

**SUBMITTAL TO THE FLOOD CONTROL AND
WATER CONSERVATION DISTRICT
BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 11.7
(ID # 17850)

MEETING DATE:

Tuesday, December 14, 2021

FROM : FLOOD CONTROL DISTRICT AND General Manager-Chief Engineer :

SUBJECT: FLOOD CONTROL DISTRICT: Discharge of Accountability for Riverside County Flood Control and Water Conservation District Accounts Receivable, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Resolution F2021-42, a resolution of the Board of Supervisors of the Riverside County Flood Control and Water Conservation District (District) to authorize the discharge of accountability for uncollectible accounts receivable; and
2. Direct the County Auditor, acting ex officio as the auditor of the District, to adjust any charge against the District in a like amount pursuant to Section 25259 of the Government Code.

ACTION:Policy

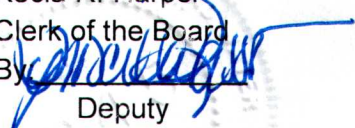
Jason Uhley, GENERAL MGR-CHF FLD CNTRL ENG

11/30/2021

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: December 14, 2021
xc: Flood

Kecia R. Harper
Clerk of the Board
By 
Deputy



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| 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: 21/22 | |

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On July 21, 2021, the Auditor Controller's Office completed Internal Audit Report 2021-019 (Audit) of the Riverside County Flood Control and Water Conservation District. The Audit recommended that the District discharge \$443,688.65 in delinquent debt consistent with generally accepted accounting principles.

Ninety-three percent (93%) of the delinquent debt had been accrued between 2003 and 2010 and in connection with deposit-based fees for development reviews that were not paid in the wake of the Great Recession's impact on development. The District has since improved technology and processes to better track deposit-based fees balances and, as such, has minimized risk of overages that can result in future delinquent debt write-off. The District had also been continuing to work with the Executive Office and County Counsel to pursue collections to the extent the law allows. However, given the age of the delinquent debts, the District agreed with the Audit that it was time to discharge the delinquent debts. Discharging the delinquent debt will remove the debt from the District's balance sheets; however, discharge does not preclude the District from continuing to pursue collections to the extent of the law.

California Government Code Sections 25257-25259 describe the Board's discharge of accountability (write-off) process, to remove uncollectible accounts from active status. This is the District's first request for a discharge of accountability.

The District provides various in-house services, such as construction inspection, plan check and encroachment permit services, related to land use matters on accounts designated as deposit-based fee accounts. Currently, there are 38 customer accounts with charges in excess of deposit between 2003 and 2018 for which the District is seeking a discharge of accountability. The determination that no anticipated additional payment will likely be received was made after the District took the following steps:

1. The responsible party was sent an itemized invoice.
2. The responsible party was sent a notice of outstanding invoices.

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3. A hold has been placed on the project by engineering staff stopping all work from continuing until outstanding funds have been paid and an additional deposit established.

Notes:

- a. Pursuant to County Ordinance No. 671, the property owner does not have an obligation to pay a negative balance in a deposit-based fee account nor is required to make an additional deposit. The District is required to stop all work when the deposit is exhausted unless the property owner makes an additional deposit.
 - b. California Government Code Section 26220 authorizes the District's Board of Supervisors to assign delinquent bills, claims and accounts to a collection agency under certain circumstances. In the case of unpaid deposit-based fees, the account is not actually due or payable because there is no obligation on the part of the property owner to pay a negative balance or to make subsequent deposits when a deposit-based fee account is depleted.
4. The District's engineering staff determined that no further payment will likely be received on these accounts although efforts to collect will continue.

Discharge of accountability is a routine element of annual financial accounting and is legally provided for under California Government Code Sections 25257-25259. A discharge of accountability facilitates a more accurate reflection of current collectable accounts in annual financial reports and records. The District will maintain historical data on these accounts outside the current accounts receivable inventory; however, the discharge does not relieve any individual's liability to the District. The customer's legal obligation to pay the debt remains. The District would reinstate the account to an active status and reinitiate collection actions prior to performing additional services should a property owner of one of these accounts request the District to re-establish and continue work on said project.

County Counsel has reviewed and approved this document to form.

Impact on Residents and Businesses

There is no impact upon existing residents or business.

SUPPLEMENTAL:

Additional Fiscal Information

There is no direct financial impact to the District. At the recommendation of its financial auditors, the District has moved these uncollectible accounts from the District's accounts receivable account to an allowance for uncollectible accounts receivable account for financial reporting purposes over the past few years. This gradually reduced the financial impact of the

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uncollectible accounts to zero for the District to allow for the write-off of these accounts in FY2021-22. This is a common industry practice related to accounts receivable management.

ATTACHMENTS:

1. Accounting of Uncollectible Accounts
2. Resolution F2021-42
3. Verification of Facts

DPB:mc
P8/241248
MT #17850



Jason Farin, Principal Management Analyst 12/8/2021



Gregory L. Priamos, Director County Counsel 12/2/2021

Board of SupervisorsRiverside County Flood Control
and Water Conservation DistrictRESOLUTION NO. F2021-42A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT TO
AUTHORIZE THE DISCHARGE OF ACCOUNTABILITY FOR UNCOLLECTIBLE ACCOUNTS
RECEIVABLE

WHEREAS, pursuant to Section 25257 of the Government Code, any department, officer or employee of a county charged by law with the collection of any county money that is due and payable to the county for any reason may apply to the county board of supervisors for a discharge from accountability for the collection thereof if, among other reasons, the likelihood of collection does not warrant the expense involved; and

WHEREAS, pursuant to Section 48-10 of the Water Code Appendix, the Board of Supervisors of the Riverside County Flood Control and Water Conservation District ("District") is vested with the same powers and shall perform the same duties for the District that the Board of Supervisors of the County of Riverside has by law; and

WHEREAS, the District has received an application for a discharge from accountability for the collection of money due to the District; and

WHEREAS, the District has made every effort to collect on the accounts receivable for the services provided by and billed by the District that are the subject of the application; and

WHEREAS, the names of the persons liable for those accounts receivable and the amounts owed by each are listed in Exhibit A attached hereto; and

WHEREAS, third party contractual and negotiated arrangements with the parties prohibit the collection of the balance on accounts by contract; and

WHEREAS, and due to the foregoing, the likelihood of collection does not warrant the expense involved; and

WHEREAS, the total amount owing on the receivables listed in Exhibit A is \$ 443,688.65; and

WHEREAS, during an internal audit of the District, the Auditor-Controller reviewed the accounts receivable listed in Exhibit A and recommended that the District request a discharge for those receivables;

DEC 14 2021 11:7

FORM APPROVED COUNTY COUNSEL
BY MCT 6 DEC 21
DATE
MICHAEL C. THOMAS

1 **NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED** by the Board of
2 Supervisors of the Riverside County Flood Control and Water Conservation District ("Board") assembled
3 in regular session on December 14, 2021, in the meeting room of the Board of Supervisors located on the
4 1st floor of the County Administrative Center, 4080 Lemon Street, Riverside, California, that a discharge
5 from accountability for the collection of the receivables listed in Exhibit A attached hereto is hereby
6 granted.

7
8
9 ROLL CALL:

10 Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
11 Nays: None
12 Absent: None

13 The foregoing is certified to be a true copy of a resolution
14 duly adopted by said Board of Supervisors on the date therein set
15 forth.

16 Kecia R. Harper, Clerk of said Board

17 By  _____
18 Deputy

ATTACHMENT A

Uncollectible Accounts Receivable

| Customer | Name | Case # | Invoice Dates | Amount | BANKRUPT |
|-----------------|------------------------------------|--------------------------------|---------------|------------|----------|
| FC-000208 Total | PSOMAS | PP18492 | 2008 | 9,062.86 | |
| FC-000843 Total | BARRATT CORPORATION | TR33170 | 2008 | 8,442.52 | Yes |
| FC-001208 Total | DESERT COVE GOLF RESORT LLC | DESERT VILLAS | 2007/2008 | 10,672.82 | |
| FC-001227 Total | J.D. DIFFENBAUGH, INC. | CUP-PA-02-033 | 2003/2004 | 5,420.34 | Yes |
| FC-001244 Total | WALKING HORSE RANCH OPER ACCT | TR27580-3 | 2005 | 8,917.66 | |
| FC-001253 Total | FIESTA TERRA VISTA | TR25316 | 2007/2008 | 15,102.20 | |
| FC-001281 Total | EMPIRE LAND LLC - MORENO VALLE | TEMESCAL CANYON-KNABE RD SD | 2008 | 7,300.68 | Yes |
| FC-001284 Total | SUMMIT ACCOUNTING & ADMINISTRATION | WINCHESTER HILLS 63 CFD | 2006/2007 | 33,327.93 | Yes |
| FC-001449 Total | SAN JACINTO HOMES 91, LLC | SAN JAC MDP LINE G & G-3 | 2007 | 14,609.14 | Yes |
| FC-001489 Total | THE BERGMAN COMPANIES II | ARROYO DEL TORO CHANNEL | 2006 | 8,836.76 | |
| FC-001504 Total | ROY VANDER KALLEN | TR31630 | 2006 | 8,602.24 | |
| FC-001634 Total | DH HIDDEN SPRINGS LLC | CUP03474/PM34144 | 2007 | 6,100.88 | |
| FC-001649 Total | SCC ACQUISITIONS, INC. | PM32971 | 2007/08 | 32,092.37 | Yes |
| FC-001671 Total | TANDIS HOMES | TR31817 | 2007 | 10,754.95 | |
| FC-001676 Total | RCH PROPERTIES-IV, LLC | TR33302 | 2007 | 8,396.70 | |
| FC-001695 Total | KENSINGTON WEST LLC | SUN CITY-REGENT LANE SD-STG 4 | 2007 | 11,271.44 | |
| FC-001697 Total | DFC FAMILY LIMITED PARTNERSHIP | TR32489 | 2009 | 5,041.66 | |
| FC-001713 Total | BARRATT AMERICA | TR33145 | 2007 | 14,876.03 | Yes |
| FC-001741 Total | ED & NANCY DUFRESNE | PM32159/PP19224 | 2007/2008 | 8,623.15 | |
| FC-001742 Total | LAKE MATHEWS VENTURE, LLC | TR30153/MS04093 | 2008 | 6,276.79 | |
| FC-001751 Total | OCEAN SPRINGS | GREEN VALLEY-ROMOLAND MDP LN A | 2008 | 15,140.81 | |
| FC-001763 Total | BC CHRISTENSEN RANCH LLC | TR32628 | 2007/2008 | 19,710.75 | Yes |
| FC-001765 Total | GMX CONSTRUCTION | TR31993 | 2008 | 10,252.35 | |
| FC-001803 Total | MONTE VISTA RANCH | TR32024 | 2008 | 14,830.85 | |
| FC-001804 Total | SUNBELT DEVELOPMENT | PP19414 | 2007/2008 | 12,690.21 | |
| FC-001860 Total | EMBREE CONSTRUCTION GROUP | CUP3526 | 2008 | 5,361.99 | |
| FC-001862 Total | MAMCO CONSTRUCTION | CUP3480 | 2008 | 5,222.00 | |
| FC-001874 Total | SIENNA VILLAS | CUP03504R1 | 2008 | 10,986.73 | |
| FC-001880 Total | PALUMBO FAMILY TRUST | PP21591 | 2009 | 8,231.98 | |
| FC-001884 Total | PROCINCTU GROUP INC | PUP885 | 2009 | 6,802.69 | |
| FC-001885 Total | CT REALTY | TR30047 | 2009 | 13,226.24 | |
| FC-001931 Total | WESTCAP MORENO VALLEY LAND, LLC | TR30921 | 2009 | 12,277.30 | |
| FC-001939 Total | DOS LLC | TR33324 | 2009 | 16,721.04 | |
| FC-001957 Total | DTM CONSTRUCTION | TR33177 | 2009 | 10,327.17 | |
| FC-001961 Total | LAKE DEVELOPMENT GROUP | CUP03537/PM35273 | 2009 | 9,508.13 | |
| FC-002036 Total | PAUL PECK & ASSOCIATES | PP13663R1 | 2010 | 7,925.64 | |
| FC-002198 Total | CADO MENIFEE, LLC | TR34037 | 2016 | 17,986.60 | |
| FC-002218 Total | VLP CAPITAL, INC. | TR31879 34552 34553 | 2016/17 | 12,757.05 | |
| Grand Total | | | | 443,688.65 | |