

The County of Yuba



TO: Board of Supervisors

FROM: Assistant County Administrator, Sean Powers

SUBJECT: County Administrator: Approve Repayment Agreement between the County and the City of Wheatland regarding Property Tax Administration Fee (PTAF) and Vehicle License Fee (VLF).

DATE: October 25, 2022

NUMBER: 532/2022

Recommendation

Approve Repayment Agreement between the County and the City of Wheatland regarding Property Tax Administration Fee (PTAF) and Vehicle License Fee (VLF).

Background

The State Controller's Office conducted an audit of the County's property tax procedures and calculations for the fiscal years 2014/2015 through 2020/2021 to determine whether the County complied with California statutes pursuant to the requirements of Government Code section 12468. The State Controller's Office identified a number of findings that affected the calculation, allocation, and apportionment of some aspects of the County's property tax processes.

Discussion

There were two findings for the State Controller's audit.

Finding One: The County over collected property tax administration fees (PTAF) from the City for the years 2017/18 through 2020/21. For that period, the City was overcharged by \$49,807.37. The County corrected the error for the 2021/22 fiscal year.

Finding Two: The County made errors in the VLF (Vehicle License Fee) calculation for the years 2015/16 through 2020/21. The VLF shift calculation for the City incorrectly factored the annexation in the year 2015/16 resulting in an overpayment of the revenue to the City from ERAF in the amount of \$257,723.97. Due to the timing of the audit and the findings, the County Auditor-Controller elected not

to adjust the VLF calculation for the 2021/22 fiscal year. The corrections for the 2021/22 fiscal result in the City owing ERAF an additional \$50,501.68.

Calculations done by the State Controller's Office and the Auditor-Controller indicate that the amount the City owes the County and ERAF a net amount of \$258,418.28

Summary

To correct the audit findings, the County must adopt a repayment agreement. The County Administrator and Auditor-Controller met with City to come up with a repayment agreement with mutual agreement. The repayment agreement was adopted by the Wheatland City Council on October 11, 2022.

The purpose of this Repayment Agreement is to make all reimbursements and debt being retired in full as agreed to by the County and the City and releases the County from all claims, demands, and actions arising from or in any way related to the State Controller's audit findings.

Committee Action

The PTAF payment was approved in final budget and the VLF item was not taken to committee due to time constraints to approve the agreement by the City before property tax apportionment payments are made.

Fiscal Impact

The County will make a PTAF refund payment directly to the City for \$49,807.37 from the general fund. The County will receive twelve payments over six years from the City through deductions in Wheatland's semiannual December and April Property Tax Apportionments (PTA) totaling \$308,225.65.

Repayments to the City of Marysville (under a separate agreement related to the same audit) will offset these PTA payments over three years.

Attachments

Repayment Agreement between the County and the City of Wheatland regarding Property Tax Administration Fee (PTAF) and Vehicle License Fee (VLF)
Letter to Wheatland from the Auditor Controller dated July 15, 2022
City of Wheatland Resolution 35-22 dated October 11, 2022