




# AUDITOR-CONTROLLER INTER-OFFICE MEMO

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Date: August 20, 2024  
To: Board of Supervisors  
From: Tracy A. Schulze   
Auditor-Controller  
Subject: 2024-25 Teeter Plan Implementation

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At the end of each fiscal year, an analysis is completed in connection with the continued implementation of an Alternate Method of Property Tax Allocation (hereafter "Teeter Plan"). Based on the analysis, I am requesting the following action to complete the process:

Adoption of the Resolution for Teeter Plan implementation for fiscal year 2024-25.

This action provides the authority to:

- a. Establish the minimum balance for the Tax Loss Reserve in accordance with Section 4703.2 of the Revenue and Taxation Code;
- b. Create the 2024 Teeter Repayment Fund;
- c. Issue a Note to Fund Prepayment of 2023-24 Delinquent Taxes; and
- d. Execute the Note.

## **Teeter Plan Implementation**

On April 5, 1994, the County completed the appropriate authorizations for implementing the Teeter Plan in Napa County. The benefit to the County over the past thirty fiscal years has been approximately \$26.1 million. We are estimating the 2024-25 Tax Loss Reserve Fund (hereafter "Fund") will generate approximately \$500,000 which is reflected in the County's General Fund budget.

### Establish the Minimum Balance for the Tax Loss Reserve

The minimum balance that must be included in the Reserve is set forth in the Revenue and Taxation Code Section 4703. There are two alternate methods of computing the minimum. The first method requires the Reserve to maintain a minimum balance of no less than 1% of the total of all taxes levied on the secured roll for the year involved (hereafter "Section 4703 method"). The second method requires the Reserve to maintain a minimum balance of not less than 25% of the total delinquent secured taxes of all participating entities as of the end of the fiscal year (hereafter "Section 4703.2 method").

The Auditor-Controller's office has completed an analysis of which method would offer the most benefit to the County. The Section 4703 method (1% of the total of all taxes levied on the secured roll) requires a minimum balance in the Reserve of \$5,667,706. The Section 4703.2 method (25% of the total prior year's delinquent secured taxes) requires a minimum balance in the Fund of \$4,123,978. Since the Section 4703.2 method will be most beneficial to the County's General Fund, it is recommended for fiscal year 2023-24 the County use the Section 4703.2 method. The attached resolution includes the use of the Section 4703.2 method of determining the balance in the Reserve for fiscal year 2024-25.

Issue a Promissory Note with the Treasurer and Create a Teeter 2023-24 Note Reserve

Each year a note must be issued to fund the payment of the prior year's delinquent taxes. The structure of the attached note is identical to those of the previous thirty years. The 2024 Note is for \$8,115,935 between the County of Napa and the Treasurer of Napa County, representing the 2023-24 delinquencies for those taxing agencies included in the Teeter Plan. The note is for five years with the interest rates as stated, and requires a reserve amount for potential uncollected delinquencies. The reserve amount required for the 2024 note is \$243,478 and will be financed/drawn/expensed from the Teeter Tax Loss Reserve, leaving an uncommitted cash of approximately \$1.38 million.

Please see Attachment "A" for the history of Teeter Notes issued.

Please see Attachment "B" for the Teeter Buyout Distribution by Taxing Entity.

### Attachment A - History of Teeter Notes Issued

The following table details the thirty notes that have previously been issued and the new 2024 Note affected by your action today.

Year of Note	Year Matured or Paid Off	Secured Taxes Delinquency Rate at time of Note	Original Principal	Outstanding Note Balance as of 6/30/24
1993	1998	not available	\$ 5,952,213	\$ -
1994	1999	not available	\$ 2,730,795	\$ -
1995	1999	not available	\$ 2,500,781	\$ -
1996	2000	not available	\$ 2,106,087	\$ -
1997	2001	not available	\$ 2,094,137	\$ -
1998	1999	not available	\$ 1,227,754	\$ -
1999	2003	not available	\$ 1,887,177	\$ -
2000	2003	1.57%	\$ 1,572,934	\$ -
2001	2006	1.68%	\$ 2,035,165	\$ -
2002	2007	1.56%	\$ 2,009,986	\$ -
2003	2008	1.78%	\$ 2,524,243	\$ -
2004	2008	1.47%	\$ 2,263,932	\$ -
2005	2008	1.81%	\$ 2,886,199	\$ -
2006	2011	1.66%	\$ 3,972,372	\$ -
2007	2012	2.32%	\$ 5,339,600	\$ -
2008	2013	3.33%	\$ 7,686,681	\$ -
2009	2014	3.57%	\$ 9,308,650	\$ -
2010	2015	2.82%	\$ 6,920,620	\$ -
2011	2016	2.14%	\$ 4,952,007	\$ -
2012	2017	2.35%	\$ 4,271,055	\$ -
2013	2018	1.62%	\$ 3,252,981	\$ -
2014	2019	1.42%	\$ 2,310,450	\$ -
2015	2020	1.27%	\$ 2,329,880	\$ -
2016	2021	1.52%	\$ 2,246,730	\$ -
2017	2022	1.40%	\$ 2,150,466	\$ -
2018	2023	1.53%	\$ 2,512,654	\$ -
2019	2024	1.59%	\$ 3,048,567	\$ -
2020	2025	2.05%	\$ 6,725,750	\$ 509,795
2021	2026	1.64%	\$ 5,268,793	\$ 644,632
2022	2027	1.28%	\$ 4,415,604	\$ 526,906
2023	2028	1.70%	\$ 5,466,440	\$ 2,503,255
2024	2029	2.41%	\$ 8,115,935	N/A
Total Note Balance as of 6/30/24				\$ <u>4,184,588</u>

### Attachment B – Teeter Buyout Distribution by Taxing Entity

Code	Description	Sub-Division	Teeter Buyout
10000	County General Fund	1050000	1,325,204
10800	Fire Non-Structural	2100000	116,902
11500	County Library	2020001	155,538
11700	Fire Protection	2100000	107,854
	<b>Total County</b>		<b>1,705,498</b>

15100	City of Calistoga	9411000	36,367
15200	City of Napa	9412000	424,364
15300	City of St. Helena	9413000	73,718
15400	Town of Yountville	9414000	19,998
18800	City of American Canyon	9415000	157,688
	<b>Total Cities/Town</b>		<b>712,135</b>

23100	Lake Berryessa Resort Imp	5220000	556
24100	Napa Berryessa Resort Imp	5240000	804
34700	Monticello Cemetery	2860000	473
36000	Circle Oaks Water	9504000	616
37000	Congress Valley Water	7400000	1,676
38000	American Canyon Fire	9415200	81,933
38500	Mosquito Abatement Dist.	7100000	27,438
42000	Napa Co. Res. Consv	7300000	6,726
42500	Napa River Reclamation	7500000	444
43100	Bay Area Air Quality	9503000	20,727
	<b>Total Special Districts</b>		<b>141,393</b>

45000	Howell Mountain Elementary	9020001	23,315
45100	Pope Valley Union Elementary	9060001	19,539
45300	Fairfield/Suisun Unified	9300001	9,346
45500	Calistoga Joint Unified	9010001	220,886
45700	Napa Valley Unified	9050001	2,428,994
45800	St Helena Unified	9070001	495,859
46500	Napa Valley College	9030010	608,078
48300	Solano County Office of Education	9310001	374
49000	Napa County Office of Education	9040001	229,520
49999	ERAF Fund	9490000	920,463
	<b>Total School Districts</b>		<b>4,956,374</b>

	<b>Total School Bonds and Other Direct Charges</b>		<b>600,535</b>
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	<b>Total Teeter Buyout</b>		<b>8,115,935</b>
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