

REPAYMENT AGREEMENT BETWEEN THE COUNTY OF YUBA AND THE CITY OF MARYSVILLE

This Agreement is hereby made and entered into by and between the COUNTY OF YUBA (hereinafter referred to as "COUNTY") and the CITY OF MARYSVILLE (hereinafter referred to as "CITY").

A. The Property Tax Administration Fee (PTAF) and Vehicle License Fee (VLF):

By statute, counties are responsible for the administration of local property taxes by assessing and collecting them and then disbursing the revenue to the various cities, special districts, schools, and other entities within the county. Some of that property tax revenue must be allocated to each county's Educational Revenue Augmentation Fund (sometimes referred to as ERAF) — a state-created fund that reallocates portions of local property tax revenue to fulfill the state's constitutional obligation to fund education. The State enacted complex budgetary measures diverting local property tax revenue that would have been deposited into each county's ERAF.

The State reviews ERAF reports and verifies computations used to determine the shift of property taxes from local government agencies to ERAF and, subsequently, to school and community college districts. The State also reviews the Sales and Use Tax and recomputed VLF computations to verify the amount transferred from the ERAF to counties and cities to compensate for the diversion of these revenues.

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. There are two findings for the current year 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 \$134,394.64. 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 underpayment of the revenue to the CITY from ERAF in the amount of \$256,019.31. Due to the timing of the audit and the findings, the COUNTY Auditor-Controller elected to not adjust the VLF calculation for the 2021/22 fiscal year. The corrections for the 2021/22 fiscal year result in ERAF owing the CITY an additional \$50,100.60.

Calculations done by the State Controller's Office and COUNTY Auditor-Controller indicate that the amount the COUNTY and ERAF owe the CITY a net amount of \$440,514.55

Finding 1	PTAF	COUNTY to CITY	\$134,394.64
Finding 2	VLF	ERAF to CITY	\$256,019.31
Finding 2	VLF	ERAF to CITY	\$50,100.60
Net Amount to CITY:			\$440,514.55

For accounting purposes, the PTAF and VLF are separate transactions between the COUNTY and CITY and the net amount is included for the purpose of this agreement and audit compliance.

B. Purpose of Agreement. The purpose of this Repayment Agreement is to make all reimbursements and debt being retired in full as agreed to by the COUNTY and CITY. The payments made by the COUNTY under this agreement are in full satisfaction of the amounts owed by COUNTY to CITY and CITY hereby releases COUNTY from all claims, demands, and actions arising from or in any way related to the State Controller's Audit Findings 1 and 2 described above.

C. Amount Owed: As a result of the two audit findings relating to PTAF and VLF, the COUNTY and CITY agree the COUNTY and ERAF owes a net of \$440,514.55 to the CITY.

D. Agreed Time Period for Amount Owed: The COUNTY and CITY and agree that no additional amount is owed for any other time period other than fiscal years 2014-2015 through 2020-2021.

E. Repayment: Repayment will be based on the following terms:

a. **Interest:** None.

b. **PTAF:** The COUNTY will make a payment directly to the CITY for the \$134,394.64 no later December 9, 2022.

c. **VLF:** The COUNTY will make six payments over three years to the CITY through additions to the CITY's semiannual December and April Property Tax Apportionments (PTA) totaling \$306,119.91.

Payment #1	22/23 First Property Tax Apportionment	\$51,019.96
Payment #2	22/23 Second Property Tax Apportionment	\$51,019.99
Payment #3	23/24 First Property Tax Apportionment	\$51,019.99
Payment #4	23/24 Second Property Tax Apportionment	\$51,019.99
Payment #5	24/25 First Property Tax Apportionment	\$51,019.99
Payment #6	24/25 Second Property Tax Apportionment	\$51,019.99

VLF payments will be made to the CITY by the COUNTY Auditor-Controller on behalf of the COUNTY.

F. Default: If for any reason the COUNTY fails to make any payment on time, the COUNTY shall be in default. The CITY may demand immediate payment of the entire remaining unpaid balance.

G. Modification: Modifications within the scope of this agreement shall be made by mutual and written consent of all parties. All modifications must be made in writing and agreed upon by all parties as evidenced by their signature.

H. Notices: Any notice required or permitted to be given under this Agreement shall be in writing and shall be served by certified mail, return receipt requested, or personal service upon the other party.


Notices shall be addressed as follows:

If to the COUNTY: County of Yuba
C. Richard Eberle, Auditor-Controller
915 8th Street, Suite 105
Marysville, CA 95091

If to the CITY City of Marysville
Jim Schaad, City Manager
526 C St
Marysville, CA 95901

IN WITNESS WHEREOF, the parties hereto have executed this Repayment Agreement:

CITY OF MARYSVILLE

By: 
Mayor
City of Marysville

Date: 9/22/2022

COUNTY OF YUBA

By: _____
Chair
Yuba County Board of Supervisors

Date: _____

ATTEST: Clerk of the Board of Supervisors

APPROVED AS TO FORM
County Counsel

By: 