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# FISCAL POLICY MANUAL

**POLICY P-3:** Policy for Teeter and Tax Loss Reserve  
**APPROVED:** Board of Supervisors  
**AUTHORITY:** Auditor-Controller-Treasurer-Tax Collector (ACTTC)  
**ISSUE/REVISED DATE:** January 26, 2010

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## I. PURPOSE

To establish guidelines for the teeter and the tax loss reserve funds.

## II. POLICY

### A. Reserve calculation includes

1. Revenue & Taxation code 4703(a) Required retention is 1% of levy;
2. Sonoma County policy will require retention to be 2% of levy.

### B. Funds available in excess of established reserve

1. If the estimated Assessed Value (AV) percentage change as of April of the current year is equal or less than the BOE's California CPI published in December for Assessor's purposes, a larger amount of fines and penalties may be budgeted in the new year. Consequently, up to 80% of the new year's estimated fines and penalties collections plus 1/3 of the total excess amount projected in the new year (whichever is greater?) may be made available for General Fund designation.
2. If the estimated AV percentage change as of April of the current year is greater than the BOE's California CPI published in December for Assessor's purposes, a reduced amount of fines and penalties may be expected in the next budget year. Consequently, up to \$3.1 million or 50% (whichever is greater?) of the new budget year's estimated fines and penalties collections may be made available for General Fund designation.
3. Beginning in 2005, \$200,000 was transferred to ACTTC to cover cost for maintaining the Teeter funds. ACTTC and CAO negotiated this amount with the agreement to increase the amount each year by the COLA or a negotiated amount in years of a zero COLA.

### C. Priority uses:

1. Backfill of reductions due to reduced property taxes as a result of a projected negative growth assessed value in the new budget year or over multiple years if a trend is apparent.
2. Contribute to projects that improve the efficiency of the property tax system

3. Contribute to projects that improve customer service of the entire property tax system

**D. Language for the 1/26/2010 Budget Development Policy (summarized version)**

The Tax Loss Reserve Fund (TLRF) shall maintain as a restricted reserve an amount equal to 2% of the levy. The County Administrator in conjunction with the Auditor-Controller-Treasurer-Tax Collector may recommend the use of funds in excess of the established reserve to the Board of Supervisors for the purpose of balancing the budget.

**III. RESPONSIBILITIES**

The County Administrator in conjunction with the ACTTC shall monitor the reserve amounts to ensure compliance with this policy.

The County Administrator in conjunction with the Auditor-Controller-Treasurer-Tax Collector may recommend the use of funds in excess of the established reserve to the Board of Supervisors for the purpose of balancing the budget.