



County of Yolo

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

October 11, 2021

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

RE: El Macero County Service Area (CSA) Advisory Committee Request for Detailed Balance Sheets and Income Statements

It is my understanding that the El Macero County Service Area (CSA) Advisory Committee at its August 19, 2021 meeting has requested the Department of Financial Services prepare detailed balance sheets and income statements for the CSA from July 1, 2016 through June 30, 2021. The goal of preparing this information is to provide the Advisory Committee and the El Macero Community an in-depth review of the CSA finances for the last 5 years. To assist readers in their review of the finances, it is important to review the different services provided by the El Macero CSA, how it operates, and how those functions are financed, as well as the relevant background on the settlement.

Background on El Macero

CSAs are created and governed by the Yolo County Board of Supervisors. CSAs may provide a variety of services in the unincorporated area. In the case of El Macero, the CSA is authorized to provide services related to water service, sewer service, and streets-related services.

The El Macero CSA was established February 16, 1969. The Board of Supervisors authorizes the CSA's annual budget, the County enters into contracts for the services provided within the CSA, and County staff conduct the CSA's operations. A 5 member CSA Advisory Committee comprised of El Macero residents advises the Board of Supervisors and County staff on CSA-related issues.

Services and Financing for those services

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 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 paid by each El Macero property owner. This amount is deposited into a CSA general fund and used for administrative operations of the CSA and other CSA-related activities.
- 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. A \$180 annual charge for street services is grandfathered from Prop. 218. 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/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 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 paid in December, 2020 and April, 2021). The charges then replenish the CSA funds, which are used to pay for the corresponding services during that year.

Settlement History

Prior to July, 2016, the CSA held all funds related to the assessments listed above in one fund. In a settlement with a CSA resident on March 8, 2017, the County agreed to establish three reserve funds and shifted money from the CSA general fund into those reserves based on estimated balances had they been retained in a segregated manner. The County implemented the balances specified by the settlement and since that date has maintained a separate and distinct set of accounts for those services. The rearrangement of the CSA's funds as a result of the settlement represented an accounting exercise within the CSA. This means the settlement did not increase or decrease balances of the CSA and that no CSA money was lost or used for other County services. A copy of the settlement is available on the County's website at: <https://www.yolocounty.org/government/general-government-departments/county-administrator/county-service-areas-csa/el-macero-csa>

The cash balances before and after the settlement are shown below:

| Fund | Cash Balance June 30, 2016 (Pre-Settlement) | Cash Balance July 1, 2016 (Post-Settlement) |
|---------------|------------------------------------------------|------------------------------------------------|
| General Fund | \$1,324,377 | \$427,236 |
| Streets | \$1,089,296 | \$1,210,814 |
| Sewer Service | \$0 | \$0 |
| Water Fund* | \$383,715 | \$1,159,338 |
| Total CSA | \$2,797,388 | \$2,797,388 |

Note (*): Water fund includes the balances identified as the \$50 charge and \$60 reserve fund in the settlement for water services.

Detailed Balance Sheets and Income Statements

In Attachment A, I have attached the respective balance sheet and income statements for the General Fund, Streets Fund, Sewer Fund, and Water fund which I believe is responsive to this request. The documents show the financial activities of the respective funds of the El Macero County Service Area over the last 5 years.

I hope that you find this additional detailed information responsive to the needs of the Advisory Committee and the broader community. Should you have any questions, please do not hesitate to contact the Department of Financial Services at 530-666-8190 or dfs@yolocounty.org.

Sincerely,

Chief Financial Officer

EL MACERO CSA
BALANCE SHEET
AS OF JULY 1, 2016, JUNE 30, 2017, 2018, 2019, 2020 AND 2021
(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

GENERAL FUND

| | JULY 1, 2016 POST- SETTLEMENT | JUNE 30, 2017 | JUNE 30, 2018 | JUNE 30, 2019 | JUNE 30, 2020 | JUNE 30, 2021 |
|------------------------------|-------------------------------------|--------------------|------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash in Yolo County Treasury | \$ 427,236 | \$ (60,966) | \$ 22,404 | \$ 116,893 | \$ 179,357 | \$ 214,158 |
| Receivables: | | | | | | |
| Taxes | 745 | 375 | 590 | 504 | 813 | 963 |
| TOTAL ASSETS | <u>427,981</u> | <u>(60,591)</u> | <u>22,994</u> | <u>117,398</u> | <u>180,170</u> | <u>215,121</u> |
| LIABILITIES | | | | | | |
| Current liabilities (1): | | | | | | |
| Accounts payable | 1,253 | 1,046 | - | 23 | 15,350 | 1,112 |
| Due to other governments | 1,100,881 | - | - | - | - | - |
| TOTAL LIABILITIES | <u>1,102,134</u> | <u>1,046</u> | <u>-</u> | <u>23</u> | <u>15,350</u> | <u>1,112</u> |
| FUND BALANCE | | | | | | |
| Unassigned | (674,154) | (61,636) | 22,994 | 117,375 | 164,821 | 214,009 |
| TOTAL FUND BALANCE | <u>\$ (674,154)</u> | <u>\$ (61,636)</u> | <u>\$ 22,994</u> | <u>\$ 117,375</u> | <u>\$ 164,821</u> | <u>\$ 214,009</u> |

Footnote:

- (1) As of July 1, 2016, the liabilities which were not addressed in the settlement agreement would have been assigned as follows:

| | Accounts Payable | Due to Other Governments | Subtotal |
|----------|---------------------|-----------------------------|---------------------|
| General | \$ 1,253 | \$ 56,752 | \$ 58,005 |
| Roads | - | - | - |
| Sewer | - | 554,946 | 554,946 |
| Water | - | 489,183 | 489,183 |
| Subtotal | <u>\$ 1,253</u> | <u>\$ 1,100,881</u> | <u>\$ 1,102,134</u> |

EL MACERO CSA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2017, 2017, 2019, 2020 AND 2021
(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

| | GENERAL FUND | | | | |
|-------------------------------------|---------------------|------------------|-------------------|-------------------|-------------------|
| | <u>FY2017</u> | <u>FY2018</u> | <u>FY2019</u> | <u>FY2020</u> | <u>FY2021</u> |
| REVENUE | | | | | |
| Taxes | \$ 90,480 | \$ 96,681 | \$ 101,181 | \$ 105,216 | \$ 109,320 |
| Earnings from Money & Property | 6,780 | 10,861 | 20,707 | 11,937 | (11,122) |
| Aid from other governments | 680 | 684 | 706 | 701 | 714 |
| Other | 56,752 | - | - | - | - |
| TOTAL REVENUES | <u>154,692</u> | <u>108,226</u> | <u>122,593</u> | <u>117,854</u> | <u>98,912</u> |
| EXPENDITURES | | | | | |
| Services & Supplies | 13,392 | 23,596 | 28,213 | 70,408 | 49,724 |
| Expense Reimbursement (1) | (471,217) | - | - | - | - |
| TOTAL EXPENDITURES | <u>(457,825)</u> | <u>23,596</u> | <u>28,213</u> | <u>70,408</u> | <u>49,724</u> |
| CHANGE IN FUND BALANCE | 612,517 | 84,630 | 94,381 | 47,446 | 49,188 |
| Fund Balance at beginning of period | (674,154) | (61,636) | 22,994 | 117,375 | 164,821 |
| Fund Balance at end of period | <u>\$ (61,636)</u> | <u>\$ 22,994</u> | <u>\$ 117,375</u> | <u>\$ 164,821</u> | <u>\$ 214,009</u> |

Footnote:

- (1) The March 7, 2017 Settlement Agreement established reserve (fund) balances based on a cash methodology. Therefore, it did not take into account that certain water obligations which had not been paid that had accrued from previous years. As a result, an expense reimbursement was processed to pay a portion of 2 water bills from 2015/16 which were paid by the general fund due to the settlement method not taking into account liabilities as of June 30, 2016. This was an appropriate use of water funds to pay unpaid water bills from the reserve. A breach of settlement claim was brought forth on this topic and was dismissed by the Superior Court due to a lack of merit.

EL MACERO CSA
BALANCE SHEET
AS OF JULY 1, 2016, JUNE 30, 2017, 2018, 2019, 2020 AND 2021
(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

STREETS FUND

| | JULY 1, 2016 POST- SETTLEMENT | JUNE 30, 2017 | JUNE 30, 2018 | JUNE 30, 2019 | JUNE 30, 2020 | JUNE 30, 2021 |
|------------------------------|-------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash in Yolo County Treasury | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted Cash: | | | | | | |
| Streets | 1,210,814 | 1,278,243 | 572,323 | 480,570 | 472,772 | 499,799 |
| TOTAL ASSETS | <u>1,210,814</u> | <u>1,278,243</u> | <u>572,323</u> | <u>480,570</u> | <u>472,772</u> | <u>499,799</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | - | 1,025 | 2,130 | 2,195 | 764 | 5,514 |
| TOTAL LIABILITIES | <u>-</u> | <u>1,025</u> | <u>2,130</u> | <u>2,195</u> | <u>764</u> | <u>5,514</u> |
| FUND BALANCE | | | | | | |
| Assigned: | | | | | | |
| Streets | 1,210,814 | 1,277,218 | 570,193 | 478,375 | 472,009 | 494,285 |
| TOTAL FUND BALANCE | <u>\$ 1,210,814</u> | <u>\$ 1,277,218</u> | <u>\$ 570,193</u> | <u>\$ 478,375</u> | <u>\$ 472,009</u> | <u>\$ 494,285</u> |

EL MACERO CSA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2017, 2017, 2019, 2020 AND 2021
(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

| | STREETS FUND | | | | |
|-------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| REVENUE | | | | | |
| Earnings from Money & Property | 7,450 | 17,666 | 12,998 | 12,767 | 1,104 |
| Charges for Services | 84,240 | 84,060 | 84,060 | 84,060 | 83,700 |
| TOTAL REVENUES | 91,690 | 101,726 | 97,058 | 96,827 | 84,804 |
| EXPENDITURES | | | | | |
| Services & Supplies | 25,287 | 31,087 | 69,389 | 103,193 | 62,527 |
| Capital Outlay (1) | - | 777,664 | 119,487 | - | - |
| TOTAL EXPENDITURES | 25,287 | 808,751 | 188,876 | 103,193 | 62,527 |
| CHANGE IN FUND BALANCE | 66,404 | (707,025) | (91,818) | (6,366) | 22,277 |
| Fund Balance at beginning of period | 1,210,814 | 1,277,218 | 570,193 | 478,375 | 472,009 |
| Fund Balance at end of period | \$ 1,277,218 | \$ 570,193 | \$ 478,375 | \$ 472,009 | \$ 494,285 |

Footnote:

- (1) Capital outlay expenditures reflect the significant capital improvements that were conducted including expenditures for the 2018 Streets Microfiber Slurry Seal Project and the 2019 Median Improvement Project.

EL MACERO CSA
BALANCE SHEET
AS OF JULY 1, 2016, JUNE 30, 2017, 2018, 2019, 2020 AND 2021
(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

SEWER FUND

| | JULY 1, 2016 POST- SETTLEMENT | JUNE 30, 2017 (1) | JUNE 30, 2018 | JUNE 30, 2019 | JUNE 30, 2020 | JUNE 30, 2021 |
|------------------------------|-------------------------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash in Yolo County Treasury | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted Cash: | | | | | | |
| Sewer | - | 823,001 | 333,900 | 495,115 | 532,947 | 326,133 |
| TOTAL ASSETS | - | 823,001 | 333,900 | 495,115 | 532,947 | 326,133 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | - | 758,680 | 270,000 | 201,231 | 219,202 | - |
| TOTAL LIABILITIES | - | 758,680 | 270,000 | 201,231 | 219,202 | - |
| FUND BALANCE | | | | | | |
| Assigned: | | | | | | |
| Sewer | - | 64,321 | 63,900 | 293,884 | 313,745 | 326,133 |
| TOTAL FUND BALANCE | \$ - | \$ 64,321 | \$ 63,900 | \$ 293,884 | \$ 313,745 | \$ 326,133 |

Footnote:

- (1) The settlement did not address the Sewer Fund and left the Sewer fund with no balances post settlement. During fiscal year 2017, the Cash and Liabilities were transferred from the General fund to the Sewer fund. The fund had accumulated several years of liabilities due to billing disputes with the City of Davis that were subsequently resolved.

EL MACERO CSA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2017, 2017, 2019, 2020 AND 2021
(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

SEWER FUND

| | <u>FY2017</u> | <u>FY2018</u> | <u>FY2019</u> | <u>FY2020</u> | <u>FY2021</u> |
|-------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|
| REVENUE | | | | | |
| Earnings from Money & Property | - | - | - | 12,191 | (260) |
| Charges for Services | 268,924 | 277,656 | 277,656 | 228,742 | 233,515 |
| TOTAL REVENUES | <u>268,924</u> | <u>277,656</u> | <u>277,656</u> | <u>240,932</u> | <u>233,255</u> |
| EXPENDITURES | | | | | |
| Services & Supplies | 204,603 | 278,077 | 47,672 (1) | 221,071 | 220,866 |
| TOTAL EXPENDITURES | <u>204,603</u> | <u>278,077</u> | <u>47,672</u> | <u>221,071</u> | <u>220,866</u> |
| CHANGE IN FUND BALANCE | 64,321 | (421) | 229,984 | 19,861 | 12,389 |
| Fund Balance at beginning of period | - | 64,321 | 63,900 | 293,884 | 313,745 |
| Fund Balance at end of period | <u>\$ 64,321</u> | <u>\$ 63,900</u> | <u>\$ 293,884</u> | <u>\$ 313,745</u> | <u>\$ 326,133</u> |

Footnote:

(1) Prior year billing dispute was resolved with the City of Davis resulting in significant credit.

EL MACERO CSA
BALANCE SHEET
AS OF JULY 1, 2016, JUNE 30, 2017, 2018, 2019, 2020 AND 2021
(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

WATER FUND

| | JULY 1, 2016 POST- SETTLEMENT | JUNE 30, 2017 | JUNE 30, 2018 | JUNE 30, 2019 | JUNE 30, 2020 | JUNE 30, 2021 |
|------------------------------|-------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash in Yolo County Treasury | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted Cash: | | | | | | |
| Water | 1,159,338 | 1,468,084 | 748,659 | 684,984 | 644,622 | 523,807 |
| Receivables: | | | | | | |
| Accounts | - | 151 | - | - | - | - |
| TOTAL ASSETS | <u>1,159,338</u> | <u>1,468,235</u> | <u>748,659</u> | <u>684,984</u> | <u>644,622</u> | <u>523,807</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | - | 905,555 | 364,486 | 367,351 | 456,173 | 479,156 |
| TOTAL LIABILITIES | <u>-</u> | <u>905,555</u> | <u>364,486</u> | <u>367,351</u> | <u>456,173</u> | <u>479,156</u> |
| FUND BALANCE | | | | | | |
| Assigned: | | | | | | |
| Water - Service | - | - | (193,226) | (295,035) | (440,266) | (493,926) |
| Water - Operations | 1,159,338 | 562,681 | 577,400 | 612,668 | 628,716 | 538,577 |
| TOTAL FUND BALANCE | <u>\$ 1,159,338</u> | <u>\$ 562,681</u> | <u>\$ 384,174</u> | <u>\$ 317,633</u> | <u>\$ 188,450</u> | <u>\$ 44,651</u> |

EL MACERO CSA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2017, 2017, 2019, 2020 AND 2021
(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

| | WATER FUND | | | | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| | <u>FY2017</u> | <u>FY2018</u> | <u>FY2019</u> | <u>FY2020</u> | <u>FY2021</u> |
| REVENUE | | | | | |
| Earnings from Money & Property | 4,129 | 7,790 | 12,886 | 11,852 | 4,955 |
| Charges for Services | 553,014 | 663,953 | 886,580 | 955,309 | 1,092,697 |
| TOTAL REVENUES | <u>557,144</u> | <u>671,743</u> | <u>899,466</u> | <u>967,161</u> | <u>1,097,652</u> |
| EXPENDITURES | | | | | |
| Services & Supplies | 682,584 | 850,250 | 966,006 | 1,096,344 | 1,241,451 |
| Expense Reimbursement (1) | 471,217 | - | - | - | - |
| TOTAL EXPENDITURES | <u>1,153,801</u> | <u>850,250</u> | <u>966,006</u> | <u>1,096,344</u> | <u>1,241,451</u> |
| CHANGE IN FUND BALANCE | (596,657) | (178,507) | (66,541) | (129,183) | (143,799) |
| Fund Balance at beginning of period | <u>1,159,338</u> | <u>562,681</u> | <u>384,174</u> | <u>317,633</u> | <u>188,450</u> |
| Fund Balance at end of period | <u>\$ 562,681</u> | <u>\$ 384,174</u> | <u>\$ 317,633</u> | <u>\$ 188,450</u> | <u>\$ 44,651</u> |

Footnote:

- (1) The March 7, 2017 Settlement Agreement established reserve (fund) balances based on a cash methodology. Therefore, it did not take into account that certain water obligations which had not been paid that had accrued from previous years. As a result, an expense reimbursement was processed to pay a portion of 2 water bills from 2015/16 which were paid by the general fund due to the settlement method not taking into account liabilities as of June 30, 2016. This was an appropriate use of water funds to pay unpaid water bills from the reserve. A breach of settlement claim was brought forth on this topic and was dismissed by the Superior Court due to a lack of merit.