



County of Yolo

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- Financial Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Revenue Collection

- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit
- Procurement

November 10, 2020

Mr. Tim Lien
Chair, Advisory Committee
El Macero County Service Area

RE: El Macero County Service Area (CSA) Financial Analysis Request

Per your request, the County of Yolo Department of Financial Services has endeavored to prepare a financial overview that can be shared with the community of El Macero that briefly describes the financial history of the El Macero County Service Area (CSA) for the last 5 years. We have intended that this overview not be all-encompassing, but rather allow residents to have a broad understanding of the financial operations of the CSA.

Fiscal governance

CSAs are governed by the Yolo County Board of Supervisors and are formed in accordance with Government Code sections 25210 et seq. CSAs may provide a variety of services in the unincorporated area above that which are provided by the County. In the case of El Macero, the CSA is authorized to provide additional services related to water service, sewer service, and streets-related services.

The El Macero CSA was established February 16, 1969. The CSA is governed by the Board of Supervisors and is subject to the policies of the County of Yolo. The Board authorizes the annual budget, while county staff conducts the business operations of the CSA. The County is advised by a 5 member CSA Advisory Committee comprised of CSA residents.

Taxes and Assessments

The services of the CSA are funded by two different mechanisms. Funds are collected on an annual basis as a part of residents' property tax billings.

- The CSA previously (prior to 1978) collected all revenue through levying its own property tax rate. Pursuant to Proposition 13, the CSA now receives a portion of the 1% of general property taxes. This is deposited into a CSA general fund and used for administrative operations of the CSA and other CSA-related activities for which there is insufficient revenue.
- After Proposition 13 was passed in 1978, the CSA collected an annual CSA charge to fund its services. That charge was increased periodically, based on the CSA's projected needs. One hundred eighty dollars (\$180) of this annual CSA charge continues to be collected today and is used for street services.
- Following the passage of Prop. 218 in 1996, the CSA has performed 218 studies to add a direct charge for particular services onto the tax bill. These charges are periodically updated to ensure they reflect the cost of service provided and the desired service level of the community. These include:

Charge	Implementation Date	Single Family Charge ⁽¹⁾	Description of Service
Sewer Service	July 9, 2019	\$516.50	Sewer services provided by City of Davis via contract
Water Service	July 28, 2015	Varies ⁽²⁾	Water services provided by City of Davis via contract
Streets [pre-dates Prop. 218]	July 19, 1994	\$180.00	Streets services to maintain/improve El Macero streets at higher level than County roads
Water Operations	July 9, 2019	\$43.00	Water services above and beyond City contract to maintain well EM-3 for irrigation needs and other future uses

Note (1): Fees may differ for condos, Country Club, and vacant parcels. A link to the full fee studies and information is accessible here: <https://www.yolocounty.org/general-government/general-government-departments/county-administrator/county-service-areas-csa/el-macero-csa/el-macero-csa-charges>

Note (2): The Water Service is charged based on a fixed fee + property owner usage. The service is provided by a CSA contract with the City of Davis. The CSA uses its accumulated reserves to pay the bills, and charges are then billed in arrears (for example, usage during period of July, 2019 to June, 2020 is collected on the subsequent tax bill for 2020-21 (paid in installments in December, 2020 and April, 2021)). The charges then replenish the reserves, which are used to pay for the corresponding services during that year.

Major Recent Expenditures

The County Service Area has experienced the following major recent expenditures associated with the aforementioned fees:

- \$1,074,791 to City of Davis for Water pass-through charges in fiscal year 2019-20
- \$219,202 to City of Davis for Sewer charges in fiscal year 2019-20
- \$887,480 for 2018 Streets Microfiber Slurry Seal Project
- \$52,319 for the 2019 Median Improvement Project
- \$25,096 in Landscaping services for fiscal year 2019-20
- \$8,781 in Street Sweeping in fiscal year 2019-20

Settlement History

Prior to July, 2016, the CSA held all funds related to the assessments listed above in one fund. In a settlement agreed to on March 8, 2017 with a CSA resident, the parties went through a detailed process to estimate the balances that should have been retained in a segregated manner for each service. The County implemented the balances specified by the settlement and since that date has maintained a separate and distinct set of accounts to ensure the funds are maintained for those services. This represented an accounting exercise within the CSA's funds. At no time was CSA money lost or used for other County services. A copy of the settlement is available on the County's website at: <https://www.yolocounty.org/general-government/general-government-departments/county-administrator/county-service-areas-csa/el-macero-csa>

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Financials

El Macero CSA financial information is reported quarterly to the El Macero Advisory Committee and publically posted to the County website. An overview of cash flows for the last five years is included in attachment A.

The CSA maintains fund balances and reserves in its accounts as needed to manage cash flows and to accumulate funds for capital improvements. These reserves fluctuate over time and appropriate reserve levels are evaluated each time a Proposition 218 fee-setting process occurs. The reserve balances are summarized below for the last three years:

Fund	Fund Balance June 30, 2018	Fund Balance June 30, 2019	Fund Balance June 30, 2020
General Fund	\$22,994	\$117,375	\$164,821
Streets	\$570,193	\$478,375	\$472,009
Sewer Service	\$63,900	\$293,884	\$313,745
Water Fund	\$384,174	\$317,633	\$188,450
Total CSA	\$1,041,261	\$1,207,267	\$1,139,024

Note: Reserves (fund balances) may differ from the cash balances of the CSA due to other assets or liabilities that exist but have not been collected or paid yet at the end of each fiscal year.

Additional Remarks

I appreciate the opportunity to prepare this financial overview of the El Macero County Service Area. I hope that you find this information responsive to the needs of the Advisory Committee and the broader community.

Should you have any questions, please do not hesitate to contact me at 530-666-8050 or chad.rinde@yolocounty.org.

Sincerely,



Chief Financial Officer
County of Yolo

ATTACHMENT A

**El Macero County Service Area
Consolidated Statement of Cash Flows
Last 5 Fiscal Years**

	June 30,				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>Preliminary</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>
Revenues:					
Taxes	\$ 105,216	\$ 101,180	\$ 96,681	\$ 90,479	\$ 83,642
Revenue from use of money and property	48,746	61,437	24,399	15,433	26,313
Aid from other governments	701	706	684	681	690
Charges for services	1,268,111	1,248,295	1,025,669	906,178	830,378
Other	-	-	-	-	-
Total Revenues	<u>1,422,774</u>	<u>1,411,617</u>	<u>1,147,433</u>	<u>1,012,771</u>	<u>941,023</u>
Expenditures:					
Current:					
Health and sanitation	1,491,017	1,111,280	1,183,009	869,115	1,059,472
Capital outlay	-	119,487	777,664	-	-
Total Expenditures	<u>1,491,017</u>	<u>1,230,767</u>	<u>1,960,672</u>	<u>869,115</u>	<u>1,059,472</u>
Excess (deficiency) of Revenues Over (Under)					
Expenses	<u>(68,243)</u>	<u>180,850</u>	<u>(813,239)</u>	<u>143,656</u>	<u>(118,449)</u>
Increase(decrease) in cash from:					
Taxes Receivable	(308)	87	(216)	370	(37)
Due from other governments	-	-	151	(151)	-
Accounts payable	120,688	(65,815)	(1,029,690)	1,665,052	(100)
Due to other governments	-	-	-	(1,100,881)	544,563
Net change in Cash	<u>52,136</u>	<u>115,122</u>	<u>(1,842,993)</u>	<u>708,046</u>	<u>425,977</u>
Cash, beginning of period	<u>1,777,562</u>	<u>1,662,441</u>	<u>3,505,434</u>	<u>2,797,388</u>	<u>2,371,411</u>
Cash, end of period	<u>\$ 1,829,699</u>	<u>\$ 1,777,563</u>	<u>\$ 1,662,441</u>	<u>\$ 3,505,434</u>	<u>\$ 2,797,388</u>