

**EL CAMINO IRRIGATION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
December 31, 2022 AND 2021**

C O N T E N T S

INTRODUCTORY SECTION

District Organization and Principal Officials

FINANCIAL SECTION

Report of Independent Auditor	1-3
Management's Discussion and Analysis	4-7

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:	
Statements of Net Assets - Proprietary Funds	9
Statements of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund Types	10
Statements of Cash Flows - Proprietary Fund Types	11-12
Notes to the Basic Financial Statements	13-17

SUPPLEMENTAL SCHEDULES

Statement of Functional Expenses	19-20
Schedule of Revenue, Expenses, and Changes in Net Assets (Budget vs. Actual Non-GAAP Budgeting Basis)	21-22

INTRODUCTORY SECTION

**EL CAMINO IRRIGATION DISTRICT
PRINCIPAL OFFICIALS
December 31, 2022**

**BOARD OF DIRECTORS
(Terms as of December 31, 2022)**

Name	Office	Term Expires
Leland Hogan	Chairman	December 2022
Kris Lamkin	Vice Chairman	December 2024
John Hellen	Director	December 2022
Jacob Pochop	Director	December 2024
Peter Statton	Director	December 2024

FINANCIAL SECTION

Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Board of Directors
El Camino Irrigation District
Gerber, California

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the business type activities the El Camino Irrigation District (The District), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Business type activities of the El Camino Irrigation District, as of December 31, 2022 and 2021, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions. Responsibilities of Management for the Financial Statements Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

P.O. Box 994508, California 96099-4508 * (530) 246-AUDIT (2834) * FAX (530) 244-0331

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

Exercise professional judgment and maintain professional skepticism throughout the audit;

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed;

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and

Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with

management's responses to my inquiries, the basic financial statements, and other knowledge I evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information on pages 18 through 21 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

A handwritten signature in black ink that reads "Donald R. Reynolds". The signature is written in a cursive, flowing style.

Donald R. Reynolds, CPA
Redding, California
September 28, 2023

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, 2022. Please read it in conjunction with the financial statements which begin on page 8.

FINANCIAL HIGHLIGHTS

- * The District's net assets increased by \$65,564.00, or a change of 39.34% compared to a year ago.
- * During the year operating revenues of \$415,742.00 were \$30,173.00 more than operating expenses of \$385,569.00. This compares to last year when operating expenses exceeded operating revenues by \$125,277.00. Total operating revenues decreased \$65,193.00 compared to the prior year, while operating expenses decreased by \$220,643.00. 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 \$35,391.00 were \$0.00 more than the prior years non-operating revenues of \$37,948.00. 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 Districts 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 \$166,650.00 a year ago to \$232,214.00 this year, an increase of \$65,564.00. Last year's net assets increased by (\$87,329.00).

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

Table 1
Net Assets
(in Dollars)

	2022	2021
Assets		
Current and other assets	\$ 281,336	\$ 210,401
Capital assets	1,200	1,200
Total Assets	282,536	211,601
Current Liabilities	\$ 50,322	\$ 44,951
Net assets:		
Invested in capital assets, net of debt	1,200	1,200
Restricted and Designated	-	-
Unrestricted	231,014	165,450
Total net assets	232,214	166,650
Total liabilities and net assets	\$ 282,536	\$ 211,601

Net assets of the District's activities increased by 39.34 percent. (\$232,214.00 compared to \$166,650.00). 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 \$165,450.00 excess at December 31, 2021, to a \$231,014.00 excess at the end of the current year.

Table 2
Changes in Net Assets
(in Dollars)

	2022	2021
Total operating revenues	\$ 415,742	\$ 480,935
Total operating expenses	385,569	606,212
Net operating income	30,173	(125,277)
Total non-operating revenues (expenses)	35,391	37,948
Net income (loss) before capital contributions	65,564	(87,329)
Increase (decrease) in net assets	\$ 65,564	\$ (87,329)

Compared to a year ago, total operating revenues increased from \$480,935.00 to \$415,742.00, or approximately -14 percent. Operating expenses increased (\$220,643.00), or at little over -36 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 2022 Preliminary Budget was discussed and approved at the Board of Directors Regular Meeting on June 28, 2021.

Comparing actual revenue and expenses with budgeted revenues and expenses shows net favorable variance of \$48,303.00 as shown in Table 3

**Table 3
Actual Compared to Budget
(in Dollars)**

	<u>Actual</u>	<u>Budget</u>	Favorable Unfavorable Variance
Operating revenues	\$ 415,742	\$ 339,198	\$ 76,544
Operating expenses	<u>385,569</u>	<u>332,481</u>	<u>(53,088)</u>
Net operating income (loss)	30,173	6,717	23,456
Non-operating revenue (expenses)	<u>24,847</u>	<u>-</u>	<u>24,847</u>
Net budgeted income (loss)	<u>\$ 55,020</u>	<u>\$ 6,717</u>	<u>\$ 48,303</u>

The most significant variances were increases of (\$16,062.00) in water sales, and an overall (\$62,550.00) 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, 2022, the District had \$66,641.00 invested in capital assets. This amount represents a net decrease of (including additions, deductions and depreciation) \$16,771.00 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>2022</u>	<u>2021</u>
Land and improvements	1,200	1,200
Water system treatment, transmission and distribution plant	808,580	808,580
Equipment	<u>22,983</u>	<u>22,983</u>
	832,763	832,763
Accumulated depreciation	<u>(766,122)</u>	<u>(749,351)</u>
Total	<u>\$ 66,641</u>	<u>\$ 83,412</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following factors were considered in the preparation of fiscal year 2021 and 2022 budgets.

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

BASIC FINANCIAL STATEMENTS

EL CAMINO IRRIGATION DISTRICT
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2022 and 2021

	Business-type Activities	
	<u>2022</u>	<u>2021</u>
ASSETS		
<u>Current Assets:</u>		
Cash and Cash Equivalents		
Unrestricted	\$ 170,062	\$ 88,561
Accounts Receivable - Utilities	4,493	3,609
Accounts Receivable - Rebates	13,662	5,689
Inventory - Average Cost	16,502	20,296
Prepaid Expenses	7,670	6,506
Total Current Assets	<u>212,389</u>	<u>124,661</u>
<u>Noncurrent Assets:</u>		
Capital Assets - Not subject to depreciation	1,200	1,200
Capital Assets - Subject to depreciation	65,441	82,212
Deposits	-	-
Standby Receivables	3,506	3,528
Total Noncurrent Assets	<u>70,147</u>	<u>86,940</u>
Total Assets	<u>\$ 282,536</u>	<u>\$ 211,601</u>
LIABILITIES		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 2,383	\$ -
Payroll Related Payables and Sales Tax	-	-
Deferred Revenue	-	-
Customer Deposits	47,939	44,951
Total Current Liabilities	<u>50,322</u>	<u>44,951</u>
<u>Net Assets</u>		
Investment in Capital Assets, net of related debt	1,200	1,200
Unrestricted	231,014	165,450
Total Net Assets	<u>232,214</u>	<u>166,650</u>
Total Liabilities and Net Assets	<u>\$ 282,536</u>	<u>\$ 211,601</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, 2022 and 2021**

	Business-type Activities	
	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for Services	\$ 199,938	\$ 294,065
Assessments	215,804	186,870
Service charges	-	-
	<u>415,742</u>	<u>480,935</u>
OPERATING EXPENSES		
Pumping	122,978	334,298
Transmission and Distribution	128,948	135,476
General and Administrative	118,212	123,684
Depreciation and Amortization	15,431	12,754
Total Operating Expenses	<u>385,569</u>	<u>606,212</u>
Operating Income	<u>30,173</u>	<u>(125,277)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest and Administration Income	544	241
Gain (Loss) on disposal	10,000	6,456
Miscellaneous	24,847	31,251
Interest expense	-	-
Total Nonoperating Revenues (Expenses)	<u>35,391</u>	<u>37,948</u>
CHANGE IN NET ASSETS	65,564	(87,329)
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>166,650</u>	<u>253,979</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 232,214</u>	<u>\$ 166,650</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, 2022 and 2021

	Business-type	
	Activities	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From (Used For):		
Water Sales	406,885	496,786
Customer Deposits	2,988	3,698
Employee Wages and Benefits	(177,641)	(154,639)
Suppliers for Goods and Services	(187,484)	(423,262)
Net Cash Provided (Used) by Operating Activities	<u>44,748</u>	<u>(77,417)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Received From:		
Interest Collected	544	241
Penalties and Miscellaneous	24,869	30,025
Net Cash Provided by Noncapital Financing Activities	<u>25,413</u>	<u>30,266</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:		
Net acquisition of capital assets	<u>-</u>	<u>(13,919)</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(13,919)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	70,161	(61,070)
CASH AND CASH EQUIVALENTS - Beginning	<u>88,561</u>	<u>149,631</u>
CASH AND CASH EQUIVALENTS - Ending (Note 9)	<u><u>158,722</u></u>	<u><u>88,561</u></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, 2022 and 2021

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

	Business-type	
	Activities	
	<u>2022</u>	<u>2021</u>
Operating Income	\$ 30,173	\$ (110,694)
Adjust to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	15,431	18,310
(Increase) Decrease in Operating Assets:		
Accounts Receivable - Customers	(884)	2,226
Accounts Receivable - Standby	(7,973)	(4,038)
Inventory	3,794	(9,737)
Prepaid Expenses	(1,164)	(695)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	2,383	1,551
Customer Deposits	2,988	2,281
Developer Deposits	-	-
Deferred Revenue	-	-
Accrued Payroll Payable	-	-
Payroll Related Payables and Sales Taxes Payable	-	-
Total Adjustments	<u>14,575</u>	<u>9,898</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 44,748</u>	<u>\$ (100,796)</u>

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

**EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021**

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, 2022 and 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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.

(Continued on the following page)

**EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021**

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 appropriate 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, 2022 and 2021**

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents of \$149,630 and \$177,418 consisted of the following as of December 31,

	<u>2022</u>	<u>2021</u>
Cash in Checking Accounts	\$ (1,496)	(1,496)
Cash in the Local Agency Investment Fund (Maturities less than one year)	-	-
Cash in Savings and Money Market	89,957	89,957
Cash on hand	<u>100</u>	<u>100</u>
Total Cash and Cash Equivalents	<u>\$ 88,561</u>	<u>88,561</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.

	<u>2022</u>	<u>2021</u>
Current portion	\$ 3,506	\$ 3,528
Long-Term portion	-	-
Total	<u>\$ 3,506</u>	<u>\$ 3,528</u>

NOTE 5 - 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.

(Continued on the following page.)

EL CAMINO IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 6 - CHANGES IN CAPITAL ASSETS

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

	<u>Balance</u> <u>12/31/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2022</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	808,580	-	-	808,580
Equipment	<u>22,983</u>	<u>-</u>	<u>-</u>	<u>22,983</u>
Total Capital Assets Being Depreciated	<u>831,563</u>	<u>-</u>	<u>-</u>	<u>831,563</u>
Less Accumulated Depreciation for:				
Utility plant and equipment	<u>(749,351)</u>	<u>(16,771)</u>	<u>-</u>	<u>(766,122)</u>
Total Accumulated Depreciation	<u>(749,351)</u>	<u>(16,771)</u>	<u>-</u>	<u>(766,122)</u>
Net Book Value	<u>\$ 83,412</u>	<u>\$ (16,771)</u>	<u>\$ -</u>	<u>\$ 66,641</u>

The following is a summary of the changes in the District's capital assets during the fiscal year ending December 31, 2021

	<u>Balance</u> <u>12/31/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2021</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	24,514	-	808,580
Equipment	<u>22,983</u>	<u>-</u>	<u>-</u>	<u>22,983</u>
Total Capital Assets Being Depreciated	<u>807,049</u>	<u>24,514</u>	<u>-</u>	<u>831,563</u>
Less Accumulated Depreciation for:				
Utility plant and equipment	<u>(732,457)</u>	<u>(16,894)</u>	<u>-</u>	<u>(749,351)</u>
Total Accumulated Depreciation	<u>(732,457)</u>	<u>(16,894)</u>	<u>-</u>	<u>(749,351)</u>
Net Book Value	<u>\$ 75,792</u>	<u>\$ 7,620</u>	<u>\$ -</u>	<u>\$ 83,412</u>

NOTE 7 SUBSEQUENT EVENTS

These financial statements consider subsequent events through December 17, 2022 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, 2022**

	<u>Pumping</u>	<u>Transportation and Distribution</u>	<u>General and Administrative</u>	<u>Total</u>
OPERATING EXPENSES				
Salaries and wages	-	84,670	92,971	177,641
Bank Fees	-	-	-	-
Contract labor	-	-	-	-
Depreciation	2,689	12,742	-	15,431
Dues and Subscriptions	-	3,228	-	3,228
Equipment rent	-	-	-	-
Vehicle expense	-	17,100	-	17,100
Insurance	-	6,569	6,230	12,799
Rents	-	-	-	-
Payroll Taxes	-	7,658	8,535	16,193
Office	-	6,051	2,891	8,942
Repairs and Maintenance	57,915	-	-	57,915
Small Tools	-	-	-	-
Professional fees	-	-	3,849	3,849
Training	-	-	-	-
Utilities	65,063	3,672	3,736	72,471
Other Operating Expenses	-	-	-	-
	<u>125,667</u>	<u>141,690</u>	<u>118,212</u>	<u>385,569</u>
Total Operating Expenses	<u>125,667</u>	<u>141,690</u>	<u>118,212</u>	<u>385,569</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, 2021

	<u>Pumping</u>	<u>Transportation and Distribution</u>	<u>General and Administrative</u>	<u>Total</u>
OPERATING EXPENSES				
Salaries and wages	-	59,791	94,848	154,639
Contract labor	-	-	-	-
Depreciation	1,275	11,479	-	12,754
Dues and Subscriptions	-	2,527	-	2,527
Vehicle expense	-	11,872	-	11,872
Insurance	-	4,515	5,424	9,939
Rents	-	-	-	-
Payroll Taxes	-	5,768	8,666	14,434
Office	-	4,875	5,679	10,554
Repairs and Maintenance	13,521	42,206	-	55,727
Small Tools	-	2,450	-	2,450
Professional fees	-	-	871	871
Training	-	-	-	-
Utilities	320,777	-	6,965	327,742
Other Operating Expenses	-	1,472	1,122	2,594
	<u>335,573</u>	<u>146,955</u>	<u>123,684</u>	<u>606,212</u>
Total Operating Expenses	<u>335,573</u>	<u>146,955</u>	<u>123,684</u>	<u>606,212</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES:			
Water sales	\$ 216,000	\$ 199,938	\$ (16,062)
Standby income	111,770	113,904	2,134
Ground water charges	11,428	101,900	90,472
TOTAL OPERATING REVENUES	<u>339,198</u>	<u>415,742</u>	<u>76,544</u>
OPERATING EXPENSES:			
Pumping	181,000	125,667	55,333
Transmission and Distribution	79,140	141,690	(62,550)
General and Administrative	72,341	118,212	(45,871)
TOTAL OPERATING EXPENSES	<u>332,481</u>	<u>385,569</u>	<u>(53,088)</u>
OPERATING INCOME (LOSS)	<u>6,717</u>	<u>30,173</u>	<u>23,456</u>
NON-OPERATING REVENUES (EXPENSES):			
Rental Income	1,000	-	1,000
Interest Income	-	544	544
Grant income	-	10,000	10,000
Other Income	-	24,847	24,847
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,000</u>	<u>35,391</u>	<u>36,391</u>
NET INCOME (LOSS)	<u>\$ 7,717</u>	<u>\$ 65,564</u>	<u>\$ 59,847</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES:			
Water sales	\$ 216,000	\$ 294,065	\$ 78,065
Standby income	111,770	113,032	1,262
Ground water charges	11,428	73,838	62,410
TOTAL OPERATING REVENUES	<u>339,198</u>	<u>480,935</u>	<u>141,737</u>
OPERATING EXPENSES:			
Pumping	181,000	335,573	(154,573)
Transmission and Distribution	79,140	146,955	(67,815)
General and Administrative	72,341	123,684	(51,343)
TOTAL OPERATING EXPENSES	<u>332,481</u>	<u>606,212</u>	<u>(273,731)</u>
OPERATING INCOME (LOSS)	<u>6,717</u>	<u>(125,277)</u>	<u>(131,994)</u>
NON-OPERATING REVENUES (EXPENSES):			
Rental Income	1,000	-	1,000
Interest Income	-	241	241
Grant income	-	6,456	6,456
Other Income	-	31,251	31,251
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,000</u>	<u>37,948</u>	<u>38,948</u>
NET INCOME (LOSS)	<u>\$ 7,717</u>	<u>\$ (87,329)</u>	<u>\$ (93,046)</u>

The accompanying notes are an integral part of these financial statements