------|--|--|
| Year Ending |           | Loans Payable            |           |         |  |  |
| June 30     | <u>P1</u> | rincipal                 | <u> I</u> | nterest |  |  |
| 2005        | \$        | 21,484                   | \$        | 24,027  |  |  |
| 2006        |           | 23,438                   |           | 22,905  |  |  |
| 2007        |           | 25,391                   |           | 21,680  |  |  |
| 2008        |           | 27,344                   |           | 20,354  |  |  |
| 2009        |           | 29,297                   |           | 18,926  |  |  |
| 2010-2014   |           | 175,781                  |           | 69,636  |  |  |
| 2015-2018   |           | 157,265                  |           | 19,595  |  |  |
|             | \$        | 460,000                  | \$        | 197,123 |  |  |

# B. Long-term liabilities at June 30, 2004 consisted of the following:

|   | Date of<br>Issue | Maturity      | Interest<br>Rates | Principal<br>Installments   | Issue<br>Amount | Outstanding at June 30, 2004 |
|---|------------------|---------------|-------------------|-----------------------------|-----------------|------------------------------|
| <b>Governmental activities</b>  |                  | wiaturity     | Kates             | mstamments                  | Amount          | Julie 30, 2004               |
| Bonds Payable 1999 Series A (to finance or reimburse Authority for certain costs of the Napa Ri surety bond to be deposited in the Bond Re issuance of the 1999 Series A Bonds) | ver/Napa Cree    | k Flood Pro   | otection Project  | , to pay the premium for    | a               |                              |
| Bonds Payable   | 7/1/1999         | 2016          | 4.25-5.00%        | \$2,095,000-\$3,600,000     | \$ 43,650,000   | \$ 41,555,000                |
| Certificates of Participation 1990 issue (to finance the renovation of th approximate 50,000 square foot building it departments and the acquisition of a new co                | n Napa, Califo   | ornia for the | e purpose of ho   |                             |                 |                              |
| Certificate of Participation  | 1/1/1990         | 2005          | 5.80-7.00%        | \$395,000-\$895,000         | 9,230,000       | 895,000                      |
| 1996 issue (to finance various improvem reclading the exterior of the existing County Human Services Agency complex and varion Records.)  | / Administrati   | ve Building,  | , modernization   | of the County's Health an   | d               |                              |
| Certificate of Participation  | 8/15/1996        | 2014          | 3.9-5.375%        | \$610,000-\$1,290,000       | 17,985,000      | 13,920,000                   |
| 2003 issue (to refund the County's 1993 Co<br>Facility and the construction and remodel of  |                  | •             |                   | struction of a new Sheriff' | S               |                              |
| Certificate of Participation  | 3/1/2003         | 2023          | 2.00-4.625%       | \$200,000-\$2,465,000       | 32,350,000      | 32,150,000                   |
| Total Certificates of Participation   |                  |               |                   |                             | 59,565,000      | 46,965,000                   |
| Total Governmental Activities   |                  |               |                   |                             | \$ 103,215,000  | \$ 88,520,000                |

Original

Annual

# Notes to the Basic Financial Statements For the Year Ended June 30, 2004

# Note 8: Long-Term Debt (continued)

## **Summary of Long-Term Debt** (continued)

| Business-Type Activities   | Date of Issue   | <u>Maturity</u> | Interest<br>Rates | Annual<br>Principal<br>Installments | Original Issue Amount | Outstanding at June 30, 2004 |
|--|-----------------|-----------------|-------------------|-------------------------------------|-----------------------|------------------------------|
| <b>Loan Payable</b> 2002 loan agreement (for construction of har | ngers at the Na | apa County      | Airport.)         |                                     |                       |                              |
| Napa County Airport loan   | 5/8/2002        | 2018            | 5.22%             | \$20,000-\$44,922                   | \$ 500,000            | \$ 460,000                   |

# 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> |
|             |                 |
| 2005        | \$ 433,281      |
| 2006        | 353,786         |
| 2007        | 236,728         |
| 2008        | 135,032         |
| 2009        | 59,436          |
| 2010-2014   | 1,207           |
| Total       | \$ 1,219,470    |

Rent expenditures were \$1,428,994 for the year ended June 30, 2004.

## 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, 2004, 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          |
| Total Governmental Activities | \$ 7,366,510       |

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

# Note 10: **Deferred Revenues** (continued)

Business-Type Activities:

Airport Fund:

Advances to California Highway Patrol for construction of airport facilities

\$ 1,790,820

Total Business-Type Activities

\$ 1,790,820

# 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.
- 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, 2004, 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.

## Notes to the Basic Financial Statements For the Year Ended June 30, 2004

# Note 11: Net Assets/Fund Balances (continued)

## Fund Balances (continued)

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.
- 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.

#### **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.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

## 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.

## **B. Funding Policy**

Per the Memorandum of Understanding, the County makes the contributions required of all County employees who are enrolled as local miscellaneous members (7%) as well as local safety members who are also management employees (9%). Local safety members, who are not management employees, pay the employee share (9%). The rates are set by statute and therefore generally remain unchanged from year to year. The present actuarially determined rates of annual covered payroll are as follows:

| Category                    | Member Rates as a<br>Percentage of Wages |
|-----------------------------|--|
| Local miscellaneous members | 7%                                       |
| 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 2003-2004, the County of Napa's annual pension cost was \$1,096,350 and the County actually contributed \$1,096,350. The required contribution for the period July 1, 2003 to June 30, 2004 has been determined by an actuarial valuation of the plan as of June 30, 2000 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.

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.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

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

# B. **Funding Policy** (continued)

Annual Pension Cost (continued)

Three-Year Trend Information (in thousands)

| Fiscal<br>Year<br>Ending | Annual<br>Pension<br>Cost (APC) |              | Percentage<br>of APC<br>Contributed | Pen | Net<br>Pension<br>Obligation |  |
|--------------------------|---------------------------------|--------------|-------------------------------------|-----|------------------------------|--|
| 6/30/02<br>6/30/03       | \$                              | 693<br>857   | 100%<br>100                         | \$  |                              |  |
| 6/30/03                  |                                 | 857<br>1,096 | 100                                 |     |                              |  |

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

The County provides health or dental benefits on a pay-as-you-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, 137 retirees were in the plan at a cost of \$389,682.

## 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).

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

#### Note 14: **Deferred Compensation Plan** (continued)

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 1<sup>st</sup> by a duly adopted resolution. For the fiscal year 2003-2004, this retirement savings plan was suspended.

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, 2004

#### 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. Settled workers' compensation and general liability claims have not exceeded the pooled coverage in any of the past three years. 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.

All funds which have employees contribute to the workers' compensation Internal Service Fund (ISF) based on a percentage of the regular salaries paid. The Board of Supervisors, upon recommendation of management, establishes the percentage rates. Contribution to the general liability ISF are generated from billings to all 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, 2004 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:

|                        |                     | Current Year          |                         |   |                        |
|------------------------|---------------------|-----------------------|-------------------------|---|------------------------|
|                        | Beginning           | Claims and            | Adjustments             |   | Balance at             |
|                        | Fiscal Year         | Changes in            | to Prior Year           | Claims  | Fiscal                 |
|                        | _Liability          | Estimates             | Amount <sup>(1)</sup> _ | _ Payments  | Year End               |
| General Liability:     | •                   |                       |                         | •   |                        |
| 2001 - 2002            | \$ 505,982          | <u>\$ 471,611</u>     | <u>\$ 1,794,018</u>     | <u>\$ (524,611)</u>                                   | <u>\$ 2,247,000</u>    |
| 2002 – 2003            | \$ 2,247,000        | \$ (87,137)           | \$                      | \$ 87,137   | \$ 2,247,000           |
| 2002 – 2003            | <u>\$ 2,247,000</u> | $\Phi = (67,137)$     | <u>v</u>                | <u>Φ 67,137</u>                                       | <u>\$ 2,247,000</u>    |
| 2003 – 2004            | \$ 2,247,000        | \$ 1,342,565          | \$                      | \$ (309,565)  | \$ 3,280,000           |
|                        | <del></del>         | <del> </del>          | =                       | <del>- (202,200</del> )                               | <del></del>            |
| Workers' Compensation: |                     |                       |                         |   |                        |
| 2001 - 2002            | <u>\$ 898,262</u>   | <u>\$ 864,460</u>     | <u>\$ 1,921,738</u>     | <u>\$ (742,460)</u>                                   | <u>\$ 2,942,000</u>    |
| 2002 – 2003            | \$ 2,942,000        | \$ (1,344,117)        | •                       | \$ 1,344,117  | \$ 2,942,000           |
| 2002 – 2003            | <u>v 2,742,000</u>  | <u>ψ (1,544,117</u> ) | <u>ψ</u>                | $\frac{\psi - 1, \mathcal{Y} + \mathcal{Y}, 11/2}{2}$ | <u>\$\pi_2,542,000</u> |
| 2003 - 2004            | \$ 2,942,000        | \$ 3,476,278          | \$                      | \$ (1,188,278)  | \$ 5,230,000           |
|                        |                     |                       |                         |   |                        |

# Notes to the Basic Financial Statements For the Year Ended June 30, 2004

## Note 16: **Risk Management** (continued)

(1) The 2000-2001 fiscal year end numbers have been adjusted to reflect the discounted actuarial value that was in effect the prior year since actuarial reports on the funds are completed only every two years.

#### 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, 2004, 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, 2004, the IHSS fund had a deficit fund balance of \$8,963. The deficit occurred because expenditures exceeded revenues. Future funding will reduce the deficit.

## Note 19: Subsequent Event

In July 2004, the County entered into a loan agreement with the State of California, Energy Resources Conservation and Development Commission for \$800,000. The purpose of the loan is to finance energy efficiency improvements for the County Administration Building and Hall of Justice.

Notes to the Basic Financial Statements For the Year Ended June 30, 2004

#### Note 20: **Special Item**

The Napa County Flood Control and Water Conservation District, a subdivision of the State of California, is the local sponsor for the Napa River/Napa Creek Flood Protection Project being built in the City of Napa in conjunction with the U.S. Army Corps of Engineers. The District is required to provide all lands, easements, rights of way and ensure performance of all relocations that the U.S. Army Corps of Engineers determines must be provided for the construction, operation, and maintenance of the flood control features for the Project. Some of the relocations include bridges and facilities that will ultimately be owned and maintained by other entities. As the relocation of each of these facilities is completed, the District retires the cost of constructing these replacement facilities as contributions to the related entity. The District contributed \$1.8 million related to the costs to relocate and rebuild the Napa County Animal Shelter.

#### Note 21: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Four of the new standards, GASB Statement No. 40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3, 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.

GASB Statement No. 40 modifies previous custodial credit risk disclosure requirements and establishes more comprehensive disclosure requirements relating to other common risks of investments such as credit risk, concentration of credit risk and interest rate risk. GASB Statement No. 40 will be implemented in the financial statements for the year ending June 30, 2005.

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, 2004

## **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          |           |           |                  |          |         |         |         |              |  |
|-----------|--------|-------------------|-----------|-----------|------------------|----------|---------|---------|---------|--------------|--|
|           | Normal |                   | Actuarial |           | Unfunded/        |          |         |         | Annual  |              |  |
| Valuation | A      | Accrued           |           | Value     | (Overfunded)     |          | Funded  | (       | Covered | UAAL as a    |  |
| Date      | I      | <u> Liability</u> |           | of Assets | <u>Liability</u> |          | Ratio   | Payroll |         | % of Payroll |  |
|           |        |                   |           |           |                  |          |         |         |         |              |  |
| 6/30/01   | \$     | 241,834           | \$        | 296,686   | \$               | (54,852) | 122.68% | \$      | 54,248  | (101.11)%    |  |
| 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       |  |

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2004

|  | Dudgotos           | l Amounts           |        |                          | Variance with<br>Final Budget<br>Positive |
|--|--------------------|---------------------|--------|--------------------------|---|
|  | Original           | l Amounts<br>Final  | Δctu   | al Amounts (1)           | (Negative)                                |
| Revenues:  | Original           | 1 mu                | 7 ICtu | ai / imounts (1)         | (reguire)                                 |
| Taxes  | \$ 49,361,328      | \$ 49,361,328       | \$     | 54,842,390               | \$ 5,481,062                              |
| Licenses and permits   | 2,438,642          | 2,438,642           |        | 3,069,400                | 630,758                                   |
| Fines, forfeits and penalties  | 953,671            | 953,671             |        | 929,907                  | (23,764)                                  |
| Revenue from use of money and property   | 1,040,696          | 1,040,696           |        | 738,836                  | (301,860)                                 |
| Aid from other governments   | 71,401,914         | 73,159,429          |        | 71,054,540               | (2,104,889)                               |
| Charges for services   | 14,566,183         | 16,442,233          |        | 15,594,666               | (847,567)                                 |
| Miscellaneous revenue  | 4,502,398          | 5,053,552           |        | 3,204,183                | (1,849,369)                               |
| Total Revenues   | 144,264,832        | 148,449,551         |        | 149,433,922              | 984,371                                   |
| Expenditures:  |                    |                     |        |                          |   |
| Current:   |                    |                     |        |                          |   |
| General government   | 31,161,493         | 32,254,078          |        | 25,621,549               | 6,632,529                                 |
| Public protection  | 57,959,571         | 60,011,128          |        | 53,671,184               | 6,339,944                                 |
| Public way and facilities  | 4,493,991          | 4,503,775           |        | 4,306,752                | 197,023                                   |
| Health and sanitation  | 28,520,800         | 30,399,360          |        | 27,910,824               | 2,488,536                                 |
| Public assistance  | 25,404,424         | 27,862,815          |        | 24,930,935               | 2,931,880                                 |
| Education  | 326,295            | 326,295             |        | 284,369                  | 41,926                                    |
| Recreation and cultural services   | 2,575,258          | 2,655,856           |        | 300,142                  | 2,355,714                                 |
| Capital outlay   | 8,370,961          | 13,466,206          |        | 8,842,319                | 4,623,887                                 |
| Total Expenditures   | 158,812,793        | 171,479,513         |        | 145,868,074              | 25,611,439                                |
| Excess (Deficiency) of Revenues Over   |                    |                     |        |                          |   |
| (Under) Expenditures   | (14,547,961)       | (23,029,962)        |        | 3,565,848                | 26,595,810                                |
| Other Financing Sources (Uses):  |                    |                     |        |                          |   |
| Transfers in   | 589,276            | 499,743             |        | 395,775                  | (103,968)                                 |
| Transfers out  | (4,769,241)        | (5,200,162)         |        | (4,422,280)              | 777,882                                   |
| Total Other Financing Sources (Uses)   | (4,179,965)        | (4,700,419)         |        | (4,026,505)              | 673,914                                   |
| Net change in fund balances  | (18,727,926)       | (27,730,381)        |        | (460,657)                | 27,269,724                                |
| Budgetary Fund Balances - Beginning of Year  | 66,288,501         | 66,288,501          |        | 66,288,501               |   |
| Budgetary Fund Balances - End of Year  | \$ 47,560,575      | \$ 38,558,120       | \$     | 65,827,844               | \$ 27,269,724                             |
| (1) Explanation of differences between statement of revenues, exper  | nditures and chang | es in fund balance: | :      |                          |   |
| Budgeted revenues - GAAP basis<br>Receipts from funds reclassified from County Agency Funds, not but                             | _                  |                     | \$     | 149,433,922<br>5,280,016 |   |
| Total revenue as reported on the statement of revenues, expenditures changes in fund balances - General Fund (page 19)           | , and              |                     | \$     | 154,713,938              |   |
| Uses/outflows of resources  Budgeted expenditures - GAAP basis  Disbursements from funds reclassified from County Agency Funds,  | not budgeted       |                     | \$     | 145,868,074<br>6,412,331 |   |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - General Fund (page 19) | )                  |                     | \$     | 152,280,405              |   |

#### Budgetary Comparison Schedule Napa County Flood Protection and Watershed Improvement Authority For the Year Ended June 30, 2004

|   | Budgeted      | Amounts       |                | Variance with Final Budget Positive |
|---|---------------|---------------|----------------|-------------------------------------|
|   | Original      | Final         | Actual Amounts | (Negative)                          |
| Revenues:   |               |               |                |                                     |
| Taxes   | \$ 10,500,000 | \$ 10,500,000 | \$ 11,948,764  | \$ 1,448,764                        |
| Revenue from use of money and property                    | 500,000       | 500,000       | 715,290        | 215,290                             |
| Total Revenues  | 11,000,000    | 11,000,000    | 12,664,054     | 1,664,054                           |
| Expenditures: Current:                                    |               |               |                |                                     |
| Public way and facilities                                 | 22,331,000    | 24,021,000    | 7,575,354      | 16,445,646                          |
| Debt Service:   |               |               |                |                                     |
| Principal   | 2,095,000     | 2,269,663     | 2,095,000      | 174,663                             |
| Interest  | 2,071,078     | 2,071,078     | 2,071,078      |                                     |
| Total Expenditures  | 26,497,078    | 28,361,741    | 11,741,432     | 16,620,309                          |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (15,497,078)  | (17,361,741)  | 922,622        | 18,284,363                          |
| Fund Balances - Beginning of Year                         | 40,368,928    | 40,368,928    | 40,368,928     |                                     |
| Fund Balances - End of Year                               | \$ 24,871,850 | \$ 23,007,187 | \$ 41,291,550  | \$ 18,284,363                       |

Note to Required Supplementary Information For the Year Ended June 30, 2004

#### **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. Because of the transition in implementing GASB 34, although trust and agency actual revenues and expenditures are included on page 55, the County did not budget for these activities.

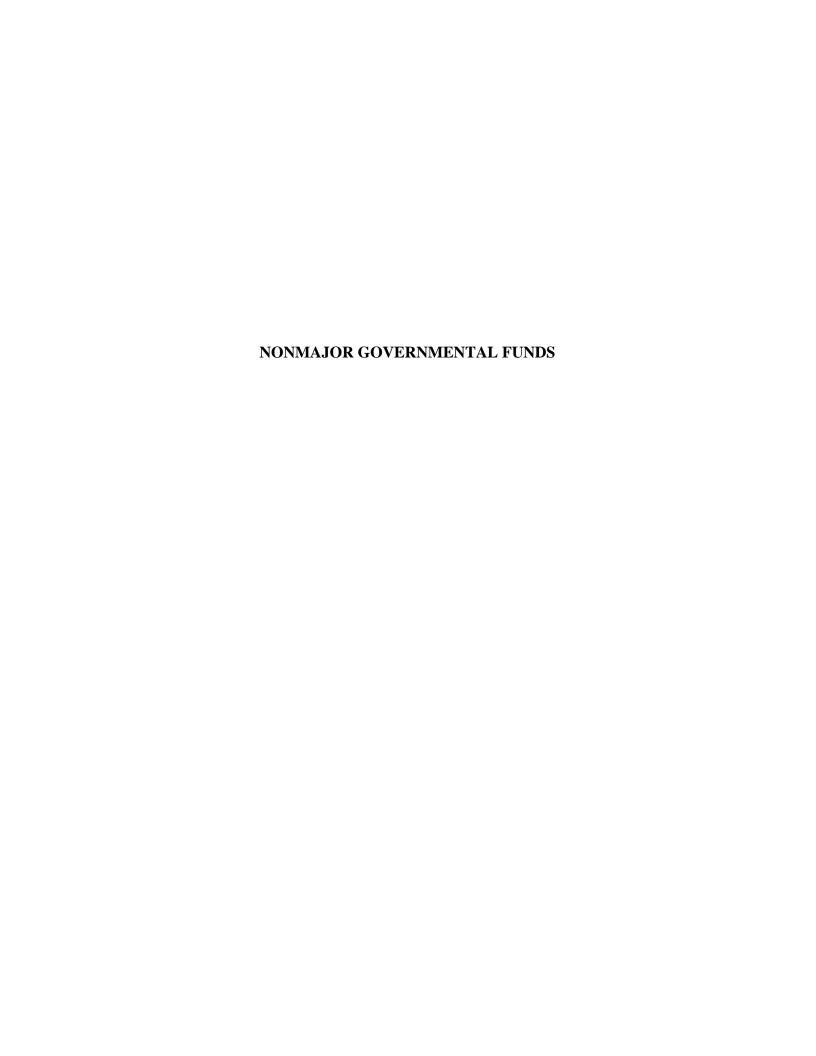
The County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure 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, 2004

|                                    | Special<br>Revenue | Capital Projects | Debt<br>Service | Total         |
|------------------------------------|--------------------|------------------|-----------------|---------------|
| <u>ASSETS</u>                      |                    |                  |                 |               |
| Cash and investments               | \$ 20,653,896      | \$ 235,079       | \$ 466          | \$ 20,889,441 |
| Restricted assets:                 |                    |                  |                 |               |
| Cash with fiscal agent             |                    |                  | 2,615,274       | 2,615,274     |
| Imprest cash                       | 500                |                  |                 | 500           |
| Revolving cash                     | 104                |                  |                 | 104           |
| Receivable (Net):                  |                    |                  |                 |               |
| Taxes                              | 192,011            |                  |                 | 192,011       |
| Special assessments                | 24,475             |                  |                 | 24,475        |
| Accounts receivable                | 34,652             |                  |                 | 34,652        |
| Due from other government agencies | 1,158,999          |                  |                 | 1,158,999     |
| Loans receivable                   | 9,381,892          |                  |                 | 9,381,892     |
| Advances due from other funds      |                    |                  | 2,439,039       | 2,439,039     |
| Total Assets                       | \$ 31,446,529      | \$ 235,079       | \$ 5,054,779    | \$ 36,736,387 |
| <u>LIABILITIES</u>                 |                    |                  |                 |               |
| Accounts payable                   | \$ 511,203         | \$               | \$              | \$ 511,203    |
| Accrued payroll                    | 143,087            |                  |                 | 143,087       |
| Due to other funds                 | 141,957            |                  |                 | 141,957       |
| Total Liabilities                  | 796,247            |                  |                 | 796,247       |
| FUND BALANCES                      |                    |                  |                 |               |
| Reserved for:                      |                    |                  |                 |               |
| Encumbrances                       | 2,481,003          |                  |                 | 2,481,003     |
| General                            | 6,147,634          |                  |                 | 6,147,634     |
| Imprest cash                       | 500                |                  |                 | 500           |
| Revolving cash                     | 104                |                  |                 | 104           |
| Loans receivable and advances      | 9,381,892          |                  | 2,439,039       | 11,820,931    |
| Equipment                          | 95,485             |                  |                 | 95,485        |
| Unreserved:                        |                    |                  |                 |               |
| Designated                         | 1,680,653          |                  |                 | 1,680,653     |
| Undesignated:                      |                    |                  |                 |               |
| Special revenue funds              | 10,863,011         |                  |                 | 10,863,011    |
| Capital projects funds             |                    | 235,079          |                 | 235,079       |
| Debt service funds                 |                    |                  | 2,615,740       | 2,615,740     |
| Total Fund Balances                | 30,650,282         | 235,079          | 5,054,779       | 35,940,140    |
| Total Liabilities and              |                    |                  |                 |               |
| Fund Balances                      | \$ 31,446,529      | \$ 235,079       | \$ 5,054,779    | \$ 36,736,387 |

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2004

|   | <br>Special<br>Revenue | <br>Capital<br>Projects | Debt<br>Service |    | Total      |
|---|------------------------|-------------------------|-----------------|----|------------|
| Revenues:                                   | <br>_                  | <br>_                   |                 |    |            |
| Taxes                                       | \$<br>9,714,929        | \$<br>                  | \$<br>          | \$ | 9,714,929  |
| Licenses and permits                        | 277,054                |                         |                 |    | 277,054    |
| Fines, forfeits and penalties               | 518,523                | 390,040                 |                 |    | 908,563    |
| Revenue from use of money and property      | 362,831                | 5,603                   | 110,621         |    | 479,055    |
| Aid from other governments                  | 5,837,506              |                         |                 |    | 5,837,506  |
| Charges for services                        | 4,130,350              |                         |                 |    | 4,130,350  |
| Other                                       | 181,704                |                         |                 |    | 181,704    |
| Total Revenues                              | 21,022,897             | <br>395,643             | 110,621         |    | 21,529,161 |
| Expenditures:                               |                        |                         |                 |    |            |
| Current:                                    |                        |                         |                 |    |            |
| Public protection                           | 6,602,103              |                         |                 |    | 6,602,103  |
| Public ways and facilities                  | 4,812,663              |                         |                 |    | 4,812,663  |
| Public assistance                           | 737,739                |                         |                 |    | 737,739    |
| Health and sanitation                       | 209,555                |                         |                 |    | 209,555    |
| Education                                   | 4,450,258              |                         |                 |    | 4,450,258  |
| Capital outlay                              | 761,827                | 180,181                 |                 |    | 942,008    |
| Debt Service:                               |                        |                         |                 |    |            |
| Principal                                   |                        |                         | 1,785,000       |    | 1,785,000  |
| Interest and fiscal charges                 |                        |                         | 2,400,309       |    | 2,400,309  |
| Administration, issuance and arbitrage fees |                        |                         | 11,209          |    | 11,209     |
| Total Expenditures                          | 17,574,145             | 180,181                 | 4,196,518       |    | 21,950,844 |
| Excess (Deficiency) of Revenues Over        |                        |                         |                 |    |            |
| (Under) Expenditures                        | <br>3,448,752          | <br>215,462             | <br>(4,085,897) |    | (421,683)  |
| Other Financing Sources (Uses):             |                        |                         |                 |    |            |
| Transfers in                                | 566,824                |                         | 3,775,747       |    | 4,342,571  |
| Transfers out                               | (604,862)              | (351,562)               |                 |    | (956,424)  |
| Total Other Financing Sources (Uses)        | (38,038)               | <br>(351,562)           | 3,775,747       |    | 3,386,147  |
| Net change in fund balances                 | <br>3,410,714          | <br>(136,100)           | (310,150)       |    | 2,964,464  |
| Fund Balance - Beginning of Year            | 27,240,770             | 371,179                 | 5,364,929       |    | 32,976,878 |
| Prior period adjustment                     | (1,202)                |                         |                 |    | (1,202)    |
| Fund Balance - Beginning of Year, restated  | 27,239,568             | <br>371,179             | <br>5,364,929   | _  | 32,975,676 |
| Fund Balance - End of Year                  | \$<br>30,650,282       | \$<br>235,079           | \$<br>5,054,779 | \$ | 35,940,140 |

#### 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.

#### Aviation

This fund was closed out this year and its balance transferred to the Napa County Airport fund.

#### **SPECIAL REVENUE FUNDS** (continued):

#### 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.

#### 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."

#### **Construction Fund Capital Improvements**

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.

#### Affordable Housing

In 1993, the Board of Supervisors created a Housing Trust Fund and established housing impact fees for non-residential development projects and affordable housing inclusionary requirements for residential development projects. The primary purpose of the Affordable Housing Fund, as it is now known, is to provide funds for the development of affordable housing units in appropriate locations within the County.

#### In-Home Supportive Services (IHSS)

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.

#### **SPECIAL REVENUE FUNDS** (continued):

#### **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, streetside 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.

#### 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, 2004

| ASSETS                              | Fire<br>Protection | Fire<br>Protection<br>Assessment | Roads        | Wildlife<br>Conservation<br>Commission |
|-------------------------------------|--------------------|----------------------------------|--------------|--|
| Cash and investments                | \$ 4,822,101       | \$ 758                           | \$ 3,088,168 | \$ 68,593                              |
| Imprest cash                        | 250                |                                  |              |  |
| Revolving cash                      |                    |                                  |              |  |
| Receivable (Net):                   |                    |                                  |              |  |
| Taxes                               | 148,258            |                                  |              |  |
| Special assessments                 |                    | 375                              |              |  |
| Accounts receivable                 | 298                |                                  |              |  |
| Due from other government agencies  | 88,586             |                                  | 932,370      |  |
| Loans receivable                    |                    |                                  |              |  |
| Total Assets                        | \$ 5,059,493       | \$ 1,133                         | \$ 4,020,538 | \$ 68,593                              |
| <u>LIABILITIES</u>                  |                    |                                  |              |  |
| Accounts payable                    | \$ 269,909         | \$                               | \$ 151,462   | \$                                     |
| Accrued payroll                     | ·                  |                                  | 59,687       |  |
| Due to other funds                  |                    |                                  |              |  |
| Total Liabilities                   | 269,909            |                                  | 211,149      |  |
| FUND BALANCES                       |                    |                                  |              |  |
| Reserved for:                       |                    |                                  |              |  |
| Encumbrances                        | 2,280,489          |                                  | 106,925      |  |
| General                             | 394,988            |                                  | 2,266,677    | 20,327                                 |
| Imprest cash                        | 250                |                                  |              |  |
| Revolving cash                      |                    |                                  |              |  |
| Loans receivable                    |                    |                                  |              |  |
| Equipment                           |                    |                                  |              |  |
| Unreserved:                         |                    |                                  |              |  |
| Designation                         |                    |                                  |              |  |
| Undesignation:                      |                    |                                  |              | 40.5.4                                 |
| Special revenue funds               | 2,113,857          | 1,133                            | 1,435,787    | 48,266                                 |
| Total Fund Balances                 | 4,789,584          | 1,133                            | 3,809,389    | 68,593                                 |
| Total Liabilities and Fund Balances | \$ 5,059,493       | \$ 1,133                         | \$ 4,020,538 | \$ 68,593                              |

## Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2004

| <u>ASSETS</u>                       | Avi | riation Library |    | Library   | minal Justice Facility onstruction | F  | onstruction<br>and Capital<br>aprovements |
|-------------------------------------|-----|-----------------|----|-----------|------------------------------------|----|---|
| Cash and investments                | \$  |                 | \$ | 4,081,093 | \$<br>414,936                      | \$ | 1,087,709                                 |
| Imprest cash                        |     |                 |    | 250       |                                    |    |   |
| Revolving cash                      |     |                 |    | 104       |                                    |    |   |
| Receivable (Net):                   |     |                 |    |           |                                    |    |   |
| Taxes                               |     |                 |    | 43,575    |                                    |    |   |
| Special assessments                 |     |                 |    |           |                                    |    |   |
| Accounts receivable                 |     |                 |    | 23,354    | 11,000                             |    |   |
| Due from other government agencies  |     |                 |    |           |                                    |    |   |
| Loans receivable                    |     |                 |    |           | <br>                               |    |   |
| Total Assets                        | \$  |                 | \$ | 4,148,376 | \$<br>425,936                      | \$ | 1,087,709                                 |
| <u>LIABILITIES</u>                  |     |                 |    |           |                                    |    |   |
| Accounts payable                    | \$  |                 | \$ | 80,249    | \$<br>                             | \$ |   |
| Accrued payroll                     |     |                 |    | 78,553    |                                    |    |   |
| Due to other funds                  |     |                 |    |           | <br>                               |    |   |
| Total Liabilities                   |     |                 |    | 158,802   | <br>                               |    |   |
| FUND BALANCES                       |     |                 |    |           |                                    |    |   |
| Reserved for:                       |     |                 |    |           |                                    |    |   |
| Encumbrances                        |     |                 |    | 48,309    |                                    |    |   |
| General                             |     |                 |    | 1,821,505 | 408,488                            |    | 1,129,646                                 |
| Imprest cash                        |     |                 |    | 250       |                                    |    |   |
| Revolving cash                      |     |                 |    | 104       |                                    |    |   |
| Loans receivable                    |     |                 |    |           |                                    |    |   |
| Equipment                           |     |                 |    | 76,745    | 18,740                             |    |   |
| Unreserved:                         |     |                 |    |           |                                    |    |   |
| Designation                         |     |                 |    | 1,653,859 |                                    |    |   |
| Undesignation:                      |     |                 |    |           |                                    |    |   |
| Special revenue funds               |     |                 |    | 388,802   | <br>(1,292)                        |    | (41,937)                                  |
| Total Fund Balances                 |     |                 |    | 3,989,574 | 425,936                            |    | 1,087,709                                 |
| Total Liabilities and Fund Balances | \$  |                 | \$ | 4,148,376 | \$<br>425,936                      | \$ | 1,087,709                                 |

## Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2004

|                                     | Affordable<br>Housing | IHSS          | -  | Various<br>cial Districts<br>nder Board |    | Total      |
|-------------------------------------|-----------------------|---------------|----|---|----|------------|
| <u>ASSETS</u>                       |                       |               |    |   |    |            |
| Cash and investments                | \$<br>6,754,641       | \$<br>        | \$ | 335,897                                 | \$ | 20,653,896 |
| Imprest cash                        |                       |               |    |   |    | 500        |
| Revolving cash                      |                       |               |    |   |    | 104        |
| Receivable (Net):                   |                       |               |    |   |    |            |
| Taxes                               |                       |               |    | 178                                     |    | 192,011    |
| Special assessments                 |                       |               |    | 24,100                                  |    | 24,475     |
| Accounts receivable                 |                       |               |    |   |    | 34,652     |
| Due from other government agencies  |                       | 138,043       |    |   |    | 1,158,999  |
| Loans receivable                    | <br>9,381,892         | <br>          |    |   | _  | 9,381,892  |
| Total Assets                        | \$<br>16,136,533      | \$<br>138,043 | \$ | 360,175                                 | \$ | 31,446,529 |
| <u>LIABILITIES</u>                  |                       |               |    |   |    |            |
| Accounts payable                    | \$<br>3,830           | \$<br>202     | \$ | 5,551                                   | \$ | 511,203    |
| Accrued payroll                     |                       | 4,847         |    |   |    | 143,087    |
| Due to other funds                  | <br>                  | <br>141,957   |    |   |    | 141,957    |
| Total Liabilities                   | <br>3,830             | <br>147,006   |    | 5,551                                   |    | 796,247    |
| FUND BALANCES                       |                       |               |    |   |    |            |
| Reserved for:                       |                       |               |    |   |    |            |
| Encumbrances                        | 8,140                 | 33,330        |    | 3,810                                   |    | 2,481,003  |
| General                             |                       |               |    | 106,003                                 |    | 6,147,634  |
| Imprest cash                        |                       |               |    |   |    | 500        |
| Revolving cash                      |                       |               |    |   |    | 104        |
| Loans receivable                    | 9,381,892             |               |    |   |    | 9,381,892  |
| Equipment                           |                       |               |    |   |    | 95,485     |
| Unreserved:                         |                       |               |    |   |    |            |
| Designation                         |                       |               |    | 26,794                                  |    | 1,680,653  |
| Undesignation:                      |                       |               |    |   |    |            |
| Special revenue funds               | <br>6,742,671         | <br>(42,293)  |    | 218,017                                 |    | 10,863,011 |
| Total Fund Balances                 | <br>16,132,703        | <br>(8,963)   |    | 354,624                                 | _  | 30,650,282 |
| Total Liabilities and Fund Balances | \$<br>16,136,533      | \$<br>138,043 | \$ | 360,175                                 | \$ | 31,446,529 |

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended June 30, 2004

|  |    | Fire<br>Protection | Fire Protection Assessment |           | Roads |           | Coı | Wildlife<br>nservation<br>mmission |
|--|----|--------------------|----------------------------|-----------|-------|-----------|-----|------------------------------------|
| Revenues:  |    |                    |                            |           |       |           |     |                                    |
| Taxes  | \$ | 5,884,427          | \$                         |           | \$    |           | \$  |                                    |
| Licenses and permits                                     |    | 229,059            |                            |           |       | 47,995    |     |                                    |
| Fines, forfeits and penalties                            |    |                    |                            |           |       | 388,370   |     | 16,701                             |
| Revenue from use of money and property                   |    | 73,954             |                            | 2,042     |       | 48,589    |     | 1,092                              |
| Aid from other governments                               |    | 690,968            |                            |           |       | 4,071,424 |     |                                    |
| Charges for services                                     |    | 294,524            |                            | 548       |       | 42,827    |     |                                    |
| Other  |    | 27,665             |                            |           |       | 27,468    |     |                                    |
| Total Revenues   |    | 7,200,597          |                            | 2,590     |       | 4,626,673 |     | 17,793                             |
| Expenditures: Current:                                   |    |                    |                            |           |       |           |     |                                    |
| Public protection  |    | 5,918,497          |                            |           |       |           |     | 9,000                              |
| Public ways and facilities                               |    |                    |                            |           |       | 4,812,663 |     |                                    |
| Public assistance  |    |                    |                            |           |       |           |     |                                    |
| Health and sanitation                                    |    |                    |                            |           |       |           |     |                                    |
| Education  |    |                    |                            |           |       |           |     |                                    |
| Capital outlay   |    | 324,444            |                            |           |       | 402,179   |     |                                    |
| Total Expenditures                                       |    | 6,242,941          |                            |           |       | 5,214,842 |     | 9,000                              |
| Excess (Deficiency) of Revenues Over                     |    |                    |                            |           |       |           |     |                                    |
| (Under) Expenditures                                     |    | 957,656            |                            | 2,590     |       | (588,169) |     | 8,793                              |
| Other Financing Sources (Uses):                          |    |                    |                            |           |       |           |     |                                    |
| Transfers in   |    | 440,721            |                            |           |       |           |     |                                    |
| Transfers out  |    | ,<br>              |                            | (140,721) |       | (26,322)  |     |                                    |
| Total Other Financing Sources (Uses)                     |    | 440,721            |                            | (140,721) |       | (26,322)  |     |                                    |
| Net change in fund balances                              |    | 1,398,377          |                            | (138,131) |       | (614,491) |     | 8,793                              |
| Fund Balance - Beginning of Year Prior period adjustment |    | 3,391,207          |                            | 139,264   |       | 4,423,880 |     | 59,800                             |
| Fund Balance - Beginning of Year, restated               | _  | 3,391,207          |                            | 139,264   | _     | 4,423,880 |     | 59,800                             |
| Fund Balance - End of Year                               | \$ | 4,789,584          | \$                         | 1,133     | \$    | 3,809,389 | \$  | 68,593                             |

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2004

|  | AviationLibrary |          |    |           | Criminal Justice Facility Construction |             | Construction Fund Capital Improvements |             |
|--|-----------------|----------|----|-----------|--|-------------|--|-------------|
| Revenues:  |                 |          |    | <u> </u>  |  |             |  |             |
| Taxes  | \$              |          | \$ | 3,813,206 | \$                                     |             | \$                                     |             |
| Licenses and permits   |                 |          |    |           |  |             |  |             |
| Fines, forfeits and penalties                                      |                 |          |    |           |  | 113,452     |  |             |
| Revenue from use of money and property                             |                 |          |    | 68,866    |  | 7,815       |  | 18,250      |
| Aid from other governments   |                 |          |    | 618,603   |  |             |  |             |
| Charges for services   |                 |          |    | 394,421   |  |             |  |             |
| Other  |                 |          |    | 126,417   |  |             |  |             |
| Total Revenues   |                 |          |    | 5,021,513 |  | 121,267     |  | 18,250      |
| Expenditures:  |                 |          |    |           |  |             |  |             |
| Current:   |                 |          |    |           |  |             |  |             |
| Public protection  |                 |          |    |           |  |             |  |             |
| Public ways and facilities   |                 |          |    |           |  |             |  |             |
| Public assistance  |                 |          |    |           |  |             |  |             |
| Health and sanitation  |                 |          |    |           |  |             |  |             |
| Education  |                 |          |    | 4,450,258 |  |             |  |             |
| Capital outlay   |                 |          |    | 35,204    |  |             |  |             |
| Total Expenditures   |                 |          |    | 4,485,462 | -                                      | <del></del> |  | <del></del> |
| Excess (Deficiency) of Revenues Over                               |                 |          |    |           |  |             |  |             |
| (Under) Expenditures   |                 |          |    | 536,051   |  | 121,267     |  | 18,250      |
| Other Financing Sources (Uses):                                    |                 |          |    |           |  |             |  |             |
| Transfers in   |                 |          |    |           |  |             |  |             |
| Transfers out  |                 | (37,562) |    | (28,645)  |  | (28,645)    |  |             |
| Total Other Financing Sources (Uses)                               |                 | (37,562) |    | (28,645)  |  | (28,645)    |  |             |
| Net change in fund balances  |                 | (37,562) |    | 507,406   |  | 92,622      |  | 18,250      |
| Fund Balance - Beginning of Year                                   |                 | 37,562   |    | 3,482,168 |  | 333,314     |  | 1,069,459   |
| Prior period adjustment Fund Balance - Beginning of Year, restated |                 | 37,562   |    | 3,482,168 |  | 333,314     |  | 1,069,459   |
| Fund Balance - End of Year   | \$              |          | \$ | 3,989,574 | \$                                     | 425,936     | \$                                     | 1,087,709   |

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2004

|  |          |        |               |      | Various        |    |            |
|--|----------|--------|---------------|------|----------------|----|------------|
|  | Affor    | dable  |               | Spec | cial Districts |    |            |
|  | Hou      | sing   | IHSS          | Ur   | der Board      |    | Total      |
| Revenues:                                  |          |        |               |      |                |    |            |
| Taxes                                      | \$       |        | \$<br>        | \$   | 17,296         | \$ | 9,714,929  |
| Licenses and permits                       |          |        |               |      |                |    | 277,054    |
| Fines, forfeits and penalties              |          |        |               |      |                |    | 518,523    |
| Revenue from use of money and property     | 13       | 36,079 | (2,384)       |      | 8,528          |    | 362,831    |
| Aid from other governments                 |          |        | 456,368       |      | 143            |    | 5,837,506  |
| Charges for services                       | 2,34     | 46,077 |               |      | 1,051,953      |    | 4,130,350  |
| Other                                      |          |        | 154           |      |                |    | 181,704    |
| Total Revenues                             | 2,48     | 82,156 | 454,138       |      | 1,077,920      |    | 21,022,897 |
| Expenditures:                              |          |        |               |      |                |    |            |
| Current:                                   |          |        |               |      |                |    |            |
| Public protection                          |          |        |               |      | 674,606        |    | 6,602,103  |
| Public ways and facilities                 |          |        |               |      |                |    | 4,812,663  |
| Public assistance                          | 14       | 49,737 | 588,002       |      |                |    | 737,739    |
| Health and sanitation                      |          |        |               |      | 209,555        |    | 209,555    |
| Education                                  |          |        |               |      |                |    | 4,450,258  |
| Capital outlay                             |          |        |               |      |                |    | 761,827    |
| Total Expenditures                         | 14       | 49,737 | 588,002       |      | 884,161        |    | 17,574,145 |
| Excess (Deficiency) of Revenues Over       |          |        |               |      |                |    |            |
| (Under) Expenditures                       | 2,33     | 32,419 | <br>(133,864) |      | 193,759        |    | 3,448,752  |
| Other Financing Sources (Uses):            |          |        |               |      |                |    |            |
| Transfers in                               |          |        | 126,103       |      |                |    | 566,824    |
| Transfers out                              |          |        |               |      | (342,967)      |    | (604,862)  |
| Total Other Financing Sources (Uses)       |          |        | <br>126,103   |      | (342,967)      |    | (38,038)   |
| Net change in fund balances                | 2,33     | 32,419 | <br>(7,761)   |      | (149,208)      |    | 3,410,714  |
| Fund Balance - Beginning of Year           | 13,80    | 00,284 |               |      | 503,832        |    | 27,240,770 |
| Prior period adjustment                    |          |        | <br>(1,202)   |      |                |    | (1,202)    |
| Fund Balance - Beginning of Year, restated | 13,80    | 00,284 | (1,202)       |      | 503,832        | _  | 27,239,568 |
| Fund Balance - End of Year                 | \$ 16,13 | 32,703 | \$<br>(8,963) | \$   | 354,624        | \$ | 30,650,282 |

## Combining Balance Sheet Nonmajor Special Districts Under the Board of Supervisors June 30, 2004

| ASSETS                                 | <br>County<br>Service<br>Area No. 3 |    | County<br>Service<br>rea No. 4 | Co | ilverado<br>ommunity<br>Services | Silverado<br>Maintenance<br>Assessment |       |
|--|-------------------------------------|----|--------------------------------|----|----------------------------------|--|-------|
| ASSETS                                 |                                     |    |                                |    |                                  |  |       |
| Cash and investments Receivable (Net): | \$<br>121,394                       | \$ |                                | \$ | 59,711                           | \$                                     |       |
| Taxes                                  |                                     |    |                                |    |                                  |  |       |
| Special assessments                    | <br>16,618                          |    | 6,305                          |    |                                  |  | 1,177 |
| Total Assets                           | \$<br>138,012                       | \$ | 6,305                          | \$ | 59,711                           | \$                                     | 1,177 |
| <u>LIABILITIES</u>                     |                                     |    |                                |    |                                  |  |       |
| Accounts payable                       | \$<br>2,175                         | \$ |                                | \$ | 2,450                            | \$                                     |       |
| Total Liabilities                      | <br>2,175                           |    |                                |    | 2,450                            |  |       |
| FUND BALANCES                          |                                     |    |                                |    |                                  |  |       |
| Reserved for:                          |                                     |    |                                |    |                                  |  |       |
| Encumbrances                           | 3,810                               |    |                                |    |                                  |  |       |
| General                                | 75,287                              |    |                                |    | 8,598                            |  |       |
| Unreserved:                            |                                     |    |                                |    |                                  |  |       |
| Designated                             | 26,127                              |    |                                |    | 667                              |  |       |
| Undesignated:                          |                                     |    |                                |    |                                  |  |       |
| Special revenue funds                  | <br>30,613                          |    | 6,305                          |    | 47,996                           |  | 1,177 |
| Total Fund Balances                    | <br>135,837                         |    | 6,305                          |    | 57,261                           |  | 1,177 |
| Total Liabilities and                  |                                     |    |                                |    |                                  |  |       |
| Fund Balances                          | \$<br>138,012                       | \$ | 6,305                          | \$ | 59,711                           | \$                                     | 1,177 |

## Combining Balance Sheet (continued) Nonmajor Special Districts Under the Board of Supervisors June 30, 2004

| <u>ASSETS</u>                       | Monticello Public Cemetery |        | Monticello<br>Endowment |         | Total |         |
|-------------------------------------|----------------------------|--------|-------------------------|---------|-------|---------|
| Cash and investments                | \$                         | 33,158 | \$                      | 121,634 | \$    | 335,897 |
| Receivable (Net): Taxes             |                            | 170    |                         |         |       | 178     |
| Special assessments                 |                            | 178    |                         |         |       | 24,100  |
| Special assessments                 |                            |        |                         |         |       | 24,100  |
| Total Assets                        | \$                         | 33,336 | \$                      | 121,634 | \$    | 360,175 |
| <u>LIABILITIES</u>                  |                            |        |                         |         |       |         |
| Accounts payable                    | \$                         | 926    | \$                      |         | \$    | 5,551   |
| Total Liabilities                   |                            | 926    |                         |         |       | 5,551   |
| FUND BALANCES                       |                            |        |                         |         |       |         |
| Reserved for:                       |                            |        |                         |         |       |         |
| Encumbrances                        |                            |        |                         |         |       | 3,810   |
| General                             |                            | 22,118 |                         |         |       | 106,003 |
| Unreserved:                         |                            |        |                         |         |       |         |
| Designated                          |                            |        |                         |         |       | 26,794  |
| Undesignated: Special revenue funds |                            | 10.202 |                         | 121,634 |       | 218,017 |
| Special revenue funds               |                            | 10,292 |                         | 121,034 |       | 218,017 |
| Total Fund Balances                 |                            | 32,410 |                         | 121,634 |       | 354,624 |
| Total Liabilities and               |                            |        |                         |         |       |         |
| Fund Balances                       | \$                         | 33,336 | \$                      | 121,634 | \$    | 360,175 |

# Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Districts Under the Board of Supervisors For the Year Ended June 30, 2004

|   | County<br>Service<br>Area No. 3 | County<br>Service<br>Area No. 4 | Silverado<br>Community<br>Services | Silverado<br>Maintenance<br>Assessment |
|---|---------------------------------|---------------------------------|------------------------------------|--|
| Revenues:   | Φ.                              | Φ.                              | Ф                                  | Φ.                                     |
| Taxes   | \$                              | \$<br>830                       | \$<br>712                          | \$<br>139                              |
| Revenue from use of money and property Aid from other governments | 4,256                           | 830                             | /12                                | 139                                    |
| Charges for services  | 458,113                         | 381,006                         | 106,731                            | 106,053                                |
| Total Revenues  | 462,369                         | 381,836                         | 107,443                            | 106,192                                |
| Expenditures:   |                                 |                                 |                                    |  |
| Current:  |                                 |                                 |                                    |  |
| Public protection   | 283,109                         | 375,531                         | 102.024                            | 106 501                                |
| Health and sanitation   | 202 100                         | 277. 521                        | 102,824                            | 106,731                                |
| Total Expenditures  | 283,109                         | 375,531                         | 102,824                            | 106,731                                |
| Excess (Deficiency) of Revenues Over (Under) Expenditures         | 179,260                         | 6,305                           | 4,619                              | (539)                                  |
| Other Financing Sources (Uses):                                   |                                 |                                 |                                    |  |
| Transfers out   | (342,967)                       |                                 |                                    |  |
| Total Other Financing Sources (Uses)                              | (342,967)                       |                                 |                                    |  |
| Net change in fund balance  | (163,707)                       | 6,305                           | 4,619                              | (539)                                  |
| Fund Balance - Beginning of Year                                  | 299,544                         |                                 | 52,642                             | 1,716                                  |
| Fund Balance - End of Year  | \$ 135,837                      | \$ 6,305                        | \$ 57,261                          | \$ 1,177                               |

## 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, 2004

|  | Monticello<br>Public<br>Cemetery |    | Monticello<br>Endowment |    | Total        |
|--|----------------------------------|----|-------------------------|----|--------------|
| Revenues:                              | <br>                             |    | _                       |    |              |
| Taxes                                  | \$<br>17,296                     | \$ |                         | \$ | 17,296       |
| Revenue from use of money and property | 550                              |    | 2,041                   |    | 8,528        |
| Aid from other governments             | 143                              |    |                         |    | 143          |
| Charges for services                   | <br>50                           |    |                         |    | 1,051,953    |
| Total Revenues                         | <br>18,039                       |    | 2,041                   |    | 1,077,920    |
| Expenditures:                          |                                  |    |                         |    |              |
| Current:                               |                                  |    |                         |    |              |
| Public protection                      | 15,966                           |    |                         |    | 674,606      |
| Health and sanitation                  |                                  |    |                         |    | 209,555      |
| Total Expenditures                     | <br>15,966                       |    |                         |    | 884,161      |
| Excess (Deficiency) of Revenues Over   |                                  |    |                         |    |              |
| (Under) Expenditures                   | <br>2,073                        |    | 2,041                   |    | 193,759      |
| Other Financing Sources (Uses):        |                                  |    |                         |    |              |
| Transfers out                          |                                  |    |                         |    | (342,967)    |
| Total Other Financing Sources (Uses)   | <br>                             |    |                         |    | (342,967)    |
|  |                                  |    |                         |    | (= 1=,> = 1) |
| Net change in fund balance             | 2,073                            |    | 2,041                   |    | (149,208)    |
| Fund Balance - Beginning of Year       | <br>30,337                       |    | 119,593                 |    | 503,832      |
| Fund Balance - End of Year             | \$<br>32,410                     | \$ | 121,634                 | \$ | 354,624      |

#### NONMAJOR GOVERNMENTAL FUNDS

#### **CAPITAL PROJECT FUNDS:**

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).

#### 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.



## Combining Balance Sheet Nonmajor Capital Projects Fund June 30, 2004

|                          | Co | Courthouse<br>Fund |  |
|--------------------------|----|--------------------|--|
| <u>ASSETS</u>            |    |                    |  |
| Cash and investments     | \$ | 235,079            |  |
| Total Assets             | \$ | 235,079            |  |
| FUND BALANCE             |    |                    |  |
| Unreserved, reported in: |    |                    |  |
| Capital projects funds   | \$ | 235,079            |  |
| Total Fund Balance       | \$ | 235,079            |  |

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Capital Projects Fund For the Year Ended June 30, 2004

|  | Courthouse<br>Fund |
|--|--------------------|
| Revenues:                              |                    |
| Fines, forfeits and penalties          | \$ 390,040         |
| Revenue from use of money and property | 5,603              |
| Total Revenues                         | 395,643            |
| Expenditures:                          |                    |
| Capital outlay                         | 180,181            |
| Total Expenditures                     | 180,181            |
| Excess (Deficiency) of Revenues Over   |                    |
| (Under) Expenditures                   | 215,462            |
| Other Financing Sources (Uses):        |                    |
| Transfers out                          | (351,562)          |
| Total Other Financing Sources (Uses)   | (351,562)          |
| Net change in fund balance             | (136,100)          |
| Fund Balance - Beginning of Year       | 371,179            |
| Fund Balance - End of Year             | \$ 235,079         |

#### 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.



## Combining Balance Sheet Nonmajor Debt Service Fund June 30, 2004

#### **ASSETS**

| Cash and investments                       | \$<br>466       |
|--|-----------------|
| Restricted assets:                         |                 |
| Cash with fiscal agent                     | 2,615,274       |
| Advances due from other funds              | 2,439,039       |
|  |                 |
| Total Assets                               | \$<br>5,054,779 |
| FUND BALANCE                               |                 |
| Reserved for loans receivable and advances | \$<br>2,439,039 |
| Unreserved, reported in:                   |                 |
| Debt service funds                         | <br>2,615,740   |
| Total Fund Balance                         | \$<br>5,054,779 |

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Debt Service Fund For the Year Ended June 30, 2004

| Revenues:                                   |              |
|---|--------------|
| Revenue from use of money and property      | \$ 110,621   |
| Total Revenues                              | 110,621      |
|   |              |
| Expenditures:                               |              |
| Debt Service:                               |              |
| Principal                                   | 1,785,000    |
| Interest                                    | 2,400,309    |
| Administration, issuance and arbitrage fees | 11,209       |
| Total Expenditures                          | 4,196,518    |
|   |              |
| Excess (Deficiency) of Revenues Over        |              |
| (Under) Expenditures                        | (4,085,897)  |
|   |              |
| Other Financing Sources (Uses):             |              |
| Transfers in                                | 3,775,747    |
| Total Other Financing Sources (Uses)        | 3,775,747    |
| 8 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4     |              |
| Net change in fund balance                  | (310,150)    |
| The change in rand balance                  | (510,150)    |
| Fund Balance - Beginning of Year            | 5,364,929    |
| Tana Dalance Degining of Tea                |              |
| Fund Balance - End of Year                  | \$ 5,054,779 |
|   | T            |

#### 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 Public 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, 2004

|   | Lak | Lake Berryessa<br>Resort |    | Napa Berryessa<br>Public |       |             |
|---|-----|--------------------------|----|--------------------------|-------|-------------|
| ASSETS  | Im  | Improvement              |    | provement                | Total |             |
| Current Assets:                                 |     |                          |    | _                        |       |             |
| Cash and Investments                            | \$  | 320,182                  | \$ | 508,209                  | \$    | 828,391     |
| Accounts receivable                             |     | 5,884                    |    | 5,443                    |       | 11,327      |
| Assessments receivable                          |     | 30,593                   |    | 13,493                   |       | 44,086      |
| Total Current Assets                            |     | 356,659                  |    | 527,145                  |       | 883,804     |
| Noncurrent Assets:                              |     |                          |    |                          |       |             |
| Capital Assets:                                 |     |                          |    |                          |       |             |
| Nondepreciable:                                 |     |                          |    |                          |       |             |
| Land  |     | 5,050                    |    | 44,402                   |       | 49,452      |
| Depreciable:                                    |     |                          |    |                          |       |             |
| Buildings and improvements                      |     | 1,732,127                |    | 1,413,153                |       | 3,145,280   |
| Equipment                                       |     | 148,935                  |    | 72,977                   |       | 221,912     |
| Accumulated depreciation                        |     | (964,232)                |    | (1,088,022)              | (     | (2,052,254) |
| Total Noncurrent Assets                         |     | 921,880                  |    | 442,510                  |       | 1,364,390   |
| Total Assets                                    | \$  | 1,278,539                | \$ | 969,655                  | \$    | 2,248,194   |
| LIABILITIES                                     |     |                          |    |                          |       |             |
| Current Liabilities:                            |     |                          |    |                          |       |             |
| Accounts payable                                | \$  | 2,205                    | \$ | 21,144                   | \$    | 23,349      |
| Deposits with others                            |     | 22,190                   |    | 34,404                   |       | 56,594      |
| Total Current Liabilities                       |     | 24,395                   |    | 55,548                   |       | 79,943      |
| NET ASSETS                                      |     |                          |    |                          |       |             |
| Invested in capital assets, net of related debt |     | 921,880                  |    | 442,510                  |       | 1,364,390   |
| Unrestricted                                    |     | 332,264                  |    | 471,597                  |       | 803,861     |
| Total Net Assets                                |     | 1,254,144                |    | 914,107                  |       | 2,168,251   |
| <b>Total Liabilities and Net Assets</b>         | \$  | 1,278,539                | \$ | 969,655                  | \$    | 2,248,194   |

# Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds For the Year Ended June 30, 2004

|   | Lake Berryessa<br>Resort |           | Napa Berryessa<br>Public |         |              |
|---|--------------------------|-----------|--------------------------|---------|--------------|
|   | Im                       | provement | t Improvement            |         | Total        |
| Operating Revenues:                     |                          |           |                          |         |              |
| Charges for services                    | \$                       | 583,130   | \$                       | 633,931 | \$ 1,217,061 |
| Total Operating Revenues                |                          | 583,130   |                          | 633,931 | 1,217,061    |
| Operating Expenses:                     |                          |           |                          |         |              |
| Services and supplies                   |                          | 561,436   |                          | 519,100 | 1,080,536    |
| Insurance                               |                          | 3,029     |                          | 6,743   | 9,772        |
| Other charges                           |                          | 70,031    |                          | 902     | 70,933       |
| Depreciation and amortization           |                          | 75,049    |                          | 40,374  | 115,423      |
| Total Operating Expenses                |                          | 709,545   |                          | 567,119 | 1,276,664    |
| Operating Income (Loss)                 |                          | (126,415) |                          | 66,812  | (59,603)     |
| Non-Operating Revenues (Expenses):      |                          |           |                          |         |              |
| Aid from other governmental units       |                          | 227       |                          | 330     | 557          |
| Tax revenue                             |                          | 24,308    |                          | 35,402  | 59,710       |
| Non-operating revenues                  |                          | 23,871    | 800                      |         | 24,671       |
| Interest income                         |                          | 347       |                          | 7,693   | 8,040        |
| Total Non-Operating Revenues (Expenses) |                          | 48,753    |                          | 44,225  | 92,978       |
| Change in Net Assets                    |                          | (77,662)  |                          | 111,037 | 33,375       |
| Net Assets - Beginning of Year          |                          | 1,331,806 |                          | 803,070 | 2,134,876    |
| Net Assets - End of Year                | \$ 1,254,144             |           | 1,254,144 \$ 914,107     |         | \$ 2,168,251 |

# Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended June 30, 2004

|   | Lake Berryessa<br>Resort<br>Improvement | Napa Berryessa<br>Public<br>Improvement | Total        |
|---|---|---|--------------|
| CASH FLOWS FROM   | <u> </u>                                |   |              |
| OPERATING ACTIVITIES:                                     |   |   |              |
| Cash receipts from customers                              | \$ 911,173                              | \$ 638,901                              | \$ 1,550,074 |
| Cash paid to suppliers for goods and services             | (630,634)                               | (500,601)                               | (1,131,235)  |
| Net Cash Provided (Used) by                               |   |   |              |
| Operating Activities                                      | 280,539                                 | 138,300                                 | 418,839      |
| CASH FLOWS FROM NONCAPITAL                                |   |   |              |
| FINANCING ACTIVITIES:                                     |   |   |              |
| Aid from other governmental units                         | 227                                     | 330                                     | 557          |
| Non-operating revenues                                    | 48,179                                  | 36,202                                  | 84,381       |
| Net Cash Provided (Used) by                               |   |   |              |
| Noncapital Financing Activities                           | 48,406                                  | 36,532                                  | 84,938       |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: |   |   |              |
| Payments related to the acquisition of capital assets     | (32,734)                                | (60,502)                                | (93,236)     |
| Net Cash Provided (Used) by Capital                       |   |   |              |
| and Related Financing Activities                          | (32,734)                                | (60,502)                                | (93,236)     |
| CASH FLOWS FROM INVESTING ACTIVITIES                      |   |   |              |
| Interest received   | 347                                     | 7,693                                   | 8,040        |
| Net Cash Provided by Investing Activities                 | 347                                     | 7,693                                   | 8,040        |
| Net Increase (Decrease) in Cash<br>and Cash Equivalents   | 296,558                                 | 122,023                                 | 418,581      |
| Cash and Cash Equivalents, Beginning of Year              | 23,624                                  | 386,186                                 | 409,810      |
| Cash and Cash Equivalents, End of Year                    | \$ 320,182                              | \$ 508,209                              | \$ 828,391   |

# Statement of Cash Flows (continued) Nonmajor Enterprise Funds For the Year Ended June 30, 2004

|   | Lake Berryessa<br>Resort<br>Improvement |    | Napa Berryessa<br>Public<br>Improvement |    | Total    |
|---|---|----|---|----|----------|
| Reconciliation of Operating Income (Loss) |   |    |   |    |          |
| to Net Cash Provided (Used) by            |   |    |   |    |          |
| Operating Activities:                     |   |    |   |    |          |
| Operating income (loss)                   | \$<br>(126,415)                         | \$ | 66,812                                  | \$ | (59,603) |
| Adjustments to reconcile operating income |   |    |   |    |          |
| (loss) to net cash provided (used) by     |   |    |   |    |          |
| operating activities:                     |   |    |   |    |          |
| Depreciation                              | 75,049                                  |    | 40,374                                  |    | 115,423  |
| Changes in assets and liabilities:        |   |    |   |    |          |
| (Increase) decrease in:                   |   |    |   |    |          |
| Accounts receivable                       | 308,870                                 |    | 5,479                                   |    | 314,349  |
| Assessment receivable                     | 19,173                                  |    | (509)                                   |    | 18,664   |
| Increase (decrease) in:                   |   |    |   |    |          |
| Accounts payable                          | 2,197                                   |    | 21,144                                  |    | 23,341   |
| Deposits with others                      | <br>1,665                               |    | 5,000                                   |    | 6,665    |
| Net Cash Provided (Used) by               |   |    |   |    |          |
| Operating Activities                      | \$<br>280,539                           | \$ | 138,300                                 | \$ | 418,839  |

#### 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, 2004

| ASSETS Current Assets:                          |             | quipment<br>ol Service<br>Fund | Equipment<br>Replacement | R  | Vehicle<br>Replacement |    | nformation<br>Technology<br>Services |
|---|-------------|--------------------------------|--------------------------|----|------------------------|----|--------------------------------------|
| Cash and Investments                            | \$          | 389,007                        | \$ 2,812,244             | \$ | 1,698,895              | \$ | 1,383,772                            |
| Imprest cash                                    | Ψ           |                                | Ψ 2,012,211<br>          | Ψ  |                        | Ψ  | 100                                  |
| Inventories                                     |             | 15,825                         |                          |    |                        |    |                                      |
| Accounts receivable                             |             | 3,657                          |                          |    |                        |    |                                      |
| Deposits  |             |                                |                          |    |                        |    |                                      |
| Total Current Assets                            |             | 408,489                        | 2,812,244                |    | 1,698,895              |    | 1,383,872                            |
| Noncurrent Assets:                              |             |                                |                          |    |                        |    |                                      |
| Depreciable:                                    |             |                                |                          |    |                        |    |                                      |
| Equipment                                       |             | 128,406                        | 5,425,483                |    | 3,197,403              |    | 1,945,936                            |
| Accumulated depreciation                        |             | (128,406)                      | (2,583,937)              |    | (1,607,691)            |    | (1,340,437)                          |
| Total Noncurrent Assets                         |             |                                | 2,841,546                |    | 1,589,712              |    | 605,499                              |
| Total Assets                                    | \$          | 408,489                        | \$ 5,653,790             | \$ | 3,288,607              | \$ | 1,989,371                            |
| LIABILITIES                                     |             |                                |                          |    |                        |    |                                      |
| Current Liabilities:                            |             |                                |                          |    |                        |    |                                      |
| Accounts payable                                | \$          | 35,951                         | \$                       | \$ |                        | \$ | 54,665                               |
| Accrued salaries and benefits                   |             | 5,977                          |                          |    |                        |    | 110,026                              |
| Liability for unpaid claims                     |             |                                |                          |    |                        |    |                                      |
| Liability for compensated absences              |             | 11,577                         |                          |    |                        |    | 62,191                               |
| Total Current Liabilities                       |             | 53,505                         |                          |    |                        |    | 226,882                              |
| Long-Term Liabilities:                          |             |                                |                          |    |                        |    |                                      |
| Liability for unpaid claims                     |             |                                |                          |    |                        |    |                                      |
| Liability for compensated absences              |             | 14,438                         |                          |    |                        |    | 142,065                              |
| Total Liabilities                               |             | 67,943                         |                          |    |                        |    | 368,947                              |
| NET ASSETS                                      |             |                                |                          |    |                        |    |                                      |
| Invested in capital assets, net of related debt |             |                                | 2,841,546                |    | 1,589,712              |    | 605,499                              |
| Unrestricted                                    |             | 340,546                        | 2,812,244                |    | 1,698,895              |    | 1,014,925                            |
| Total Net Assets                                | <del></del> | 340,546                        | 5,653,790                |    | 3,288,607              |    | 1,620,424                            |
| Total Liabilities and Net Assets                | \$          | 408,489                        | \$ 5,653,790             | \$ | 3,288,607              | \$ | 1,989,371                            |

# Combining Statement of Fund Net Assets (continued) Internal Service Funds June 30, 2004

| ASSETS Current Assets: Cash and Investments Imprest cash Inventories Accounts receivable Deposits Total Current Assets | Workers' Compensation  \$ 7,251,076 60,000 7,311,076 | General Liability  \$ 5,393,372 50,000 5,443,372 | Total  \$ 18,928,366 |
|--|--|--|----------------------|
| Noncurrent Assets:  Depreciable:   |  |  |                      |
| Equipment Equipment  |  |  | 10,697,228           |
| Accumulated depreciation   |  |  | (5,660,471)          |
| Total Noncurrent Assets  |  |  | 5,036,757            |
| Total Assets   | \$ 7,311,076   | \$ 5,443,372                                     | \$ 24,094,705        |
| LIABILITIES Current Liabilities:   |  |  |                      |
| Accounts payable   | \$ 100,062   | \$ 6,670   | \$ 197,348           |
| Accounts payable Accrued salaries and benefits   | \$ 100,002   | \$ 0,070   | 116,003              |
| Liability for unpaid claims  | 3,179,860  | 785,395  | 3,965,255            |
| Liability for compensated absences   |  |  | 73,768               |
| Total Current Liabilities  | 3,279,922  | 792,065  | 4,352,374            |
| Long-Term Liabilities:   |  |  |                      |
| Liability for unpaid claims  | 2,050,140  | 2,494,605  | 4,544,745            |
| Liability for compensated absences   |  |  | 156,503              |
| Total Liabilities  | 5,330,062  | 3,286,670  | 9,053,622            |
| NET ASSETS   |  |  |                      |
| Invested in capital assets, net of related debt  |  |  | 5,036,757            |
| Unrestricted   | 1,981,014  | 2,156,702  | 10,004,326           |
| Total Net Assets   | 1,981,014  | 2,156,702  | 15,041,083           |
| Total Liabilities and Net Assets   | \$ 7,311,076   | \$ 5,443,372                                     | \$ 24,094,705        |

# Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2004

|  | Equipment<br>Pool Service<br>Fund | Pool Service Equipment Vehicle |              | Information<br>Technology<br>Services |
|--|-----------------------------------|--------------------------------|--------------|---------------------------------------|
| Operating Revenues:                          |                                   |                                |              |                                       |
| Charges for services                         | \$ 19,459                         | \$                             | \$           | \$ 5,909,482                          |
| Maintenance Charges:                         | 552.205                           |                                |              |                                       |
| Equipment                                    | 553,285                           |                                |              |                                       |
| Vehicle                                      | 536,282                           | 222.024                        | 400.706      |                                       |
| Replacement charges                          |                                   | 323,034                        | 409,706      | 202 200                               |
| Other revenue                                |                                   |                                |              | 203,390                               |
| Total Operating Revenues                     | 1,109,026                         | 323,034                        | 409,706      | 6,112,872                             |
| Operating Expenses:                          |                                   |                                |              |                                       |
| Salaries and employee benefits               | 204,419                           | <del></del>                    | <del></del>  | 3,790,372                             |
| Services and supplies                        | 860,132                           | <del></del>                    | <del></del>  | 2,438,045                             |
| Claims expense                               |                                   |                                |              |                                       |
| Depreciation and amortization                |                                   | 323,034                        | 357,406      | 215,535                               |
| •  |                                   |                                |              | <del></del>                           |
| Total Operating Expenses                     | 1,064,551                         | 323,034                        | 357,406      | 6,443,952                             |
| Operating Income (Loss)                      | 44,475                            |                                | 52,300       | (331,080)                             |
| Non-Operating Revenues (Expenses):           |                                   |                                |              |                                       |
| Interest income                              | 7,273                             | 43,350                         | 25,659       | 3,446                                 |
| Gain (loss) on disposition of capital assets | 1,808                             | 26,712                         | 8,952        |                                       |
|  | ,                                 |                                |              |                                       |
| Total Non-Operating Revenues (Expenses)      | 9,081                             | 70,062                         | 34,611       | 3,446                                 |
| Net Income Before Transfers                  | 53,556                            | 70,062                         | 86,911       | (327,634)                             |
| Transfers in                                 |                                   | 126,322                        |              | 948,272                               |
| Transfers out                                | (100,000)                         |                                |              |                                       |
| Change in Net Assets                         | (46,444)                          | 196,384                        | 86,911       | 620,638                               |
| Net Assets - Beginning of Year               | 386,990                           | 5,457,406                      | 3,201,696    | 999,786                               |
| Net Assets - End of Year                     | \$ 340,546                        | \$ 5,653,790                   | \$ 3,288,607 | \$ 1,620,424                          |

# Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued) Internal Service Funds For the Year Ended June 30, 2004

|   | Workers'<br>Compensation | General<br>Liability | Total             |
|---|--------------------------|----------------------|-------------------|
| Operating Revenues:   |                          |                      |                   |
| Charges for services  | \$ 1,918,243             | \$ 1,660,844         | \$ 9,508,028      |
| Maintenance Charges:  |                          |                      |                   |
| Equipment   |                          |                      | 553,285           |
| Vehicle   |                          |                      | 536,282           |
| Replacement charges   |                          |                      | 732,740           |
| Other revenue   |                          | 7,031                | 210,421           |
| Total Operating Revenues  | 1,918,243                | 1,667,875            | 11,540,756        |
| Operating Expenses:   |                          |                      |                   |
| Salaries and employee benefits  |                          |                      | 3,994,791         |
| Services and supplies   | 816,428                  | 408,154              | 4,522,759         |
| Claims expense  | 3,476,278                | 1,033,000            | 4,509,278         |
| Depreciation and amortization   |                          |                      | 895,975           |
| Total Operating Expenses  | 4,292,706                | 1,441,154            | 13,922,803        |
| Operating Income (Loss)   | (2,374,463)              | 226,721              | (2,382,047)       |
| Non-Operating Revenues (Expenses): Interest income Gain (loss) on disposition of capital assets | 104,877                  | 83,569               | 268,174<br>37,472 |
| Total Non-Operating Revenues (Expenses)   | 104,877                  | 83,569               | 305,646           |
| Net Income Before Transfers   | (2,269,586)              | 310,290              | (2,076,401)       |
| Transfers in  |                          |                      | 1,074,594         |
| Transfers out   | (50,000)                 | (206,760)            | (356,760)         |
| Change in Net Assets  | (2,319,586)              | 103,530              | (1,358,567)       |
| Net Assets - Beginning of Year  | 4,300,600                | 2,053,172            | 16,399,650        |
| Net Assets - End of Year  | \$ 1,981,014             | \$ 2,156,702         | \$15,041,083      |

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

|   | Equipment<br>Pool Service<br>Fund | Pool Service Equipment |              | Information<br>Technology<br>Services |
|---|-----------------------------------|------------------------|--------------|---------------------------------------|
| CASH FLOWS FROM   |                                   |                        |              |                                       |
| OPERATING ACTIVITIES:                                     |                                   |                        |              |                                       |
| Cash receipts from internal services provided             | \$ 1,109,037                      | \$ 323,034             | \$ 409,706   | \$ 6,112,872                          |
| Cash paid to suppliers for goods and services             | (852,115)                         |                        |              | (2,394,932)                           |
| Cash paid to employees for services                       | (202,827)                         |                        |              | (3,761,073)                           |
| Net Cash Provided (Used) by                               |                                   |                        |              |                                       |
| Operating Activities                                      | 54,095                            | 323,034                | 409,706      | (43,133)                              |
| CASH FLOWS FROM NONCAPITAL                                |                                   |                        |              |                                       |
| FINANCING ACTIVITIES:                                     |                                   |                        |              |                                       |
| Transfers in  |                                   | 126,322                |              | 948,272                               |
| Transfers out   | (100,000)                         |                        |              |                                       |
| Net Cash Provided (Used) by                               |                                   |                        |              |                                       |
| Noncapital Financing Activities                           | (100,000)                         | 126,322                |              | 948,272                               |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: |                                   |                        |              |                                       |
| Proceeds of sales of fixed assets                         | 1,808                             | 26,889                 | 27,329       |                                       |
| Payments related to the acquisition of capital assets     |                                   | (322,417)              | (81,786)     | (66,039)                              |
| Net Cash Provided (Used) by Capital                       |                                   |                        |              |                                       |
| and Related Financing Activities                          | 1,808                             | (295,528)              | (54,457)     | (66,039)                              |
| CASH FLOWS FROM INVESTING ACTIVITIES                      |                                   |                        |              |                                       |
| Interest received   | 7,273                             | 43,350                 | 25,659       | 3,446                                 |
| Net Cash Provided by Investing Activities                 | 7,273                             | 43,350                 | 25,659       | 3,446                                 |
| Net Increase (Decrease) in Cash                           |                                   |                        |              |                                       |
| and Cash Equivalents                                      | (36,824)                          | 197,178                | 380,908      | 842,546                               |
| Cash and Cash Equivalents, Beginning of Year              | 425,831                           | 2,615,066              | 1,317,987    | 541,326                               |
| Cash and Cash Equivalents, End of Year                    | \$ 389,007                        | \$ 2,812,244           | \$ 1,698,895 | \$ 1,383,872                          |

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

| CASH FLOWS FROM                                       | Workers'<br>Compensation | General<br>Liability | Total         |
|---|--------------------------|----------------------|---------------|
| OPERATING ACTIVITIES:                                 |                          |                      |               |
| Cash receipts from internal services provided         | \$ 1,918,243             | \$ 1,667,875         | \$ 11,540,767 |
| Cash paid to suppliers for goods and services         | (2,056,139)              | (408,154)            | (5,711,340)   |
| Cash paid to employees for services                   |                          |                      | (3,963,900)   |
| Net Cash Provided (Used) by                           |                          |                      |               |
| Operating Activities                                  | (137,896)                | 1,259,721            | 1,865,527     |
| CASH FLOWS FROM NONCAPITAL                            |                          |                      |               |
| FINANCING ACTIVITIES:                                 |                          |                      |               |
| Transfers in  |                          |                      | 1,074,594     |
| Transfers out   | (50,000)                 | (206,760)            | (356,760)     |
| Net Cash Provided (Used) by                           |                          |                      |               |
| Noncapital Financing Activities                       | (50,000)                 | (206,760)            | 717,834       |
| CASH FLOWS FROM CAPITAL AND                           |                          |                      |               |
| RELATED FINANCING ACTIVITIES:                         |                          |                      | 50000         |
| Proceeds of sales of fixed assets                     |                          |                      | 56,026        |
| Payments related to the acquisition of capital assets |                          |                      | (470,242)     |
| Net Cash Provided (Used) by Capital                   |                          |                      |               |
| and Related Financing Activities                      |                          |                      | (414,216)     |
| CASH FLOWS FROM INVESTING ACTIVITIES                  |                          |                      |               |
| Interest received                                     | 104,877                  | 83,569               | 268,174       |
| Net Cash Provided by Investing Activities             | 104,877                  | 83,569               | 268,174       |
| Net Increase (Decrease) in Cash                       |                          |                      |               |
| and Cash Equivalents                                  | (83,019)                 | 1,136,530            | 2,437,319     |
| Cash and Cash Equivalents, Beginning of Year          | 7,334,095                | 4,256,842            | 16,491,147    |
| Cash and Cash Equivalents, End of Year                | \$ 7,251,076             | \$ 5,393,372         | \$ 18,928,466 |

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

|  | Equipment Pool Service Equipment Fund Replacement |    | Vehicle<br>Replacement |    | Informatio Technolog Services |    |           |
|--|---|----|------------------------|----|-------------------------------|----|-----------|
| <b>Reconciliation of Operating Income (Loss)</b> |   |    |                        |    |                               |    |           |
| to Net Cash Provided (Used) by                   |   |    |                        |    |                               |    |           |
| Operating Activities:                            |   |    |                        |    |                               |    |           |
| Operating income (loss)                          | \$<br>44,475                                      | \$ |                        | \$ | 52,300                        | \$ | (331,080) |
| Adjustments to reconcile operating income        |   |    |                        |    |                               |    |           |
| (loss) to net cash provided (used) by            |   |    |                        |    |                               |    |           |
| operating activities:                            |   |    |                        |    |                               |    |           |
| Depreciation                                     |   |    | 323,034                |    | 357,406                       |    | 215,535   |
| Changes in assets and liabilities:               |   |    |                        |    |                               |    |           |
| (Increase) decrease in:                          |   |    |                        |    |                               |    |           |
| Accounts receivable                              | 11  |    |                        |    |                               |    |           |
| Inventory  | (2,448)   |    |                        |    |                               |    |           |
| Increase (decrease) in:                          |   |    |                        |    |                               |    |           |
| Accounts payable                                 | 10,465  |    |                        |    |                               |    | 43,113    |
| Accrued salaries                                 | 1,881   |    |                        |    |                               |    | 30,430    |
| Compensated absences                             | (289)   |    |                        |    |                               |    | (1,131)   |
| Liability for self-insurance                     | <br>  |    |                        |    |                               |    |           |
| Net Cash Provided (Used) by                      |   |    |                        |    |                               |    |           |
| Operating Activities                             | \$<br>54,095                                      | \$ | 323,034                | \$ | 409,706                       | \$ | (43,133)  |

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

|   | Workers'<br>Compensation | General<br>Liability | Total          |
|---|--------------------------|----------------------|----------------|
| Reconciliation of Operating Income (Loss) |                          |                      |                |
| to Net Cash Provided (Used) by            |                          |                      |                |
| Operating Activities:                     |                          |                      |                |
| Operating income (loss)                   | \$ (2,374,463)           | \$ 226,721           | \$ (2,382,047) |
| Adjustments to reconcile operating income |                          |                      |                |
| (loss) to net cash provided (used) by     |                          |                      |                |
| operating activities:                     |                          |                      |                |
| Depreciation                              |                          |                      | 895,975        |
| Changes in assets and liabilities:        |                          |                      |                |
| (Increase) decrease in:                   |                          |                      |                |
| Accounts receivable                       |                          |                      | 11             |
| Inventory                                 |                          |                      | (2,448)        |
| Increase (decrease) in:                   |                          |                      |                |
| Accounts payable                          | (51,433)                 |                      | 2,145          |
| Accrued salaries                          |                          |                      | 32,311         |
| Compensated absences                      |                          |                      | (1,420)        |
| Liability for self-insurance              | 2,288,000                | 1,033,000            | 3,321,000      |
| Net Cash Provided (Used) by               |                          |                      |                |
| Operating Activities                      | \$ (137,896)             | \$ 1,259,721         | \$ 1,865,527   |

#### 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.



# Combining Statement of Fiduciary Net Assets Investment Trust Funds June 30, 2004

| ASSETS  |                 | Schools<br>Districts     |          | Special<br>Districts     |          | Total                      |
|---|-----------------|--------------------------|----------|--------------------------|----------|----------------------------|
| Current Assets:   | ¢.              | 74 155 405               | ф        | 20 696 172               | ¢.       | 112 041 577                |
| Cash and investments  | \$              | 74,155,405               | \$       | 39,686,172               | <u> </u> | 113,841,577                |
| Total Current Assets  | \$              | 74,155,405               | \$       | 39,686,172               | \$       | 113,841,577                |
| NET ASSETS  Net assets held in trust for investment pool participants  Total Net Assets | <u>\$</u><br>\$ | 74,155,405<br>74,155,405 | \$<br>\$ | 39,686,172<br>39,686,172 | \$<br>\$ | 113,841,577<br>113,841,577 |

# Combining Statement of Changes in Fiduciary Net Assets Investment Trust Funds For the Year Ended June 30, 2004

|                                   | Schools<br>Districts | Special Districts | Total          |
|-----------------------------------|----------------------|-------------------|----------------|
| <u>ADDITIONS</u>                  |                      |                   |                |
| Contribution:                     |                      |                   |                |
| Contribution to investment pool   | \$ 650,130,842       | \$ 84,930,349     | 735,061,191    |
| Total Contribution                | 650,130,842          | 84,930,349        | 735,061,191    |
| Net Investment Income:            |                      |                   |                |
| Interest                          | 1,195,274            | 868,422           | 2,063,696      |
| Net Investment Income             | 1,195,274            | 868,422           | 2,063,696      |
| Total Additions                   | 651,326,116          | 85,798,771        | 737,124,887    |
| <b>DEDUCTIONS</b>                 |                      |                   |                |
| Distribution from investment pool | 652,052,275          | 93,590,978        | 745,643,253    |
| Total Deductions                  | 652,052,275          | 93,590,978        | 745,643,253    |
| Change in Net Assets              | (726,159)            | (7,792,207)       | (8,518,366)    |
| Net Assets, Beginning             | 74,881,564           | 47,478,379        | 122,359,943    |
| Net Assets, Ending of Year        | \$ 74,155,405        | \$ 39,686,172     | \$ 113,841,577 |

# Combining Statement of Changes in Assets and Liabilities Investment Trust Funds June 30, 2004

| Balance                     |   |  | Balance  |
|-----------------------------|---|--|--|
| July 1, 2003                | Additions   | Deletions  | June 30, 2004  |
|                             |   |  |  |
| \$ 74,881,565               | \$ 651,326,116  | \$ (652,052,276)   | \$ 74,155,405  |
| 74,881,565                  | 651,326,116   | (652,052,276)  | 74,155,405   |
| 74,881,565<br>\$ 74,881,565 | 651,326,116<br>\$ 651,326,116   | (652,052,276)<br>\$ (652,052,276)  | \$ 74,155,405<br>\$ 74,155,405   |
|                             |   |  |  |
| ¢ 47.479.270                | ¢ 95.709.770  | \$ (02 500 077)  | \$ 39,686,172  |
| 47,478,379                  | 85,798,770  | (93,590,977)   | 39,686,172   |
| 47,478,379<br>\$ 47,478,379 | 85,798,770<br>\$ 85,798,770   | (93,590,977)<br>\$ (93,590,977)  | \$ 39,686,172<br>\$ 39,686,172   |
|                             | July 1, 2003  \$ 74,881,565  74,881,565  \$ 74,881,565  \$ 47,478,379  47,478,379 | July 1, 2003       Additions         \$ 74,881,565       \$ 651,326,116         74,881,565       651,326,116         \$ 74,881,565       \$ 651,326,116         \$ 74,881,565       \$ 651,326,116         \$ 47,478,379       \$ 85,798,770         47,478,379       \$ 85,798,770         47,478,379       \$ 85,798,770 | July 1, 2003       Additions       Deletions         \$ 74,881,565       \$ 651,326,116       \$ (652,052,276)         74,881,565       651,326,116       (652,052,276)         \$ 74,881,565       \$ 651,326,116       (652,052,276)         \$ 74,881,565       \$ 651,326,116       \$ (652,052,276)         \$ 47,478,379       \$ 85,798,770       \$ (93,590,977)         47,478,379       \$ 85,798,770       (93,590,977)         47,478,379       \$ 85,798,770       (93,590,977) |

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**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.

| Financial Trends Information   | <u>Page</u> |
|--|-------------|
| These schedules contain trend information that may assist the reader in assessing the County's current financial performance by placing it in historical perspective   | 109         |
| 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   | 113         |
| 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                               | 120         |
|  |             |
| Economic & Demographic 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 | 123         |
| Operating Information  |             |
| These schedules contain 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   | 125         |

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 Three Fiscal Years

(accrual basis of accounting)

|  |    | Fiscal Year            |    |                         |    |                          |  |  |
|--|----|------------------------|----|-------------------------|----|--------------------------|--|--|
|  |    | 2001-02                |    | 2002-03                 |    | 2003-04                  |  |  |
| Expenses   |    |                        |    |                         |    |                          |  |  |
| Governmental activities:   |    |                        |    |                         |    |                          |  |  |
| General government   | \$ | 32,049,841             | \$ | 35,498,520              | \$ | 33,547,309               |  |  |
| Public protection  |    | 54,093,413             |    | 59,155,040              |    | 62,616,759               |  |  |
| Public ways and facilities   |    | 21,127,537             |    | 16,877,819              |    | 23,224,824               |  |  |
| Health and sanitation  |    | 27,125,790             |    | 29,123,849              |    | 27,777,318               |  |  |
| Public assistance  |    | 28,898,408             |    | 26,085,613              |    | 27,306,722               |  |  |
| Education  |    | 4,382,122              |    | 4,869,614               |    | 4,827,336                |  |  |
| Recreational and cultural services   |    | _                      |    | 44,978                  |    | 300,142                  |  |  |
| Debt service:  |    |                        |    |                         |    |                          |  |  |
| Interest on long-term debt   |    | 3,640,446              |    | 3,549,288               |    | 4,474,723                |  |  |
| Administration and arbitrage fees  |    | -                      |    | 171,193                 |    | 11,209                   |  |  |
| Total governmental activities expenses                                     |    | 171,317,557            |    | 175,375,914             |    | 184,086,342              |  |  |
| Business-type activities:  |    | ,                      | -  |                         |    |                          |  |  |
| Airport  |    | 1,251,864              |    | 1,435,205               |    | 1,715,493                |  |  |
| Lake Berryessa Resort Improvement  |    | 480,768                |    | 574,405                 |    | 709,545                  |  |  |
| Napa Berryessa Public Improvement  |    | 489,437                |    | 584,255                 |    | 567,119                  |  |  |
|  |    | 2,222,069              |    | 2,593,865               |    | 2,992,157                |  |  |
| Total business-type activities expenses  Total primary government expenses | \$ | 173,539,626            | \$ | 177,969,779             | \$ | 187,078,499              |  |  |
| Program Revenues   |    |                        |    |                         |    |                          |  |  |
| Governmental activities:   |    |                        |    |                         |    |                          |  |  |
| Charges for services:  | _  |                        | _  |                         | _  |                          |  |  |
| General government   | \$ | 5,706,775              | \$ | 4,976,957               | \$ | 3,368,205                |  |  |
| Public protection Other activities   |    | 9,023,197<br>6,000,804 |    | 9,203,552<br>10,147,260 |    | 11,616,975<br>11,226,993 |  |  |
| Operating grants and contributions   |    | 78,530,500             |    | 77,087,961              |    | 81,430,737               |  |  |
| Capital grants and contributions   |    | -                      |    | -                       |    | 40,000                   |  |  |
| Total governmental activities program revenues                             |    | 99,261,276             |    | 101,415,730             |    | 107,682,910              |  |  |
| Business-type activities:  |    |                        |    |                         |    |                          |  |  |
| Charges for services:  |    |                        |    |                         |    |                          |  |  |
| Airport  |    | 1,492,907              |    | 1,554,468               |    | 1,540,253                |  |  |
| Lake Berryessa Resort Improvement<br>Napa Berryessa Public Improvement     |    | 505,227<br>550,526     |    | 514,730<br>521,361      |    | 583,130<br>633,931       |  |  |
| Operating grants and contributions   |    | 1,367,540              |    | 1,187,475               |    | 945,373                  |  |  |
| Capital grants and contributions   |    | 1,307,340              |    | 1,107,475               |    | 7 <del>-1</del> 3,313    |  |  |
| Total business-type activities program revenues                            |    | 3,916,200              |    | 3,778,034               |    | 3,702,687                |  |  |
| Total primary government program revenues                                  | \$ | 103,177,476            | \$ | 105,193,764             | \$ | 111,385,597              |  |  |
| Net (Expense)/Revenue <sup>1</sup>   |    |                        |    |                         |    |                          |  |  |
| Governmental activities  | \$ | (72,056,281)           | \$ | (73,960,184)            | \$ | (76,403,432)             |  |  |
| Business-type activities   |    | 1,694,131              | _  | 1,184,169               |    | 710,530                  |  |  |
| Total primary government net expense                                       | \$ | (70,362,150)           | \$ | (72,776,015)            | \$ | (75,692,902)             |  |  |

(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 Three Fiscal Years, continued

(accrual basis of accounting)

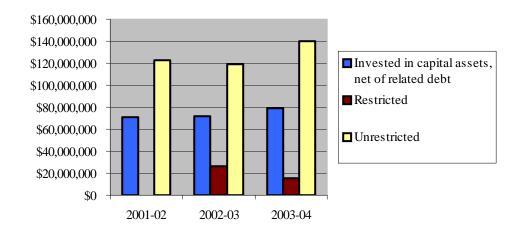
|  |    | Fiscal Year |    |            |    |            |  |  |  |  |
|--|----|-------------|----|------------|----|------------|--|--|--|--|
|  |    | 2001-02     |    | 2002-03    |    | 2003-04    |  |  |  |  |
| General Revenues and Other Changes in Net Assets |    |             |    |            |    |            |  |  |  |  |
| Governmental activities:                         |    |             |    |            |    |            |  |  |  |  |
| Taxes  |    |             |    |            |    |            |  |  |  |  |
| Property taxes                                   | \$ | 41,161,336  | \$ | 45,288,344 | \$ | 42,424,261 |  |  |  |  |
| Sales and use taxes                              |    | 23,897,615  |    | 25,700,246 |    | 27,920,438 |  |  |  |  |
| Other  |    | -           |    | -          |    | 6,161,383  |  |  |  |  |
| Unrestricted interest and investment earnings    |    | 5,172,876   |    | 4,012,538  |    | 2,968,228  |  |  |  |  |
| Miscellaneous                                    |    | 8,562,503   |    | 6,653,267  |    | 7,166,948  |  |  |  |  |
| Special items                                    |    | -           |    | -          |    | 1,801,309  |  |  |  |  |
| Transfers  |    | 276,009     |    | (667,395)  |    | 77,476     |  |  |  |  |
| Total governmental activities                    |    | 79,070,339  |    | 80,987,000 |    | 88,520,043 |  |  |  |  |
| Business-type activities:                        |    |             |    |            |    |            |  |  |  |  |
| Investment earnings                              |    | 19,453      |    | 62,215     |    | 36,415     |  |  |  |  |
| Miscellaneous                                    |    | 155,560     |    | 451,113    |    | 184,129    |  |  |  |  |
| Transfers  |    | (276,009)   |    | 667,395    |    | (77,476)   |  |  |  |  |
| Total business-type activities                   |    | (100,996)   |    | 1,180,723  |    | 143,068    |  |  |  |  |
| Total primary government                         | \$ | 78,969,343  | \$ | 82,167,723 | \$ | 88,663,111 |  |  |  |  |
| Change in Net Assets                             |    |             |    |            |    |            |  |  |  |  |
| Governmental activities                          | \$ | 7,014,058   | \$ | 7,026,816  | \$ | 12,116,611 |  |  |  |  |
| Business-type activities                         | Ψ  | 1,593,135   | Ψ  | 2,364,892  | Ψ  | 853,598    |  |  |  |  |
| Total primary government                         | •  | 8,607,193   | •  | 9,391,708  | •  | 12,970,209 |  |  |  |  |
| Total primary government                         | Ф  | 0,007,193   | φ  | 9,391,700  | φ  | 12,970,209 |  |  |  |  |

## County of Napa Government-wide Net Assets by Component, Last Three Years

(accrual basis of accounting)

|   | Fiscal Year |                |    |                |    |             |  |  |  |  |
|---|-------------|----------------|----|----------------|----|-------------|--|--|--|--|
|   |             | <u>2001-02</u> |    | <u>2002-03</u> |    | 2003-04     |  |  |  |  |
| Governmental activities   |             |                |    |                |    |             |  |  |  |  |
| Invested in capital assets, <sup>1</sup> net of related debt    | \$          | 58,975,246     | \$ | 60,088,718     | \$ | 66,892,363  |  |  |  |  |
| Restricted  |             | -              |    | 26,658,643     |    | 15,090,075  |  |  |  |  |
| Unrestricted  |             | 124,753,532    |    | 119,685,666    |    | 139,923,834 |  |  |  |  |
| Total governmental activities net assets                        | \$          | 183,728,778    | \$ | 206,433,027    | \$ | 221,906,272 |  |  |  |  |
| Business-type activities  |             |                |    |                |    |             |  |  |  |  |
| Invested in capital assets, net of related debt                 | \$          | 11,486,607     | \$ | 12,061,886     | \$ | 12,411,441  |  |  |  |  |
| Unrestricted  |             | (1,976,428)    |    | (186,815)      |    | 317,228     |  |  |  |  |
| Total business-type activities net assets                       | \$          | 9,510,179      | \$ | 11,875,071     | \$ | 12,728,669  |  |  |  |  |
| Primary government  |             |                |    |                |    |             |  |  |  |  |
| Invested in capital assets, net of related debt                 | \$          | 70,461,853     | \$ | 72,150,604     | \$ | 79,303,804  |  |  |  |  |
| Restricted  |             | -              |    | 26,658,643     |    | 15,090,075  |  |  |  |  |
| Unrestricted  |             | 122,777,104    |    | 119,498,851    |    | 140,241,062 |  |  |  |  |
| Total primary government net assets <sup>2</sup>                | \$          | 193,238,957    | \$ | 218,308,098    | \$ | 234,634,941 |  |  |  |  |
| Percent of increase (decrease) in primary government net assets |             | N/A            |    | 12.97%         |    | 7.48%       |  |  |  |  |

## **Changes in County's Net Assets**



#### Notes:

- <sup>1</sup> Capital assets include land, easements, infrastructure, construction in progress, structures and improvements, and equipment
- <sup>2</sup> 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.

# 11.

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

(modified accrual basis of accounting)
(in thousands)

|                                    | Fiscal Year |   |    |        |    |        |  |        |    |                         |    |                               |    |         |                |        |    |        |    |        |
|------------------------------------|-------------|---|----|--------|----|--------|--|--------|----|-------------------------|----|-------------------------------|----|---------|----------------|--------|----|--------|----|--------|
|                                    | 1           | <u>994-95</u> <u>1995-96</u> <u>1996-97</u> |    |        |    | 1      | <u>1997-98</u> <u>1998-99</u> <u>1999-00</u> |        |    | <u>2000-01</u> <u>2</u> |    | <u>2001-02</u> <u>2002-03</u> |    | 2002-03 | <u>2003-04</u> |        |    |        |    |        |
|                                    |             |   |    |        |    |        |  |        |    |                         |    |                               |    |         |                |        |    |        |    |        |
| General Fund                       |             |   |    |        |    |        |  |        |    |                         |    |                               |    |         |                |        |    |        |    |        |
| Reserved                           | \$          | 4,348                                       | \$ | 4,102  | \$ | 2,535  | \$   | 4,052  | \$ | 9,205                   | \$ | 11,089                        | \$ | 11,798  | \$             | 26,413 | \$ | 21,971 | \$ | 23,289 |
| Unreserved                         |             | 9,897                                       |    | 10,088 |    | 12,474 |  | 10,889 |    | 10,032                  |    | 14,644                        |    | 27,693  |                | 42,563 |    | 44,317 |    | 41,407 |
| Total general fund                 | \$          | 14,245                                      | \$ | 14,190 | \$ | 15,009 | \$   | 14,941 | \$ | 19,237                  | \$ | 25,733                        | \$ | 39,491  | \$             | 68,976 | \$ | 66,288 | \$ | 64,696 |
|                                    |             |   |    |        |    |        |  |        |    |                         |    |                               |    |         |                |        |    |        |    |        |
| All Other Governmental Funds       |             |   |    |        |    |        |  |        |    |                         |    |                               |    |         |                |        |    |        |    |        |
| Reserved                           |             | 19,264                                      |    | 16,150 |    | 31,222 |  | 21,212 |    | 14,746                  |    | 47,783                        |    | 17,091  |                | 33,416 |    | 68,644 | 1  | 64,171 |
| Unreserved, reported in:           |             |   |    |        |    |        |  |        |    |                         |    |                               |    |         |                |        |    |        |    |        |
| Special revenue funds              |             | 5,796                                       |    | 3,588  |    | 3,576  |  | 4,859  |    | 10,926                  |    | 22,607                        |    | 31,081  |                | 6,927  |    | 22,579 |    | 20,245 |
| Capital projects funds             |             | 367   |    | 277    |    | 299    |  | 568    |    | 714                     |    | -                             |    | -       |                | 991    |    | 534    |    | 235    |
| Debt service funds                 |             | 1   |    | -      |    | -      |  | -      |    | -                       |    | -                             |    | -       |                | 7,800  |    | 5,365  |    | 5,055  |
| Total all other governmental funds | \$          | 25,428                                      | \$ | 20,015 | \$ | 35,097 | \$   | 26,639 | \$ | 26,386                  | \$ | 70,390                        | \$ | 48,172  | \$             | 49,134 | \$ | 97,122 | \$ | 89,706 |

#### Notes:

The substantial increase in reserved fund balance in 2002-03 is explained in Management's Discussion and Analysis.

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

(modified accrual basis of accounting)

| Fiscal<br>Year  | Property <u>Tax</u> | S  | ales & Use<br><u>Tax</u> |    | Fransient<br>Occupancy<br><u>Tax</u> | Property<br>Transfer<br><u>Tax</u> |    | Other<br><u>Taxes</u> | <u>Total</u>     |
|-----------------|---------------------|----|--------------------------|----|--------------------------------------|------------------------------------|----|-----------------------|------------------|
| 1995            | \$<br>21,468,568    | \$ | 8,450,055                | \$ | 3,898,975                            | \$<br>366,824                      | \$ | 57,974                | \$<br>34,242,396 |
| 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       |
| Change<br>1995- |                     |    |                          |    |                                      |                                    |    |                       |                  |
| 2004            | 97.6%               | 1  | 232.1%                   | 2  | 21.0%                                | 292.8%                             | 3  | -96.7%                | 123.8%           |

#### Notes:

Property tax revenues increased 98 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 232 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 293 percent over the last ten years due to an increase in the number of changes in ownerships.

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

(modified accrual basis of accounting) (in thousands)

|   | Fiscal Year |         |    |         |    |         |    |         |    |         |    |         |               |    |         |              |    |                 |
|---|-------------|---------|----|---------|----|---------|----|---------|----|---------|----|---------|---------------|----|---------|--------------|----|-----------------|
|   |             | 1994-95 |    | 1995-96 |    | 1996-97 |    | 1997-98 |    | 1998-99 | ,  | 1999-00 | 2000-01       | 2  | 2001-02 | <br>2002-03  | 2  | 2003-04         |
| Revenues:   |             |         |    |         |    |         |    |         |    |         |    |         |               |    |         |              |    |                 |
| Taxes   | \$          | 34,240  | \$ | 35,268  | \$ | 37,113  | \$ | 38,696  | \$ | 49,791  | \$ | 46,398  | \$<br>62,874  | \$ | 65,059  | \$<br>70,989 | \$ | 76,506          |
| Licenses, fees and permits                              |             | 1,298   |    | 1,456   |    | 4,905   |    | 5,637   |    | 2,518   |    | 1,888   | 2,605         |    | 4,325   | 2,936        |    | 3,590           |
| Fines, forfeits and penalties                           |             | 58,575  |    | 62,190  |    | 55,224  |    | 57,137  |    | 57,997  |    | 70,874  | 68,339        |    | 1,769   | 1,927        |    | 2,263           |
| Use of money and property                               |             | 3,597   |    | 2,062   |    | 1,164   |    | 1,380   |    | 2,794   |    | 2,398   | 1,761         |    | 4,522   | 3,551        |    | 2,700           |
| Aid from other governments                              |             | 9,116   |    | 15,276  |    | 2,597   |    | 2,655   |    | 2,203   |    | 4,744   | 6,205         |    | 78,530  | 77,088       |    | 77,462          |
| Charges for services                                    |             | 1,039   |    | 1,003   |    | 11,272  |    | 11,871  |    | 13,199  |    | 11,296  | 13,190        |    | 14,496  | 19,140       |    | 19,620          |
| Other   |             | 8,799   |    | 4,249   |    | 5,054   |    | 6,780   |    | 4,129   |    | 7,503   | 10,204        |    | 8,560   | 6,970        |    | 7,186           |
| Total Revenues  |             | 116,664 |    | 121,504 |    | 117,329 |    | 124,156 |    | 132,631 |    | 145,101 | 165,178       |    | 177,261 | 182,601      |    | 189,327         |
| Expenditures:   |             |         |    |         |    |         |    |         |    |         |    |         |               |    |         |              |    |                 |
| Current:  |             |         |    |         |    |         |    |         |    |         |    |         |               |    |         |              |    |                 |
| General government                                      |             | 17,800  |    | 19,685  |    | 16,548  |    | 19,266  |    | 25,443  |    | 24,769  | 28,944        |    | 27,344  | 36,207       |    | 29,906          |
| Public protection                                       |             | 38,019  |    | 38,785  |    | 44,188  |    | 48,777  |    | 39,202  |    | 40,464  | 38,463        |    | 53,186  | 58,057       |    | 61,253          |
| Public ways and facilities                              |             | 4,561   |    | 7,284   |    | 5,375   |    | 5,234   |    | 10,148  |    | 17,502  | 44,963        |    | 14,814  | 10,527       |    | 16,859          |
| Health and sanitation                                   |             | 17,696  |    | 16,885  |    | 17,828  |    | 18,400  |    | 19,458  |    | 20,577  | 24,453        |    | 26,976  | 28,963       |    | 27,663          |
| Public assistance                                       |             | 33,513  |    | 36,138  |    | 24,436  |    | 23,237  |    | 23,514  |    | 22,916  | 19,748        |    | 28,746  | 25,924       |    | 27,110          |
| Education   |             | 2,860   |    | 3,220   |    | 2,706   |    | 2,780   |    | 2,941   |    | 3,007   | 3,167         |    | 4,297   | 4,783        |    | 4,735           |
| Recreational and cultural services                      |             | 35      |    | 4       |    | · -     |    | -       |    | -       |    | _       | -             |    | _       | 45           |    | 300             |
| Capital Outlay  |             | 2,379   |    | 1,830   |    | 3,691   |    | 10,099  |    | 5,615   |    | 1,171   | 3,909         |    | 7,132   | 7,710        |    | 21,505          |
| Debt Service:   |             |         |    |         |    |         |    |         |    |         |    |         |               |    |         |              |    |                 |
| Principal   |             | 1,415   |    | 1,845   |    | 1,935   |    | 2,050   |    | 2,640   |    | 2,790   | 2,950         |    | 3,110   | 9,870        |    | 3,880           |
| Interest  |             | 1,757   |    | 1,791   |    | 1,546   |    | 2,160   |    | 2,044   |    | 3,920   | 3,808         |    | 3,641   | 3,421        |    | 4,472           |
| Administration and arbitrage fees                       |             | · -     |    | -       |    | _       |    | _       |    | _       |    | · -     | · -           |    | · -     | 1,091        |    | 11              |
| Total Expenditures                                      |             | 120,035 |    | 127,467 |    | 118,253 |    | 132,003 |    | 131,005 |    | 137,116 | 170,405       |    | 169,246 | 186,598      |    | 197,694         |
| Excess of revenue                                       |             |         |    |         |    |         |    |         |    |         |    |         |               |    |         |              |    |                 |
| over (under) expenditures                               |             | (3,371) |    | (5,963) |    | (924)   |    | (7,847) |    | 1,626   |    | 7,985   | (5,227)       |    | 8,015   | (3,997)      |    | (8,367)         |
| Other Financing Sources (Uses)                          |             |         |    |         |    |         |    |         |    |         |    |         |               |    |         |              |    |                 |
| Proceeds from borrowing                                 |             |         |    |         |    | 16,994  |    |         |    | 611     |    | 43,620  |               |    |         | 32,417       |    |                 |
| Transfers in  |             | 4,573   |    | 6,491   |    | 6,882   |    | 8,121   |    | 8,279   |    | 5,300   | 4,567         |    | 4,871   | 16,052       |    | 4,738           |
| Transfers out   |             | (4,573) |    | (5,915) |    | (6,085) |    | (7,532) |    | (5,729) |    | (4,550) | (4,887)       |    | (4,366) | (15,048)     |    | (5,378)         |
| Total other financing                                   |             |         |    |         |    |         |    |         |    |         |    |         |               |    |         |              |    |                 |
| sources (uses)  |             |         | _  | 576     | _  | 17,791  | _  | 589     |    | 3,161   |    | 44,370  | <br>(320)     |    | 505     | <br>33,421   |    | (640)           |
| Net change in fund balances                             | \$          | (3,371) | \$ | (5,387) | \$ | 16,867  | \$ | (7,258) | \$ | 4,787   | \$ | 52,355  | \$<br>(5,547) | \$ | 8,520   | \$<br>29,424 | \$ | (9,007)         |
| Debt service as a percentage of noncapital expenditures |             | 2.70%   |    | 2.89%   |    | 3.04%   |    | 3.45%   |    | 3.74%   |    | 4.94%   | 4.06%         |    | 4.16%   | 7.43%        |    | 4.74%           |
| noncapital expenditures                                 |             | 2.7070  |    | 2.07/0  |    | 5.04/0  |    | J.+J/0  |    | 3.74/0  |    | T.77/0  | T.0070        |    | 7.10/0  | 7.43/0       |    | <b>¬./ →</b> /0 |

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

| Fiscal<br>Year | Taxes Levied  | Collected w<br>Fiscal Year o |            | Collections   | Total Cumulative<br>Uncollected Taxes |            |           |            |  |  |  |
|----------------|---------------|------------------------------|------------|---------------|---------------------------------------|------------|-----------|------------|--|--|--|
| Ended          | for the       |                              | Percentage | in Subsequent |                                       | Percentage |           | Percentage |  |  |  |
| June 30,       | Fiscal Year   | Amount                       | of Levy    | Years         | Amount                                | of Levy    | Amount    | of Levy    |  |  |  |
| 1995           | \$ 97,283,810 | \$ 94,134,862                | 96.76%     | \$ 3,147,328  | \$ 97,282,190                         | 100.00%    | \$ 1,620  | 0.00%      |  |  |  |
| 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%     | 2,562,802     | 106,189,907                           | 99.98%     | 20,990    | 0.02%      |  |  |  |
| 1998           | 110,321,364   | 107,611,776                  | 97.54%     | 2,692,736     | 110,304,512                           | 99.98%     | 16,852    | 0.02%      |  |  |  |
| 1999           | 118,072,074   | 115,611,143                  | 97.92%     | 2,433,691     | 118,044,834                           | 99.98%     | 27,240    | 0.02%      |  |  |  |
| 2000           | 126,413,149   | 124,436,238                  | 98.44%     | 1,916,863     | 126,353,101                           | 99.95%     | 60,049    | 0.05%      |  |  |  |
| 2001           | 138,346,760   | 136,022,226                  | 98.32%     | 2,252,415     | 138,274,641                           | 99.95%     | 72,119    | 0.05%      |  |  |  |
| 2002           | 154,095,824   | 151,698,269                  | 98.44%     | 2,207,429     | 153,905,698                           | 99.88%     | 190,126   | 0.12%      |  |  |  |
| 2003           | 170,449,903   | 167,419,783                  | 98.22%     | 2,361,717     | 169,781,500                           | 99.61%     | 668,403   | 0.39%      |  |  |  |
| 2004           | 194,623,245   | 191,764,130                  | 98.53%     | -             | 191,764,130                           | 98.53%     | 2,859,115 | 1.47%      |  |  |  |

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

(in thousands of dollars)

| Fiscal<br>Year<br>Ended | Real         | Personal   | Less:<br>Tax Exempt | Total Taxable<br>Assessed | Net Inc      | crease     |  |
|-------------------------|--------------|------------|---------------------|---------------------------|--------------|------------|--|
| June 30,                | Property     | Property   | Property            | Value <sup>1</sup>        | Amount       | Percentage |  |
| 1995                    | \$ 9,221,046 | \$ 471,573 | \$ 469,943          | \$ 9,222,677              | \$ -         | n/a        |  |
| 1996                    | 9,509,751    | 502,246    | 495,905             | 9,516,093                 | 293,416.40   | 3.18%      |  |
| 1997                    | 9,862,414    | 529,589    | 504,450             | 9,887,553                 | 371,459.76   | 3.90%      |  |
| 1998                    | 10,379,531   | 628,954    | 518,199             | 10,490,286                | 602,733.61   | 6.10%      |  |
| 1999                    | 11,347,969   | 626,689    | 539,918             | 11,434,740                | 944,453.73   | 9.00%      |  |
| 2000                    | 12,509,849   | 623,099    | 550,129             | 12,582,819                | 1,148,078.78 | 10.04%     |  |
| 2001                    | 14,086,106   | 691,127    | 588,735             | 14,188,499                | 1,605,679.88 | 12.76%     |  |
| 2002                    | 15,617,221   | 713,924    | 674,258             | 15,656,887                | 1,468,388.24 | 10.35%     |  |
| 2003                    | 17,193,975   | 757,097    | 712,053             | 17,239,019                | 1,582,131.79 | 10.11%     |  |
| 2004                    | 18,805,536   | 794,875    | 736,767             | 18,863,644                | 1,624,625.61 | 9.42%      |  |
|                         |              |            |                     |                           |              |            |  |

# Notes:

- <sup>1</sup> 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

## County of Napa Direct and Overlapping Property Tax Rates<sup>1</sup> Last Ten Fiscal Years

(rate per \$100 of assessed value)

| •    |         | <b>D</b> 4 2 |  |
|------|---------|--------------|--|
| Over | lapping | Kates -      |  |

| Fiscal<br>Year | County<br>Direct<br>Rate | Local<br>Special<br>Districts | Schools | Cities | Total Direct and Overlapping <sup>2</sup> |
|----------------|--------------------------|-------------------------------|---------|--------|---|
| 1995           | 1.00                     | 0.76                          | 0.01    | 0.04   | 1.81                                      |
| 1996           | 1.00                     | 0.72                          | 0.05    | 0.07   | 1.84                                      |
| 1997           | 1.00                     | 0.67                          | 0.05    | 0.06   | 1.78                                      |
| 1998           | 1.00                     | 0.67                          | 0.16    | 0.05   | 1.88                                      |
| 1999           | 1.00                     | 0.52                          | 0.09    | 0.05   | 1.66                                      |
| 2000           | 1.00                     | 0.42                          | 0.08    | 0.04   | 1.54                                      |
| 2001           | 1.00                     | 0.28                          | 0.07    | 0.04   | 1.40                                      |
| 2002           | 1.00                     | 0.28                          | 0.13    | 0.04   | 1.44                                      |
| 2003           | 1.00                     | 0.28                          | 0.17    | 0.03   | 1.48                                      |
| 2004           | 1.00                     | 0.28                          | 0.16    | 0.03   | 1.47                                      |
|                |                          |                               |         |        |   |

## Notes:

<sup>&</sup>lt;sup>1</sup> 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.

<sup>&</sup>lt;sup>2</sup> 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 (             | Government               | Overlapping<br>Government    |                    |
|----------------|-----------------|--------------------------|--------------------------------|----------------------|--------------------------|------------------------------|--------------------|
| Fiscal<br>Year | General<br>Fund | Local<br>Revenue<br>Fund | Local<br>Public Safety<br>Fund | County<br>Operations | County<br>Transportation | Flood Authority <sup>1</sup> | Total              |
| Tear           |                 | <u> </u>                 | <u> </u>                       | Operations           | Transportation           | ruthority                    | Total              |
| 1995           | 5.00%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.00%                        | 7.25%              |
| 1996           | 5.00%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.00%                        | 7.25%              |
| 1997           | 5.00%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.00%                        | 7.25%              |
| 1998           | 5.00%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.00%                        | 7.25%              |
| 1999           | 5.00%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.50%                        | 7.75%              |
| 2000           | 5.00%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.50%                        | 7.75%              |
| 2001           | 4.75%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.50%                        | 7.50% <sup>2</sup> |
| 2002           | 5.00%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.50%                        | 7.75%              |
| 2003           | 5.00%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.50%                        | 7.75%              |
| 2004           | 5.00%           | 0.50%                    | 0.50%                          | 1.00%                | 0.25%                    | 0.50%                        | 7.75%              |

#### Notes

Source: California State Board of Equalization

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

<sup>&</sup>lt;sup>2</sup> The sales tax rate has remained at 7.75% for the past ten years except in 2001 when it was temporarily reduced by 0.25% to 7.50%.

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

|                                  |                              | 2004 |   |    |                              | 1999 |   |                              | 1995 |   |
|----------------------------------|------------------------------|------|---|----|------------------------------|------|---|------------------------------|------|---|
| <u>Taxpayer</u>                  | Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Total County<br>Taxable<br>Assessed<br>Value |    | Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Total County<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Total County<br>Taxable<br>Assessed<br>Value |
| D . W. E.                        | ф. 122 <del>дд</del> с 0 сд  | 4    | 0.710/  | ф  | 07.562.271                   | 2    | 0.7704  |                              |      |   |
| Beringer Wine Estates            | \$ 133,776,067               | 1    | 0.71%   | \$ | 87,562,371                   | 2    | 0.77%   |                              | 4.0  |   |
| Sterling Vineyards Inc.          | 102,473,993                  | 2    | 0.54%   |    | 53,516,737                   | 8    | 0.47%   | \$<br>30,995,651             | 10   | 0.34%   |
| IDV North America Inc.           | 97,166,171                   | 3    | 0.52%   |    | 79,001,527                   | 3    | 0.69%   | _                            |      | _   |
| Dey Laboratories                 | 91,092,225                   | 4    | 0.48%   |    | 60,533,852                   | 6    | 0.53%   | _                            |      | _   |
| Pacific Gas and Electric Company | 90,521,516                   | 5    | 0.48%   |    | 106,463,163                  | 1    | 0.93%   | 105,659,175                  | 1    | 1.15%   |
| Pacific Bell                     | 50,333,662                   | 6    | 0.27%   |    | 73,690,046                   | 5    | 0.64%   | 73,266,320                   | 3    | 0.79%   |
| Sutter Home Winery Inc.          | 50,173,497                   | 7    | 0.27%   |    | 76,765,733                   | 4    | 0.67%   | _                            |      | _   |
| Domaine Chandon Inc.             | 36,688,156                   | 8    | 0.19%   |    | 32,056,537                   | 10   | 0.28%   | _                            |      | _   |
| Codorniu Napa Inc.               | 36,397,978                   | 9    | 0.19%   |    | 32,593,271                   | 9    | 0.29%   | _                            |      | _   |
| Silverado Country Club           | 35,584,830                   | 10   | 0.19%   |    | 58,883,256                   | 7    | 0.51%   | 68,697,923                   | 4    | 0.74%   |
| Domaine Mumm Inc.                | 34,457,204                   | 11   | 0.18%   |    | _                            |      | _   | _                            |      | _   |
| Sunstone OP Properties           | 33,195,290                   | 12   | 0.18%   |    | _                            |      | _   | _                            |      | _   |
| Yahome Vineyards                 | 32,749,377                   | 13   | 0.17%   |    | _                            |      | _   | _                            |      | _   |
| Oregon Steel Mills Inc.          | 32,229,805                   | 14   | 0.17%   |    | _                            |      | _   | _                            |      | _   |
| Panamsat International Systems   | 30,429,849                   | 15   | 0.16%   |    | _                            |      | _   | _                            |      | _   |
| Chelsea GCA Realty               | 30,061,215                   | 16   | 0.16%   |    | _                            |      | _   | _                            |      | _   |
| Great Springs Waters of America  | 29,481,541                   | 17   | 0.16%   |    | _                            |      | _   | _                            |      | _   |
| Antinori California              | 28,064,069                   | 18   | 0.15%   |    | _                            |      | _   | _                            |      | _   |
| Robert Mondavi Winery            | _                            |      | _   |    | _                            |      | _   | 47,774,796                   | 5    | 0.52%   |
| Premium Wines Inc.               | _                            |      | _   |    | _                            |      | _   | 45,693,912                   | 6    | 0.50%   |
| Deux Rivieres Vineyards          | _                            |      | _   |    | _                            |      | _   | 41,011,248                   | 7    | 0.44%   |
| Trinchero, Louis and Evalyn TR   | _                            |      | _   |    | _                            |      | _   | 40,103,907                   | 8    | 0.43%   |
| Napa Pipe Corporation            | _                            |      | _   |    | _                            |      | _   | 31,037,227                   | 9    | 0.34%   |
| Heublein Inc.                    | _                            |      | _   |    | _                            |      | _   | 100,352,064                  | 2    | 1.09%   |
| Total                            | \$ 974,876,445               |      | 5.17%   | \$ | 661,066,493                  |      | 5.78%   | \$<br>584,592,223            |      | 6.34%   |

# 20

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

(dollars in thousands, except per capita)

|                |    |        | Gover | rnmental Activit | ies |                                     |              |    | <b>Business-Typ</b>            | e Activi | ties   | _                          |        |             |    |     |
|----------------|----|--------|-------|------------------|-----|-------------------------------------|--------------|----|--------------------------------|----------|--|----------------------------|--------|-------------|----|-----|
| Fiscal<br>Year | 1  |        | -     | Total            | Im  | Improvement Term Loan Bonds Payable |              |    | Total<br>Primary<br>Government |          | Percentage<br>of Personal<br>Income <sup>1</sup> | Per<br>Capita <sup>1</sup> |        |             |    |     |
| 1995           |    |        | \$    | 25,605           | \$  | 757                                 | \$<br>26,362 | \$ | 655                            |          |  | \$                         | 27,017 | 0.89%       | \$ | 231 |
| 1996           |    |        |       | 23,760           |     | 225                                 | 23,985       |    | 565                            |          |  |                            | 24,550 | 0.77%       |    | 209 |
| 1997           |    |        |       | 39,810           |     |                                     | 39,810       |    | 475                            |          |  |                            | 40,285 | 1.19%       |    | 338 |
| 1998           |    |        |       | 37,760           |     |                                     | 37,760       |    | 380                            |          |  |                            | 38,140 | 1.05%       |    | 316 |
| 1999           |    |        |       | 35,120           |     |                                     | 35,120       |    | 275                            |          |  |                            | 35,395 | 0.90%       |    | 290 |
| 2000           | \$ | 43,650 |       | 32,330           |     |                                     | 75,980       |    | 170                            |          |  |                            | 76,150 | 1.78%       |    | 614 |
| 2001           |    | 43,650 |       | 29,380           |     |                                     | 73,030       |    | 60                             |          |  |                            | 73,090 | 1.55%       |    | 577 |
| 2002           |    | 43,650 |       | 26,270           |     |                                     | 69,920       |    |                                | \$       | 500  |                            | 70,420 | 1.45%       |    | 550 |
| 2003           |    | 43,650 |       | 48,750           |     |                                     | 92,400       |    |                                |          | 485  |                            | 92,885 | 1.86%       |    | 714 |
| 2004           |    | 41,555 |       | 46,965           |     |                                     | 88,520       |    |                                |          | 460  |                            | 88,980 | unavailable |    | 676 |

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.

## 12

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

|        |    |        |    |               | Rev | enue Bonds - N | <b>Ieasu</b> i | re A     |       |  |          |      |                      | Impi | rovemen | t Bond  | s ¹   |          |
|--------|----|--------|----|---------------|-----|----------------|----------------|----------|-------|--|----------|------|----------------------|------|---------|---------|-------|----------|
|        |    | Sales  |    | Less:         |     | Net            |                |          |       |  | _        | Pr   | operty               |      |         |         |       |          |
| Fiscal |    | Tax    | A  | dministrative |     | Available      |                | Debt Se  | rvice | <u>;                                    </u> |          |      | Tax                  |      | Debt S  | Service |       |          |
| Year   | R  | evenue |    | Cost          |     | Revenue        | P              | rincipal | Iı    | nterest                                      | Coverage | Coll | ections <sup>2</sup> | Pri  | ncipal  | Inte    | erest | Coverage |
|        |    |        |    |               |     |                |                |          |       |  |          |      |                      |      |         |         |       |          |
| 1995   |    | -      |    | -             |     | -              |                | -        |       | -  | -        | \$   | 111                  | \$   | 80      | \$      | 44    | 0.90     |
| 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     |
| 2002   |    | 10,918 |    | 143           |     | 10,775         |                | -        |       | 2,071  | 5.20     |      | -                    |      | 60      |         | 2     | -        |
| 2003   |    | 10,619 |    | 151           |     | 10,468         |                | -        |       | 2,071  | 5.05     |      |                      |      |         |         |       |          |
| 2004   |    | 11,993 |    | 164           |     | 11,829         | \$             | 2,095    |       | 2,071  | 2.84     |      |                      |      |         |         |       |          |
|        |    |        |    |               |     |                |                |          |       |  |          |      |                      |      |         |         |       |          |

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.

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

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, 2004

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

Adjusted assessed valuation

| DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:                   | Ou | Debt<br>ntstanding | Percentage<br>Applicable |
|--|----|--------------------|--------------------------|
| Direct General Fund Obligation Debt                                    |    |                    |                          |
| Napa County Certificates of Participation                              | \$ | 46,965,000         | 100.000%                 |
| Overlapping General Fund Obligation Debt                               |    |                    |                          |
| School Districts   |    |                    |                          |
| Napa County Board of Education Certificates of Participation           |    | 3,785,000          | 100.000%                 |
| Calistoga Joint Unified School District Certificates of Participation  |    | 1,088,006          | 87.390%                  |
| Fairfield-Suisun Unified School District Certificates of Participation |    | 17,760             | 1.054%                   |
| Cities   |    |                    |                          |
| City of American Canyon General Fund Obligations                       |    | 3,875,000          | 100.000%                 |
| City of Calistoga Certificates of Participation                        |    | 1,550,000          | 100.000%                 |
| <b>Total Overlapping General Fund Obligation Debt</b>                  |    | 10,315,766         |                          |
| <b>Total Direct and Overlapping General Fund Obligation Debt</b>       |    | 57,280,766         |                          |
| OVERLAPPING TAX AND ASSESSMENT DEBT:                                   |    |                    |                          |
| School Districts   |    |                    |                          |
| Napa Valley Community College District                                 |    | 24,779,750         | 99.119%                  |
| Calistoga Joint Unified School District                                |    | 2,075,513          | 87.390%                  |
| Fairfield-Suisun Joint Unified School District                         |    | 1,028,019          | 1.054%                   |
| Napa Valley Unified School District                                    |    | 53,925,000         | 100.000%                 |
| St. Helena Unified School District                                     |    | 16,835,000         | 100.000%                 |
| Cities   |    |                    |                          |
| City of Calistoga  |    | 80,000             | 100.000%                 |
| City of St. Helena   |    | 1,710,000          | 100.000%                 |
| City of American Canyon 1915 Act Bonds                                 |    | 6,780,000          | 100.000%                 |
| City of Napa 1915 Act Bonds  |    | 3,885,000          | 100.000%                 |
| Unincorporated Areas   |    |                    |                          |
| Napa County 1915 Act Bonds   |    | 1,055,000          | 100.000%                 |
| Total Overlapping Tax and Assessment Debt                              |    | 112,153,282        |                          |
| COMBINED TOTAL DEBT  |    | 169,434,048 2      |                          |
| Ratio to 2003-04 Assessed Valuation:                                   |    |                    |                          |
| Total Overlapping Tax and Assessment Debt0.64%                         |    |                    |                          |
| Ratios to Adjusted Assessed Valuation:                                 |    |                    |                          |
| Combined Direct Debt (\$46,965,000)0.27%                               |    |                    |                          |
| Combined Total Debt0.99%   |    |                    |                          |

### Notes:

Source: California Municipal Statistics, Inc.

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                     |
|-------------|-------------------------|---------|-------------|----------|-----------------------|------------|----------------------------------|
| <u>Year</u> | Population <sup>1</sup> | Persona | al Income¹  | Personal | I Income <sup>1</sup> | Enrollmen  | t <sup>2</sup> Rate <sup>1</sup> |
| 1995        | 116,817                 | \$ 3,   | 189,300,000 | \$       | 27,329                | 18,340     | 6.2%                             |
| 1996        | 117,739                 | 3,      | 385,000,000 |          | 28,687                | 18,714     | 5.9%                             |
| 1997        | 119,129                 | 3,      | 634,900,000 |          | 30,339                | 18,977     | 5.1%                             |
| 1998        | 120,544                 | 3,      | 922,800,000 |          | 32,264                | 19,303     | 4.0%                             |
| 1999        | 121,914                 | 4,      | 278,700,000 |          | 34,779                | 19,381     | 3.3%                             |
| 2000        | 124,094                 | 4,      | 713,500,000 |          | 37,834                | 19,341     | 3.2%                             |
| 2001        | 126,600                 | 4,      | 846,400,000 |          | 37,965                | 19,461     | 3.3%                             |
| 2002        | 128,100                 | 4,      | 982,900,000 |          | 38,361                | unavailabl | e 4.3%                           |
| 2003        | 130,100                 | unav    | ailable     | n        | /a                    | unavailabl | e 4.6%                           |
| 2004        | 131,600                 | unav    | ailable     | n        | /a                    | unavailabl | e unavailable                    |

Sources: <sup>1</sup> California State Department of Finance <sup>2</sup> Napa Valley Economic Development Corporation

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

| 20                                  | 04        |   | 1999                                |           |   |  |  |  |  |
|-------------------------------------|-----------|---|-------------------------------------|-----------|---|--|--|--|--|
| Employer                            | Employees | Percentage<br>of Total County<br>Employment | Employer                            | Employees | Percentage<br>of Total County<br>Employment |  |  |  |  |
| Napa State Hospital                 | 3,000     | 4.45%                                       | Napa State Hospital                 | 1,973     | 3.27%                                       |  |  |  |  |
| Napa Valley Unified School District | 1,650     | 2.45%                                       | Napa Valley Unified School District | 1,500     | 2.48%                                       |  |  |  |  |
| Napa County                         | 1,375     | 2.04%                                       | County of Napa                      | 1,206     | 2.00%                                       |  |  |  |  |
| Queen of the Valley Hospital        | 1,300     | 1.93%                                       | Queen of the Valley Hospital        | 1,200     | 1.99%                                       |  |  |  |  |
| Veterans' Home of California        | 1,100     | 1.63%                                       | St. Helena Hospital                 | 960       | 1.59%                                       |  |  |  |  |
| St. Helena Hospital                 | 991       | 1.47%                                       | CA Veterans Home                    | 950       | 1.57%                                       |  |  |  |  |
| Cultured Stone                      | 800       | 1.19%                                       | Robert Mondavi Winery               | 900       | 1.49%                                       |  |  |  |  |
| Napa Valley Community College       | 800       | 1.19%                                       | Beringer vineyards                  | 740       | 1.23%                                       |  |  |  |  |
| Dey Laboratories, Inc.              | 670       | 0.99%                                       | Dey Laboratories                    | 650       | 1.08%                                       |  |  |  |  |
| Silverado Country Club              | 600       | 0.89%                                       | Silverado Country Club              | 630       | 1.04%                                       |  |  |  |  |
| Total                               | 12,286    | 18.23%                                      | Total                               | 10,709    | 17.73%                                      |  |  |  |  |

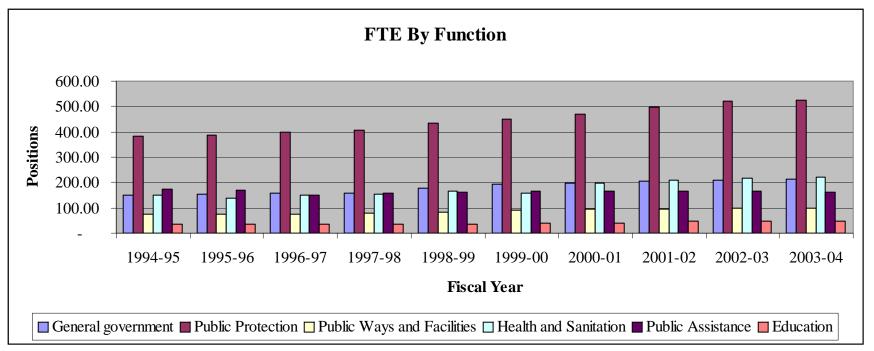
| 1 | 9 | 9 | ! |
|---|---|---|---|
|   |   |   |   |
|   |   |   |   |

|                                     | •         |   |
|-------------------------------------|-----------|---|
| Employer                            | Employees | Percentage<br>of Total County<br>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                      | 1,023     | 1.92%                                       |
| CA Veterans Home                    | 950       | 1.78%                                       |
| St. Helena Hospital and Health Club | 800       | 1.50%                                       |
| Silvarado County Club               | 565       | 1.06%                                       |
| Wine Wrold Estates                  | 560       | 1.05%                                       |
| Napa Valley College                 | 458       | 0.86%                                       |
| Pacific Union College               | 391       | 0.73%                                       |
| Total                               | 9,047     | 16.94%                                      |

Napa Valley Economic Development Corporation State of California Employment Development Department County Executive Office – County of Napa, California

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

|                            | Fiscal Year    |                 |                 |                 |                |                |                |          |          |          |  |
|----------------------------|----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------|----------|----------|--|
|                            | <u>1994-95</u> | <u> 1995-96</u> | <u> 1996-97</u> | <u> 1997-98</u> | <u>1998-99</u> | <u>1999-00</u> | <u>2000-01</u> | 2001-02  | 2002-03  | 2003-04  |  |
| Function/program           |                |                 |                 |                 |                |                |                |          |          |          |  |
| General government         | 151.10         | 154.10          | 158.20          | 159.35          | 175.85         | 192.50         | 197.90         | 204.15   | 210.15   | 211.60   |  |
| Public Protection          | 383.50         | 385.25          | 400.50          | 408.50          | 433.00         | 450.75         | 469.25         | 497.00   | 519.50   | 523.10   |  |
| Public Ways and Facilities | 73.80          | 73.80           | 74.30           | 77.00           | 83.00          | 90.50          | 94.10          | 96.10    | 98.00    | 99.00    |  |
| Health and Sanitation      | 148.23         | 138.98          | 151.13          | 153.38          | 167.40         | 156.90         | 197.53         | 209.40   | 216.50   | 221.40   |  |
| Public Assistance          | 172.03         | 170.53          | 148.48          | 158.53          | 159.98         | 164.23         | 164.35         | 166.25   | 165.25   | 161.25   |  |
| Education                  | 35.35          | 35.35           | 36.55           | 36.35           | 37.35          | 39.85          | 41.35          | 47.85    | 47.85    | 47.85    |  |
| Total full-time            |                |                 |                 |                 |                |                |                |          |          |          |  |
| equivalent employees       | 964.01         | 958.01          | 969.16          | 993.11          | 1,056.58       | 1,094.73       | 1,164.48       | 1,220.75 | 1,257.25 | 1,264.20 |  |



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