

DEPARTMENT: Auditor

BY: Christopher Ebie

PHONE: 966-7606

RECOMMENDED ACTION AND JUSTIFICATION: (Policy Item: Yes ___ No XX)
Adopt this resolution allowing the Auditor to use the Alternative Method of Distribution of Tax Levies per Revenue and Taxation Codes 4701 through 4717 for the Lake Don Pedro Community Services District and Mariposa Public Utility District. This means that our office will distribute the entire assessment levy placed on the secured tax roll to these districts in full each year. The benefit to the county is that we post to the general fund all penalties and interest charged against any delinquent assessments in these districts in excess of a 1% reserve that is required to be kept in a Tax Losses Reserve Fund. The Tax Losses Reserve Fund is used to cover losses that may occur as a result of sales of tax-defaulted property. The reserve is 1% of the assessments levied by the districts. The required amount to establish the Tax Losses Reserve Fund would be \$3,200.00 for both districts. We are requesting your approval to borrow this from the general fund. That amount will be returned to the general fund as soon as the penalties and interest posted to the Tax Losses Reserve Fund amounts to \$3,200.00 which will not take a long period of time. Another benefit to the county is the elimination of time-consuming accounting of every delinquent assessment outstanding in these districts and the detailed reporting of every assessment payment to the districts. The special districts have informed our office that the detailed accounting and reconciliation of delinquent accounts is also burdensome to their offices. The districts are in favor of this distribution method as they can anticipate and receive their assessment monies on a known basis. We would distribute 50% of their assessments in December, 40% in April and 10% in June. Please see Attachment 1 for further information on this Tax Distribution Method.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

Mariposa County has never adopted the "Teeter Plan" as it is commonly called for any of its taxing agencies in the past.

LIST ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

No significant negative impacts are known at this time. This tax distribution method would provide efficiencies for both the county and the special districts. It would also provide some additional penalty and interest revenue that previously went to Lake Don Pedro Community Services District and MPUD.

| | | |
|---|--------------------------|----------|
| COSTS: | () Not Applicable | |
| A. Budgeted current FY | | \$ _____ |
| B. Total anticipated costs | | \$ _____ |
| C. Required additional funding | | \$ _____ |
| D. Internal transfers | | \$ _____ |
| SOURCE: | () 4/5ths Vote Required | |
| A. Unanticipated revenues | | \$ _____ |
| B. Reserve for contingencies | | \$ _____ |
| C. Source description: | | _____ |
| Balance in Reserve for Contingencies, if approved: \$ | | _____ |

SPECIAL INSTRUCTIONS:
List the attachments and number the pages consecutively:

CLERK'S USE ONLY:

Res. No.: 01-204 Ord. No. _____

Vote - Ayes: _____ Noes: _____

Approved: Richard Abstained: _____

() Approved () Denied

() Minute Order Attached () No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.

Date: _____

ATTEST: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California

By: _____
Deputy

ADMINISTRATIVE OFFICER'S RECOMMENDATION:
This item on agenda as:

_____ Recommended

_____ Not Recommended

_____ For Policy Determination

_____ Submitted with Comment

_____ Returned for Further Action

Comment: _____

A.O. Initials: CE

Attachment 1

The Alternative Method of Distribution of Tax Levies, commonly known as the "Teeter Plan", distributes the full amount of taxes or assessments levied each fiscal year to the taxing agency involved. What this actually means is that the county advances some of the taxes or assessments to the agencies before they are actually collected. Any unpaid delinquent amounts at June 30 represent the net amount advanced to the agencies for the year. The incentive for the county to adopt this method is that the law provides that all the penalties and interest on these delinquent accounts are received by the county instead of the taxing agency. Following is an analysis of the situation with Lake Don Pedro Community Services District and Mariposa Public Utility District.

Lake Don Pedro Community Services District

| | |
|---|--|
| Current outstanding accounts as of 6/12/01 | \$ 144,526.05 |
| Annual interest at 5.5% on the above amount | \$ 7,948.93 |
| Average penalties and interest for one year | \$ 10,290.56 (Based on collections from 7/1/98 to 6/30/2000) |
| Excess penalties/interest over interest expense | <u>\$ 2,341.63</u> (Estimated) |

Mariposa Public Utility District - Saxon Creek Project

| | |
|---|---|
| Current outstanding accounts as of 6/12/01 | \$ 30,615.43 |
| Annual interest at 5.5% on the above amount | \$ 1,683.85 |
| Average penalties and interest for one year | \$ 2,234.84 (Based on collections from 7/1/98 to 6/30/2000) |
| Excess penalties/interest over interest expense | <u>\$ 550.99</u> (Estimated) |

Mariposa Public Utility District - Sewer Assessment

| | |
|---|---|
| Current outstanding accounts as of 6/12/01 | \$ 3,361.17 |
| Annual interest at 5.5% on the above amount | \$ 184.86 |
| Average penalties and interest for one year | \$ 198.41 (Based on collections from 7/1/98 to 6/30/2000) |
| Excess penalties/interest over interest expense | <u>\$ 13.55</u> (Estimated) |

Notes:

The current outstanding represents the amounts that the county would have already given to the district.

The annual interest expense of advancing the assessments is figured at a rate of return on investments of 5.5%

The average penalties and interest for one year are monies that would come to the county instead of the districts.

The excess penalties/interest over interest expense would be the net realized revenue to the county that it never had before.

This method of tax distribution reduces and simplifies the accounting necessary to manage these assessments.