

**EL CAMINO IRRIGATION DISTRICT
AUDITED FINANCIAL STATEMENTS
December 31, 2018 and 2017**

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INTRODUCTORY SECTION

**EL CAMINO IRRIGATION DISTRICT
PRINCIPAL OFFICIALS
December 31, 2018**

**BOARD OF DIRECTORS
(Terms as of December 31, 2018)**

Name	Office	Term Expires
Leland Hogan	Chairman	December 2018
Carol Santino	Vice Chairman	December 2020
- Vacaent -	Director	December 2018
Kris Lamkin	Director	December 2020
Mike Gividen	Director	December 2020

Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
El Camino Irrigation District
Gerber, California

Report On the Financial Statements

I have audited the accompanying consolidated financial statements of El Camino Irrigation District (ECID), which comprise the consolidated statement of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the ECID's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ECID's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

P.O. Box 994508, 1438 Oregon St., Redding, California 96099 . (530) 246-2834 . FAX (530) 244-0331

Opinion

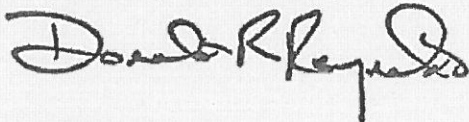
In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of El Camino Irrigation District as of June 30, 2018 and 2017 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

My audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of functional expenses and schedule of revenues, expenditures and changes in net assets - budget versus actual on page 19 through 22 for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section is presented for purposes of additional analysis and are not a required part of the financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.



Donald R. Reynolds,
Certified Public Accountant
August 8, 2019

FINANCIAL SECTION

EL CAMINO IRRIGATION DISTRICT
8451 HWY. 99-W
Gerber, CA 96035
(530) 385-1559

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of El Camino Irrigation District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the financial statements which begin on page 8.

FINANCIAL HIGHLIGHTS

- * The District's net assets increased by \$41,409.00, or a change of 13.61% compared to a year ago.
- * During the year operating revenues of \$481,129.00 were \$32,503.00 more than operating expenses of \$448,626.00. This compares to last year when operating expenses were less than operating revenues by \$55,639.00. Total operating revenues increased \$11,239.00 compared to the prior year, while operating expenses increased by \$34,375.00. This decrease in net operating income was caused mainly by an increase in utility and fuel costs as well as increased maintenance and supply costs. Increased sales and assessments due to dry conditions resulted in the increased sales.
- * Non-operating revenues of \$8,906.00 were \$0.00 more than the prior years non-operating revenues of \$7,310.00. The District has no long-term debt.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flow provide information about the activities of the District and a long-term view of the District's finances.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

CONDENSED FINANCIAL INFORMATION

The difference between assets and liabilities is one way to measure the District's financial health over time, increases or decreases in net assets are indicators of whether its financial health is improving or deteriorating.

The District's net assets increased from \$304,226.00 a year ago to \$345,635.00 this year, an increase of \$41,409.00. Last year's net assets increased by \$62,949.00.

The analysis below focuses on the net assets (Table 1) and changes in nets assets (Table 2).

**Table 1
Net Assets
(in Dollars)**

	2018	2017
Assets		
Current and other assets	\$ 282,860	\$ 221,910
Capital assets	101,403	122,396
Total Assets	384,263	344,306
 Current Liabilities	 \$ 38,628	 \$ 40,080
Net assets:		
Invested in capital assets, net of debt	101,403	122,396
Restricted and Designated	-	-
Unrestricted	244,232	181,830
Total net assets	345,635	304,226
Total liabilities and net assets	\$ 384,263	\$ 344,306

Net assets of the District's activities increased by 13.61 percent. (\$345,635.00 compared to \$304,226.00). Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by bond covenants, other legal requirements or District restrictions changed from \$181,830.00 excess at December 31, 2017, to a \$244,232.00 excess at the end of the current year.

**Table 2
Changes in Net Assets
(in Dollars)**

	2018	2017
Total operating revenues	\$ 481,129	\$ 469,890
Total operating expenses	448,626	414,251
Net operating income	32,503	55,639
Total non-operating revenues (expenses)	8,906	7,310
Net income (loss) before capital contributions	41,409	62,949
 Increase (decrease) in net assets	 \$ 41,409	 \$ 62,949

Compared to a year ago, total operating revenues increased from \$469,890.00 to \$481,129.00, or approximately 2 percent. Operating expenses increased \$34,375.00, or at little over 8 percent. The increase in non-operating revenues was caused mainly from the increase in interest rate received on invested cash. See the Statement of Revenues, Expenses and Changes in Net Assets for detailed listing by function for revenues and expenses.

BUDGETARY HIGHLIGHTS

The District's 2017-2018 Preliminary Budget was discussed and approved at the Board of Directors Regular Meeting on June 28, 2017.

Comparing actual revenue and expenses with budgeted revenues and expenses shows net favorable variance of \$33,153.00 as shown in Table 3

Table 3
Actual Compared to Budget
(in Dollars)

	<u>Actual</u>	<u>Budget</u>	<u>Favorable Unfavorable Variance</u>
Operating revenues	\$ 481,129	\$ 339,198	\$ 141,931
Operating expenses	<u>448,626</u>	<u>332,481</u>	<u>(116,145)</u>
Net operating income (loss)	32,503	6,717	25,786
Non-operating revenue (expenses)	<u>7,367</u>	<u>-</u>	<u>7,367</u>
Net budgeted income (loss)	<u>\$ 39,870</u>	<u>\$ 6,717</u>	<u>\$ 33,153</u>

The most significant variances were increases of \$107,430.00 in water sales, and an overall (\$34,132.00) decrease in transmission expenses. The supplemental Schedule of Revenues, Expenses and Changes in Net Assets (on page 24) provides a detailed comparison of actual verses budgeted items

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2018, the District had \$101,403.00 invested in capital assets. This amount represents a net decrease of (including additions, deductions and depreciation) \$20,993.00 over the last year Table 4 presents capital assets at year-end.

Table 4
Capital Assets at Year-end
(Net of Depreciation, in Dollars)

	<u>2018</u>	<u>2017</u>
Land and improvements	1,200	1,200
Water system treatment, transmission and distribution plant	784,066	784,066
Equipment	<u>15,483</u>	<u>15,483</u>
	800,749	800,749
Accumulated depreciation	<u>(699,346)</u>	<u>(678,353)</u>
Total	<u>\$ 101,403</u>	<u>\$ 122,396</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following factors were considered in the preparation of fiscal year 2017-2018 budget.

Expenses have been budgeted based upon prior year's amounts spent. No large increase in overall operating expenses is expected.

CONTACTING THE DISTRICT

This financial report is designed to provide the public with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Office at 8451 Hwy 99E, Gerber, CA-Phone No. (530) 385-1559.

BASIC FINANCIAL STATEMENTS

EL CAMINO IRRIGATION DISTRICT
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2018 and 2017

	<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
<u>Current Assets:</u>		
Cash and Cash Equivalents		
Unrestricted	\$ 254,846	\$ 195,535
Accounts Receivable - Utilities	8,950	7,940
Accounts Receivable - Rebates	10,751	-
Inventory - Average Cost	2,302	12,928
Prepaid Expenses	6,011	5,507
Total Current Assets	<u>282,860</u>	<u>221,910</u>
<u>Noncurrent Assets:</u>		
Capital Assets - Net (Note 5)	101,403	122,396
Deposits	-	-
Standby Receivables	-	-
Total Noncurrent Assets	<u>101,403</u>	<u>122,396</u>
Total Assets	<u>\$ 384,263</u>	<u>\$ 344,306</u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ -	\$ 433
Payroll Related Payables and Sales Tax	4,103	4,632
Deferred Revenue	-	-
Customer Deposits	34,525	35,015
Total Current Liabilities	<u>38,628</u>	<u>40,080</u>
<u>Net Assets</u>		
Investment in Capital Assets, net of related debt	101,403	122,396
Unrestricted	244,232	181,830
Total Net Assets	<u>345,635</u>	<u>304,226</u>
Total Liabilities and Net Assets	<u>\$ 384,263</u>	<u>\$ 344,306</u>

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

**EL CAMINO IRRIGATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended December 31, 2018 and 2017**

	Business-type Activities	
	2018	2017
OPERATING REVENUES		
Charges for Services	\$ 323,430	\$ 351,300
Assessments	157,699	118,590
Service charges	-	-
	481,129	469,890
 OPERATING EXPENSES		
Pumping	231,718	215,664
Transmission and Distribution	113,272	97,426
General and Administrative	82,643	84,051
Depreciation and Amortization	20,993	17,110
Total Operating Expenses	448,626	414,251
Operating Income	32,503	55,639
 NONOPERATING REVENUES (EXPENSES)		
Interest and Administration Income	1,539	1,439
Gain (Loss) on disposal	-	-
Miscellaneous	7,367	5,871
Interest expense	-	-
Total Nonoperating Revenues (Expenses)	8,906	7,310
 CHANGE IN NET ASSETS	41,409	62,949
 TOTAL NET ASSETS, BEGINNING OF YEAR	304,226	241,277
 TOTAL NET ASSETS, END OF YEAR	\$ 345,635	\$ 304,226

The accompanying notes are an integral part of these financial statements

EL CAMINO IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS -
PROPRIETARY FUND TYPES
For the Fiscal Year Ended December 31, 2018 and 2017

	Business-type	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From (Used For):		
Water Sales	469,368	475,566
Customer Deposits	(490)	3,594
Employee Wages and Benefits	(125,566)	(112,501)
Suppliers for Goods and Services	(292,907)	(290,168)
Net Cash Provided (Used) by Operating Activities	<u>50,405</u>	<u>76,491</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Received From:		
Interest Collected	1,539	1,439
Penalties and Miscellaneous	7,367	5,871
Net Cash Provided by Noncapital Financing Activities	<u>8,906</u>	<u>7,310</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payment of Long-term Debt	-	-
Interest Paid on Long-term Debt	-	-
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Acquisition of capital assets	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	59,311	83,801
CASH AND CASH EQUIVALENTS - Beginning	<u>195,535</u>	<u>111,734</u>
CASH AND CASH EQUIVALENTS - Ending (Note 9)	<u>254,846</u>	<u>195,535</u>

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

EL CAMINO IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES
For the Fiscal Year Ended December 31, 2018 and 2017

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:

	Business-type	
	Activities	
	<u>2018</u>	<u>2017</u>
Operating Income	\$ 32,503	\$ 55,639
Adjust to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	20,993	17,110
(Increase) Decrease in Operating Assets:		
Accounts Receivable - Customers	(1,010)	(5,356)
Accounts Receivable - Standby	(10,751)	11,032
Inventory	10,626	(6,436)
Prepaid Expenses	(504)	(2,947)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(433)	433
Customer Deposits	(490)	3,594
Developer Deposits	-	-
Deferred Revenue	-	-
Accrued Payroll Payable	-	-
Payroll Related Payables and Sales Taxes Payable	(529)	3,422
Total Adjustments	<u>17,902</u>	<u>20,852</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 50,405</u>	<u>\$ 76,491</u>

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

EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Reporting Entity

The El Camino Irrigation District (District) was established in 1921 to provide irrigation water services to the residents of the District. The governing body consists of five elected board members. The financial statements of the District include all financial activities, organizations and functions for which the District exercises direct responsibility.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted GASB 34, "The Financial Reporting Entity". This standard establishes conditions for defining and reporting on the financial reporting entity. The implementation of this standard requires the District to identify the entities that should be reported as component units of the District. The financial statements of the District include all governmental functions and operations controlled by or dependent on the District. In addition, the financial statements include all governmental operations and functions over which the District exercises significant influence. Significant influence or accountability is based primarily on the operational or financial relationships with the District (as distinct from legal relationships).

The District has determined that there are no potential component units to be included within the reporting entity.

Basis of Presentation

Government-wide Basic Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

(Continued on the following page)

EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The funds of the financial reporting entity are described below:

Proprietary Funds

Enterprise Fund: Enterprise funds are used to account for operations (a) 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 services to the general public on a continuing basis be financed primarily through user charges, or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public police, management control, accountability, or other purposes.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheet. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

The District has elected to follow Governmental Accounting Standards Board pronouncements, and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement Number 20.

Provision for Doubtful Accounts

Management feels there is no need for an allowance for doubtful accounts.

(Continued on the following page)

EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The District values inventory at the most recent invoice price, which approximates lower of cost or market on a first-in, first-out (FIFO) basis.

Capital Assets

Capital assets are recorded at cost. Donated capital assets are stated at the fair value at the date of donation and recorded as contributed capital. Depreciation is provided on the Straight-line basis over the estimated useful lives of the assets as follows:

Utility Plant	15-50 years
Equipment	5-15 years

The District capitalizes assets with a useful life of more than one year.

Accrued Vacation and Sick Leave

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District and are accrued when earned. All District employees are required to take their allotted vacation within the fiscal year, therefore, no liability is reflected on the financial statements.

Accumulated employee sick leave benefits are not recognized as liabilities of the District since such benefits are non-vesting accumulating rights. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Capitalization of Interest

Interest is capitalized on costs associated with the acquisition and construction of assets. The amount of interest capitalized is all associated interest costs, less interest earned on the temporary investment of the proceeds of any tax-exempt borrowings.

Use of Estimates

The preparation of 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.

Net Assets

Investment in capital assets includes contributed capital equity that is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

Restricted reserves represent those portions of fund equity legally segregated for a specific future use. Unrestricted equity is the remaining net assets that is appropriable for regular expenses and operations.

(Continued on the following page)

EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

The District prepares its budget by fund, function and activity, and includes information of the past year, current year estimates and requested appropriations for the next fiscal year. The proposed budget is presented to the Board of Directors for review. The District holds public hearings and may add to, subtract from, or change appropriations.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents of \$257,845 and \$195,535 consisted of the following as of December 31,

	2018	2017
Cash in Checking Accounts	\$ 124,238	61,793
Cash in the Local Agency Investment Fund (Maturities less than one year)	-	-
Cash in Savings and Money Market	133,507	133,642
Cash on hand	100	100
Total Cash and Cash Equivalents	<u>\$ 257,845</u>	<u>195,535</u>

All of the amounts in the checking accounts were covered by federal depository insurance or by collateral held by the District or by its agent in the name of the District. The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's total deposits.

The District may waive collateral requirements for deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Interest Rate Risk, Credit Risk and Custodial Credit Risk

The Agency invests its surplus cash in savings accounts at Umpqua Bank. All of the amounts in the savings accounts were covered by federal depository insurance or by collateral held by the District or by its agent in the name of the District. The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's total deposits.

The fair market value of cash in checking, savings and petty cash is equivalent to the book value.

NOTE 4 - STANDBY RECEIVABLES

Standby receivables consist of unpaid annual assessments from prior years. The District has the ability to lien the property for the unpaid assessment.

	2018	2017
Current portion	\$ 6,724	\$ 5,765
Long-Term portion	-	-
Total	<u>\$ 6,724</u>	<u>\$ 5,765</u>

(Continued on the following page.)

EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 5 - CHANGES IN CAPITAL ASSETS

The following is a summary of the changes in the District's capital assets:

	<u>Balance</u> <u>12/31/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2018</u>
Capital Assets, not Being Depreciated:				
Land- and Land-Rights	\$ 1,200	\$ -	\$ -	\$ 1,200
Capital Assets, not Being Depreciated:	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Capital Assets, Being Depreciated:				
Water Enterprise Fund				
Utility Plant	784,066	-	-	784,066
Equipment	<u>15,483</u>	<u>-</u>	<u>-</u>	<u>15,483</u>
Total Capital Assets Being Depreciated	<u>799,549</u>	<u>-</u>	<u>-</u>	<u>799,549</u>
Less Accumulated Depreciation for:				
Utility plant and equipment	<u>(678,353)</u>	<u>(20,993)</u>	<u>-</u>	<u>(699,346)</u>
Total Accumulated Depreciation	<u>(678,353)</u>	<u>(20,993)</u>	<u>-</u>	<u>(699,346)</u>
Net Book Value	<u>\$ 122,396</u>	<u>\$ (20,993)</u>	<u>\$ -</u>	<u>\$ 101,403</u>

The following is a summary of the changes in the District's capital assets during the fiscal year ending December 31, 2017

	<u>Balance</u> <u>12/31/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2017</u>
Capital Assets, not Being Depreciated:				
Land and Land-Rights	\$ 1,200	\$ -	\$ -	\$ 1,200
Capital Assets, not Being Depreciated:	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Capital Assets, Being Depreciated:				
Water Enterprise Fund				
Utility Plant	784,066	-	-	784,066
Equipment	<u>15,483</u>	<u>-</u>	<u>-</u>	<u>15,483</u>
Total Capital Assets Being Depreciated	<u>799,549</u>	<u>-</u>	<u>-</u>	<u>799,549</u>
Less Accumulated Depreciation for:				
Utility plant and equipment	<u>(661,243)</u>	<u>(17,110)</u>	<u>-</u>	<u>(678,353)</u>
Total Accumulated Depreciation	<u>(661,243)</u>	<u>(17,110)</u>	<u>-</u>	<u>(678,353)</u>
Net Book Value	<u>\$ 139,506</u>	<u>\$ (17,110)</u>	<u>\$ -</u>	<u>\$ 122,396</u>

(Continued on the following page.)

EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 6 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed costs, including amounts already collected, may constitute a liability of the applicable funds.

Management has represented that there are no contingent liabilities which were understood to include among other things; notes or accounts receivable which have been discounted; pending suits, proceedings, hearings, or negotiations possibly involving retroactive judgments or claims; taxes in dispute; endorsements or guarantees; and options given that would require disclosure or recognition under Statement of Financial Accounting Standards No 5.

NOTE 7 SUBSEQUENT EVENTS

These financial statements consider subsequent events through August 18, 2019 the date the financial statements were made available to be issued.

SUPPLEMENTAL SCHEDULES

**EL CAMINO IRRIGATION DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
PROPRIETARY FUND TYPES
For the Fiscal Year Ended December 31, 2018**

	<u>Pumping</u>	<u>Transportation and Distribution</u>	<u>General and Administrative</u>	<u>Total</u>
OPERATING EXPENSES				
Salaries and wages	-	62,521	62,516	125,037
Bank Fees	-	-	-	-
Contract labor	-	-	-	-
Depreciation	20,993	-	-	20,993
Dues and Subscriptions	-	1,708	-	1,708
Equipment rent	-	-	-	-
Vehicle expense	-	10,158	-	10,158
Insurance	-	-	3,115	3,115
Materials and Supplies	-	4,699	3,876	8,575
Payroll Taxes	-	5,868	5,868	11,736
Office	-	2,976	-	2,976
Repairs and Maintenance	24,074	22,243	-	46,317
Small Tools	-	2,939	2,000	4,939
Professional fees	-	-	-	-
Training	-	-	-	-
Utilities	207,644	-	4,244	211,888
Other Operating Expenses	-	160	1,024	1,184
	<u>-</u>	<u>160</u>	<u>1,024</u>	<u>1,184</u>
Total Operating Expenses	<u>252,711</u>	<u>113,272</u>	<u>82,643</u>	<u>448,626</u>

The accompanying notes are an integral part of these financial statements

EL CAMINO IRRIGATION DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
PROPRIETARY FUND TYPES
For the Fiscal Year Ended December 31, 2017

	<u>Pumping</u>	<u>Transportation and Distribution</u>	<u>General and Administrative</u>	<u>Total</u>
OPERATING EXPENSES				
Salaries and wages	-	52,537	63,386	115,923
Contract labor	-	-	-	-
Depreciation	17,110	-	-	17,110
Dues and Subscriptions	-	-	1,685	1,685
Fuel/Travel	-	8,668	-	8,668
Insurance	-	4,190	6,854	11,044
Materials and Supplies	-	5,389	2,154	7,543
Payroll Taxes	-	5,179	6,248	11,427
Professional Fees	-	-	-	-
Repairs and Maintenance	8,674	21,434	-	30,108
Small Tools	-	29	-	29
Telephone	-	-	-	-
Training	-	-	-	-
Utilities	206,990	-	3,670	210,660
Other Operating Expenses	-	-	54	54
	<u>232,774</u>	<u>97,426</u>	<u>84,051</u>	<u>414,251</u>
Total Operating Expenses	<u>232,774</u>	<u>97,426</u>	<u>84,051</u>	<u>414,251</u>

The accompanying notes are an integral part of these financial statements

**EL CAMINO IRRIGATION DISTRICT
SCHEDULE OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS**

**Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES:			
Water sales	\$ 216,000	\$ 323,430	\$ 107,430
Standby income	111,770	116,925	5,155
Ground water charges	<u>11,428</u>	<u>40,774</u>	<u>29,346</u>
TOTAL OPERATING REVENUES	<u>339,198</u>	<u>481,129</u>	<u>141,931</u>
OPERATING EXPENSES:			
Pumping	181,000	252,711	(71,711)
Transmission and Distribution	79,140	113,272	(34,132)
General and Administrative	<u>72,341</u>	<u>82,643</u>	<u>(10,302)</u>
TOTAL OPERATING EXPENSES	<u>332,481</u>	<u>448,626</u>	<u>(116,145)</u>
OPERATING INCOME (LOSS)	<u>6,717</u>	<u>32,503</u>	<u>25,786</u>
NON-OPERATING REVENUES (EXPENSES):			
Rental Income	1,000	1,000	-
Interest Income	-	539	539
Gain (Loss) on Disposal	-	-	-
Other Income	<u>-</u>	<u>7,367</u>	<u>7,367</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,000</u>	<u>8,906</u>	<u>7,906</u>
NET INCOME (LOSS)	<u>\$ 7,717</u>	<u>\$ 41,409</u>	<u>\$ 33,692</u>

The accompanying notes are an integral part of these financial statements

**EL CAMINO IRRIGATION DISTRICT
SCHEDULE OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS**
Budget and Actual (Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES:			
Water sales	\$ 216,000	\$ 317,142	\$ 101,142
Standby income	111,770	118,590	6,820
Ground water charges	<u>11,428</u>	<u>34,158</u>	<u>22,730</u>
TOTAL OPERATING REVENUES	<u>339,198</u>	<u>469,890</u>	<u>130,692</u>
OPERATING EXPENSES:			
Pumping	181,000	232,774	(51,774)
Transmission and Distribution	79,140	97,426	(18,286)
General and Administrative	<u>72,341</u>	<u>84,051</u>	<u>(11,710)</u>
TOTAL OPERATING EXPENSES	<u>332,481</u>	<u>414,251</u>	<u>(81,770)</u>
OPERATING INCOME (LOSS)	<u>6,717</u>	<u>55,639</u>	<u>48,922</u>
NON-OPERATING REVENUES (EXPENSES):			
Rental Income	1,000	1,000	-
Interest Income	-	439	439
Gain (Loss) on Disposal	-	-	-
Other Income (Expense)	<u>-</u>	<u>5,871</u>	<u>5,871</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,000</u>	<u>7,310</u>	<u>6,310</u>
NET INCOME (LOSS)	<u>\$ 7,717</u>	<u>\$ 62,949</u>	<u>\$ 55,232</u>

The accompanying notes are an integral part of these financial statements