

**COUNTY OF SONOMA  
AGENDA ITEM  
SUMMARY REPORT**

Clerk of the Board Use Only

Meeting Date: \_\_\_\_\_ Held Until: \_\_\_\_\_

Agenda Item No: \_\_\_\_\_ Agenda Item No. \_\_\_\_\_

DEPARTMENT: Auditor-Controller Treasurer-Tax Collector

4/5 VOTE REQUIRED

CONTACT:  
Rodney A. Dole

PHONE:  
(707) 565-2631

BOARD DATE:  
August 11, 2009

DEADLINE FOR BOARD ACTION:  
August 11, 2009

**AGENDA SHORT TITLE:**

Annual Financing for the Alternative Method of Property Tax Allocation for delinquent property taxes for the fiscal year ending 2009-10

**REQUESTED BOARD ACTION:**

Approve the resolution which authorizes the \$29.4 million annual financing for the alternative Method of Property Tax Allocation covering fiscal year 2009-10 loans

**CURRENT FISCAL YEAR FINANCIAL IMPACT**

**Expenditures**

**Add'l Funds Requiring Board Approval**

Estimated Cost . . . . . \$ \_\_\_\_\_

Contingencies . . . . . \$ \_\_\_\_\_  
Fund Name: \_\_\_\_\_

Amount Budgeted . . . . . \$ \_\_\_\_\_

Unanticipated Revenue . . . . \$ \_\_\_\_\_  
Source: \_\_\_\_\_

Other Available Approp . . \$ \_\_\_\_\_  
(explain below)

Other Transfer(s) . . . . . \$ \_\_\_\_\_  
Source: \_\_\_\_\_

Additional Requested . . . . \$ \_\_\_\_\_

Add'l Funds Requested . . . . \$ \_\_\_\_\_

Explanation (if required): \_\_\_\_\_

**PRIOR BOARD ACTION(S):**

June 29, 1993: Adopted the Alternative Method of Property Tax Allocation. August 31, 1993: Implemented the Alternative Method of Property Tax Allocation & approved financing. Each year thereafter annually approve financing.

**ALTERNATIVES - RESULTS OF NON-APPROVAL:**

Eliminate the Alternative Method of Property Tax Allocation.

**REQUESTED ACTION:**

Approve the attached loans totaling \$44.5 million which were used to advance delinquent taxes to all taxing jurisdictions in fiscal year 2009-10 as authorized in the Alternative Method of Property Tax Allocation. The borrowing will be offset as taxpayers pay delinquent taxes.

**BACKGROUND:**

Annually, the Board of Supervisors is asked to approve loans to advance taxing jurisdictions their portion of the delinquent taxes, including the General Fund. Delinquent taxes totaled \$44.5 million at the start of 2009-10, up from \$39.8 million at the start of 2008-09. The secured roll delinquency rate only slightly increased from 3.8% in 2007-08 to 3.9% in 2008-09. The \$4.7 million increase in total delinquent taxes is primarily due to the increased volume and amount of delinquencies in recent years.

The interest expense for borrowing from the County Treasurer will be approximately \$1.0 million. The County will receive approximately \$8.0 million in penalties and interest from delinquent taxpayers. This \$8.0 million will offset the \$1.0 million interest expense and the remainder will increase the Tax Loss Reserve Fund to approximately \$37.6 million, of which the General Fund will receive \$6.1 million in 2009-10.

The Tax Loss Reserve Fund is required by state law to maintain a minimum of 1% of the total property tax levy, or approximately \$7.4 million, based on the June 30, 2009 levy. The required reserve is fully funded. The Tax Loss Reserve Fund has additional amounts, which can be returned to the General Fund in the future.

The General Fund advanced over \$8.6 million to the reserve when the Alternative Method of Property Tax Allocation was originally established thirteen years ago. \$2.0 million was returned to the General Fund in FY 1994-95 and \$1.0 million was returned in 1996-97, 1997-98, and 1998-99, respectively. In 2003-04, \$0.7 million was returned and the remaining balance of \$2.9 million was returned to the General Fund in 2008-09.

**ATTACHMENTS:** Resolution

**ON FILE WITH CLERK:** Notes for renewal of Series 1999-1, 2000-1, 2001-1, 2002-1, 2003-1, 2004-1, 2005-1, 2006-1, 2007-1, and 2008-1 Sonoma County Delinquent Tax Anticipation Note and for issuance of Series 2009-1 Delinquent Tax Anticipation Note.

**CLERK OF THE BOARD USE ONLY**

**VOTE:**


Blank area for recording votes.