

## North Davis Meadows County Service Area

Fiscal Update 10-17-21

### Purpose:

The North Davis Meadows (NMD) County Service Area (CSA) Advisory committee received an update on its loans from the County of Yolo at its May 25, 2021 meeting.

At that time, the County Chief Financial Officer recommended the Community pay off its remaining loans. The conclusion of that discussion was that the community was comfortable paying off its Sewer Loan at maturity in June, 2021 assuming the fund had sufficient resources to do so. However, the Community wanted additional information on the options for payoff of its \$275,000 water loan (described below), a refresher on loan terms that were agreed to, a balance sheet showing their fiscal condition (provided as Attachment A), and an opinion from County Counsel (provided separately) whether the option to use assessments related to the Water Connection project was a permissible source.

This update is intended to provide that additional information requested regarding the CSA's finances.

### Loan Background and Terms

The CSA has taken out three loans over the past several years as shown below with the applicable terms. Two of the loans have been repaid and one loan remains at this time. The loans and applicable information are described below.

Fund	Loan #	Loan Date	Loan Amount	Purpose	Terms and Status
Water	1	06/27/2017	\$430,000	Borrowing for planning related to the Water Connection Project. Originally to be reimbursed by State Revolving Fund Loan.	<p>Loan required to be paid in 4 years to comply with CSA law. Due June 27, 2021.</p> <p>The Loan was a simple interest loan (not compounding) and charged at the rate of the County Treasury Pool (1.05% for FY20/21)</p> <p>The loan was supported by the CSA Advisory Committee at its January 26, 2021 meeting to be repaid. The Board of Supervisors released the impound and this loan and applicable interest was paid at maturity.</p>
Water	2	05/09/2019	\$275,000	CSA exceeded borrowing limit and incurred operational deficit partially due to changes in Water Connection Project inability to get SRF loan at the time due to litigation	The Loan was originally extended on the same terms as Loan #1 which resulted in a simple interest loan at the Treasury pool rate and due June 27, 2021.

					The Loan remains unpaid and based on discussion with the Advisory Committee, County staff received a one-year extension through June 27, 2022.
Sewer	1	6/27/2017	\$92,081	Borrowing to close a deficit in the CSA Sewer fund. Expected to be recouped through Sewer Fees.	<p>Loan required to be paid in 4 years to comply with CSA law. Due June 27, 2021.</p> <p>The Loan was a simple interest loan (not compounding) and charged at the rate of the County Treasury Pool (1.05% for FY20/21)</p> <p>Loan was partially paid after the January 26, 2021 CSA advisory committee meeting and the balance was repaid at maturity on June 27, 2021.</p>

### Options for Remaining Loan:

At the May 25, 2021 meeting, the loans were discussed. The Community Advisory Committee wanted additional information on the options for repayment for the one remaining Water Loan in the amount of \$275,000. Thus below are the three options that staff have identified for discussion as well as identified advantages and disadvantages:

- 1) Repay the loan using accumulated Water assessments (including assessments related to the connection project).
  - a. CSA has already accumulated these funds. CSA would have no debt and would aid in creditworthiness while pursuing SRF financing for Connection Project
  - b. Immediate resolution, if able to speedily obtain SRF financing there is a possibility of grant funding to reduce total cost
  - c. Determined to be allowable by County Counsel
- 2) Perform additional 218 process to repay the funds borrowed from the Water fund
  - a. Lengthy process and unclear at this time whether a new or additional 218 process would pass
  - b. Already obtained one loan extension, likely would need to request another given the timing to pass 218 and accumulate funds.
  - c. Without clear repayment schedule or source, may impact ability for CSA to obtain SRF financing and delay water project. Delays in SRF funding may result in loss of grant opportunity.
- 3) Reduce services as a source to repay the Loan
  - a. Unlikely service reductions could be done significant enough to repay timely or without major impact to CSA

**NORTH DAVIS MEADOWS CSA**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2020**

(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

	NDM Water Fund	NDM Sewer Fund	NDM Drainage Fund	NDM Lighting Fund	NDM Landscape Fund	Total NDM CSA
<b>ASSETS</b>						
Current assets:						
Cash in Yolo County Treasury	\$ 160,352	\$ 132,920	\$ (1,349)	\$ 1,776	\$ 7,939	\$ 301,638
Restricted Cash:						
Water Impound	799,808	-	-	-	-	799,808
Receivables:						
Taxes	-	0	-	-	-	0
<b>TOTAL ASSETS</b>	<u>960,160</u>	<u>132,920</u>	<u>(1,349)</u>	<u>1,776</u>	<u>7,939</u>	<u>1,101,446</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	14,653	-	-	-	1,247	15,900
Due to Other Governments	95,763	-	-	-	-	95,763
Interest Payable	30,723	5,224	-	-	-	35,948
Amounts Held for Others	788,192	-	-	-	-	788,192
Interfund Loans Payable	705,000	92,081	-	-	-	797,081
<b>TOTAL LIABILITIES</b>	<u>1,634,331</u>	<u>97,305</u>	<u>-</u>	<u>-</u>	<u>1,247</u>	<u>1,732,883</u>
<b>FUND BALANCE</b>						
Assigned:						
Sewer	-	35,614	-	-	-	35,614
Lighting	-	-	-	1,776	-	1,776
Landscape	-	-	-	-	6,692	6,692
Unassigned	(674,170)	-	(1,349)	-	-	(675,519)
<b>TOTAL FUND BALANCE</b>	<u>\$ (674,170)</u>	<u>\$ 35,614</u>	<u>\$ (1,349)</u>	<u>\$ 1,776</u>	<u>\$ 6,692</u>	<u>\$ (631,437)</u>

Notes:

None.

**NORTH DAVIS MEADOWS CSA**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2021**

(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)

	NDM Water Fund	NDM Sewer Fund	NDM Drainage Fund	NDM Lighting Fund	NDM Landscape Fund	Total NDM CSA
<b>ASSETS</b>						
Current assets:						
Cash in Yolo County Treasury	\$ 865,067	\$ 79,717	\$ 2,504	\$ 5,988	\$ 13,454	\$ 966,729
Restricted Cash:						
Water Impound	-	-	-	-	-	-
Receivables:						
Taxes	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>865,067</b>	<b>79,717</b>	<b>2,504</b>	<b>5,988</b>	<b>13,454</b>	<b>966,729</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	4,735	-	-	-	150	4,885
Due to Other Governments	95,763	-	-	-	-	95,763
Interest Payable	9,201	-	-	-	-	9,201
Amounts Held for Others	-	-	-	-	-	-
Interfund Loans Payable	275,000	-	-	-	-	275,000
<b>TOTAL LIABILITIES</b>	<b>384,698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>384,848</b>
<b>FUND BALANCE</b>						
Assigned:						
Water	480,369	-	-	-	-	480,369
Sewer	-	79,717	-	-	-	79,717
Drainage	-	-	2,504	-	-	2,504
Lighting	-	-	-	5,988	-	5,988
Landscape	-	-	-	-	13,304	13,304
<b>TOTAL FUND BALANCE</b>	<b>480,369</b>	<b>79,717</b>	<b>2,504</b>	<b>5,988</b>	<b>13,304</b>	<b>581,881</b>

Notes:

None.

**NORTH DAVIS MEADOWS CSA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(PREPARED BY DEPARTMENT OF FINANCIAL SERVICES)**

	NDM Water Fund	NDM Sewer Fund	NDM Drainage Fund	NDM Lighting Fund	NDM Landscape Fund	Total NDM CSA
<b>REVENUE</b>						
Earnings from Money & Property						
Investment Earnings	\$ (1,235)	\$ (682)	\$ 127	\$ 128	\$ 215	\$ (1,446)
Charges for Services						
Special Assessment	186,306	165,745	14,060	11,590	43,225	420,926
Special Assessment - Water Project (1)	1,182,288	-	-	-	-	1,182,288
<b>TOTAL REVENUES</b>	<b>1,367,360</b>	<b>165,063</b>	<b>14,187</b>	<b>11,718</b>	<b>43,440</b>	<b>1,601,768</b>
<b>EXPENDITURES</b>						
Services & Supplies						
Maintenance	-	18,951	-	-	31,348	50,298
Office Expense	45	-	428	-	-	473
IT Service	-	-	-	-	36	36
Accounting & Auditing	190	82	95	95	95	557
Legal Services	39,018	75	40	-	190	39,322
Other Professional Services	9,905	5,447	9,772	1,186	4,974	31,285
Utilities	156,309	95,763	-	6,225	112	258,408
Other Charges						
Taxes and assessments	-	-	-	-	75	75
Interest on Loans Payable	7,354	643	-	-	-	7,996
<b>TOTAL EXPENDITURES</b>	<b>212,821</b>	<b>120,961</b>	<b>10,335</b>	<b>7,506</b>	<b>36,828</b>	<b>388,450</b>
<b>CHANGE IN FUND BALANCE</b>	<b>1,154,539</b>	<b>44,103</b>	<b>3,852</b>	<b>4,212</b>	<b>6,612</b>	<b>1,213,318</b>
Fund Balance at beginning of period	(674,170)	35,614	(1,349)	1,776	6,692	(631,437)
Fund Balance at end of period	\$ 480,369	\$ 79,717	\$ 2,504	\$ 5,988	\$ 13,304	\$ 581,881

Notes:  
(1)

Reflects three years total due to the current year assessment as well as two prior years (18/19 and 19/20) released from the Impound after Board approval in February, 2021. Each years assessment for the community totals \$394,096.