

**EL CAMINO IRRIGATION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
December 31, 2020 AND 2019**

INTRODUCTORY SECTION

FINANCIAL SECTION

Opinion

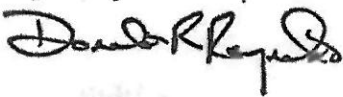
In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of El Camino Irrigation District as of December 31, 2020 and 2019 and the changes in their net assets and their cash flows for the years then ended in accordance with 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
Redding, California
December 17, 2021

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

Table 1
Net Assets
(in Dollars)

	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 294,032	\$ 316,116
Capital assets	<u>1,200</u>	<u>1,200</u>
Total Assets	<u>295,232</u>	<u>317,316</u>
Current Liabilities	\$ 41,253	\$ 42,460
Net assets:		
Invested in capital assets, net of debt	1,200	1,200
Restricted and Designated	-	-
Unrestricted	<u>252,779</u>	<u>273,656</u>
Total net assets	<u>253,979</u>	<u>274,856</u>
Total liabilities and net assets	<u>\$ 295,232</u>	<u>\$ 317,316</u>

Net assets of the District's activities decreased by -7.6 percent. (\$253,979.00 compared to \$274,856.00). 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 \$273,656.00 excess at December 31, 2019, to a \$252,779.00 excess at the end of the current year.

Table 2
Changes in Net Assets
(in Dollars)

	<u>2020</u>	<u>2019</u>
Total operating revenues	\$ 487,685	\$ 396,718
Total operating expenses	<u>541,318</u>	<u>507,412</u>
Net operating income	(53,633)	(110,694)
Total non-operating revenues (expenses)	<u>32,756</u>	<u>39,915</u>
Net income (loss) before capital contributions	<u>(20,877)</u>	<u>(70,779)</u>
Increase (decrease) in net assets	<u>\$ (20,877)</u>	<u>\$ (70,779)</u>

Compared to a year ago, total operating revenues increased from \$396,718.00 to \$487,685.00, or approximately 23 percent. Operating expenses increased \$33,906.00, or at little over 7 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 2020 Preliminary Budget was discussed and approved at the Board of Directors Regular Meeting on June 28, 2019.

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 99W, Gerber, CA-Phone No. (530) 385-1559.

**EL CAMINO IRRIGATION DISTRICT
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2020 and 2019**

	Business-type Activities	
	<u>2020</u>	<u>2019</u>
ASSETS		
<u>Current Assets:</u>		
Cash and Cash Equivalents		
Unrestricted	\$ 149,630	\$ 177,417
Accounts Receivable - Utilities	4,009	-
Accounts Receivable - Rebates	21,140	22,110
Inventory - Average Cost	34,828	12,039
Prepaid Expenses	7,531	6,706
Total Current Assets	<u>217,138</u>	<u>218,272</u>
<u>Noncurrent Assets:</u>		
Capital Assets - Not subject to depreciation	1,200	1,200
Capital Assets - Subject to depreciation	74,592	89,394
Deposits	-	-
Standby Receivables	2,302	8,450
Total Noncurrent Assets	<u>78,094</u>	<u>90,594</u>
Total Assets	<u>\$ 295,232</u>	<u>\$ 317,316</u>
LIABILITIES		
<u>Current Liabilities:</u>		
Accounts Payable	\$ -	\$ 1,551
Payroll Related Payables and Sales Tax	-	4,103
Deferred Revenue	-	-
Customer Deposits	41,253	36,806
Total Current Liabilities	<u>41,253</u>	<u>42,460</u>
<u>Net Assets</u>		
Investment in Capital Assets, net of related debt	1,200	1,200
Unrestricted	252,779	273,656
Total Net Assets	<u>253,979</u>	<u>274,856</u>
Total Liabilities and Net Assets	<u>\$ 295,232</u>	<u>\$ 317,316</u>

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, 2020 and 2019

	Business-type	
	Activities	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From (Used For):		
Water Sales	484,646	394,906
Customer Deposits	4,447	2,281
Employee Wages and Benefits	(141,052)	(126,901)
Suppliers for Goods and Services	(414,731)	(371,082)
Net Cash Provided (Used) by Operating Activities	<u>(66,690)</u>	<u>(100,796)</u>
CASH FLOWS FROM NONCAPITAL		
FINANCING ACTIVITIES:		
Cash Received From:		
Interest Collected	956	837
Penalties and Miscellaneous	37,948	22,530
Net Cash Provided by Noncapital Financing Activities	<u>38,904</u>	<u>23,367</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	(27,786)	(77,429)
CASH AND CASH EQUIVALENTS - Beginning	<u>177,417</u>	<u>254,846</u>
CASH AND CASH EQUIVALENTS - Ending (Note 9)	<u><u>149,631</u></u>	<u><u>177,417</u></u>

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

**EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019**

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.

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

**EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(Continued on the following page)

**EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019**

NOTE 6 - CHANGES IN CAPITAL ASSETS

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

	<u>Balance</u> <u>12/31/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2020</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>22,983</u>	<u>-</u>	<u>-</u>	<u>22,983</u>
Total Capital Assets Being Depreciated	<u>807,049</u>	<u>-</u>	<u>-</u>	<u>807,049</u>
Less Accumulated Depreciation for:				
Utility plant and equipment	<u>(717,655)</u>	<u>(14,802)</u>	<u>-</u>	<u>(732,457)</u>
Total Accumulated Depreciation	<u>(717,655)</u>	<u>(14,802)</u>	<u>-</u>	<u>(732,457)</u>
Net Book Value	<u>\$ 90,594</u>	<u>\$ (14,802)</u>	<u>\$ -</u>	<u>\$ 75,792</u>

The following is a summary of the changes in the District's capital assets during the fiscal year ending December 31, 2019

	<u>Balance</u> <u>12/31/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</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>7,500</u>	<u>-</u>	<u>22,983</u>
Total Capital Assets Being Depreciated	<u>799,549</u>	<u>7,500</u>	<u>-</u>	<u>807,049</u>
Less Accumulated Depreciation for:				
Utility plant and equipment	<u>(699,346)</u>	<u>(18,309)</u>	<u>-</u>	<u>(717,655)</u>
Total Accumulated Depreciation	<u>(699,346)</u>	<u>(18,309)</u>	<u>-</u>	<u>(717,655)</u>
Net Book Value	<u>\$ 101,403</u>	<u>\$ (10,809)</u>	<u>\$ -</u>	<u>\$ 90,594</u>

NOTE 7 SUBSEQUENT EVENTS

These financial statements consider subsequent events through December 17, 2021 the date the financial statements were made available to be issued.

**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, 2020**

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Water sales	\$ 216,000	\$ 305,304	\$ 89,304
Standby income	111,770	114,215	2,445
Ground water charges	11,428	68,166	56,738
TOTAL OPERATING REVENUES	<u>339,198</u>	<u>487,685</u>	<u>148,487</u>
OPERATING EXPENSES:			
Pumping	181,000	343,313	(162,313)
Transmission and Distribution	79,140	118,348	(39,208)
General and Administrative	72,341	79,657	(7,316)
TOTAL OPERATING EXPENSES	<u>332,481</u>	<u>541,318</u>	<u>(208,837)</u>
OPERATING INCOME (LOSS)	<u>6,717</u>	<u>(53,633)</u>	<u>(60,350)</u>
NON-OPERATING REVENUES (EXPENSES):			
Rental Income	1,000	-	1,000
Interest Income	-	956	956
Grant income	-	-	-
Other Income	-	31,800	31,800
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,000</u>	<u>32,756</u>	<u>33,756</u>
NET INCOME (LOSS)	<u>\$ 7,717</u>	<u>\$ (20,877)</u>	<u>\$ (26,594)</u>

The accompanying notes are an integral part of these financial statements