

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 2.4
(ID # 11110)

MEETING DATE:

Tuesday, October 29, 2019

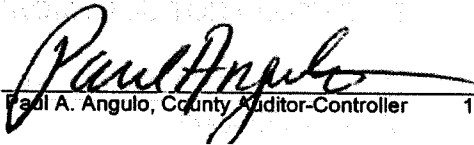
FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Teeter Reserve Fund Board Approved Methodology vs.
the Alternative Method, District: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file letter Teeter Reserve Fund Board Approved Methodology vs. the
Alternative Method

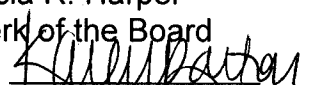
ACTION: Consent


Paul A. Angulo, County Auditor-Controller 10/10/2019

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel and duly carried, IT
WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington and Perez
Nays: None
Absent: Hewitt
Date: October 29, 2019
xc: Auditor

Kecia R. Harper
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

BACKGROUND:

Summary

California Revenue and Taxation Codes (RT) 4703 and 4703.2 address the Tax Loss Reserve Fund and its associated funding levels. Pursuant to RT Code 4703.2 (a), the County Auditor-Controller has the sole authority and discretion to recommend changes to the existing Tax Loss Reserve Fund methodology between either 1% (RT 4703) of the total teeter secured roll assessed value or 25% (RT 4703.2) of the total delinquent teeter secured property taxes and assessments calculated at the end of the fiscal year.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: N/A	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary (continued)

The Office of the Auditor-Controller was approached by the County to give the approval to release teeter funds and reduce the reserve levels with the purpose of using it to fund ongoing operating expenses.

In accordance with RT Code 4703.2 of the California Revenue and Taxation Code, the Office of the Auditor-Controller no submits a response in the attached letter as a result of our analysis.

Impact on Residents and Businesses

Provide information on significant transactions and trends occurring in the county government.

ATTACHMENT A.

Teeter Reserve Fund Board Approved Methodology vs. the Alternative Method


 Stephanie Perez, Principal Management Analyst 10/23/2019



**COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER**

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ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, M.A.
County Auditor-Controller

Oscar Valdez
Assistant Auditor-Controller

October 10, 2019

Board of Supervisors
Riverside County, California

Re: Teeter Reserve Fund Board Approved Methodology vs. the Alternative Method

Dear Supervisors:

California Revenue and Taxation Codes (RT) 4703 and 4703.2 address the Tax Loss Reserve Fund and its associated funding levels. Pursuant to RT Code 4703.2 (a), the County Auditor-Controller has the sole authority and discretion to recommend changes to the existing Tax Loss Reserve Fund methodology between either 1% (RT 4703) of the total teeter secured roll assessed value or 25% (RT 4703.2) of the total delinquent teeter secured property taxes and assessments calculated at the end of the fiscal year. Upon the recommendation by the County Auditor-Controller, the County Board of Supervisors may adopt a resolution electing to be governed by alternative method. The current methodology being used is the 1% (RT 4703) of the total teeter secured roll assessed value. Any excess funding beyond the mandated requirements can be released to the County General Fund as discretionary/unrestricted revenue. The amount in question is \$16 million. Under law, however, only one formula--the current or alternative methodology--can be used, there is no gradation.

The Auditor-Controller's Office has led, participated, or reviewed the following activities to determine the appropriateness of the current and alternative methodologies:

- 1) Participated in the Riverside County Teeter Program Update & Issues Discussion meeting on June 19, 2019
- 2) Reviewed internal County memos dated February 11, 2019, and March 7, 2019.
- 3) Analyzed tax delinquency rate trends
- 4) Analyzed of the impact of a methodology change
- 5) Completed a comparison of county reserve levels

- 6) Led a discussion regarding the risks with the State Association of County Auditors - Southern California Group
- 7) Conducted market research of current trends

Based on our analysis, I believe the current methodology is the most prudent and responsible methodology for Riverside County given its history of home foreclosures and property tax defaults. This maintains adequate funding and keeps the County on solid footing to deal with unpredictable economic vacillation, including recessionary pressures while ensuring that the County is in compliance with statutory law.

I do not advise nor do I recommend a change in Teeter Reserve Fund methodology at this time.



Paul Angulo, CPA, M.A.
Riverside County Auditor- Controller
California, USA