### December 12, 2016

TO: School District Administrators

FROM: Division of Administration, Finance and Accountability

SUBJECT: Contingent Tax Liability

### \* \* \* ACTION ITEM \* \* \*

The Auditor-Controller's office has posted the contingent tax liability statements as of 6/30/16 on their web site at (http://www.co.kern.ca.us/auditor/contingent/contliabyear.asp). A summary copy of these balances is attached to this bulletin.

Districts that have excess liability balances, noted in the final column in bracketed numbers, are required to release these excess impounds. The Auditor-Controller will report the amount of excess to the CDE on the P-1 J29B report of property taxes to be collected and will be an offset to state aid at the P-1 apportionment in February.

Should the district have unfunded liability, reflected by a positive amount listed in the final column of the liability statement, plans should be undertaken to impound taxes. A resolution authorizing impounds must be adopted by the district board followed by a letter written to the Auditor-Controller's office. The letter should contain three pieces of information: 1) how much tax to impound; 2) when to impound; 3) what to do with the interest earned.

This office recommends that you instruct the Auditor-Controller to impound 50% of the required taxes from the April collections and 50% from the May collections. This will minimize the negative cash flow effect of the impound. We also recommend that you request interest earned on the impound account to be deposited to your general fund. The letter to impound should be written before March so that reduced tax collections can be reflected in the P-2 J29B.

Sample resolutions to impound or release are attached to this bulletin.

Please contact your District Fiscal Advisor should you have any questions.

SM:sg Attachments

	AUDITOR-CONTY AUDITOR-CONT ESTIMATE OF ( AS OF DE/2016	KERN COUNTY AUDITOR-CONTROLLER-COUNTY CLERK ESTMATE OF CONTINGENT LIMBILITY AS OF 665016							
APPEALS   APPE	loter. Inte	rest is calculated at 3,000%							
MANIMENTON   MAN	6	district in a control of the second	APPEALS	APPEALS	SUPERIOR CRT	SUPERIOR CRT			CONTINGENT
December   December	POND	AGENCY NAME	- 1	INTEREST	TAXES	INTEREST	TOTAL	MIPOUNDS	LABILITY
	90008	BANCHETTELD CTON	402,556,6/	EL 255 EZ			433,261.46	306,392,58	126,668 88
	80008	BEARDSLEY	40.000,000,000,000,000,000,000,000,000,0	10,240,23			3,833,245.27	2,758,860,58	1.074,387,69
Introduction   1, 00, 13, 13, 13, 13, 13, 13, 13, 13, 13, 13	80008	BECATOGE	80,749.62	2,895,53			80 544 55	32, 368 US	74 258 02
Columbia Director   1, 1, 1, 1, 1, 2, 2, 3, 4, 4, 4, 4, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	80010	BLAKE	2,010.71	106.23			2,115.54	180 50	1 006 35
Contaction of the contact of the c	80013	BUTTOMMILLOW UNIOR	1,003,353.66	72,853,45			1,076,207.12	870,083,45	206 113.67
Decideration   1,15,15,15,15,15,15,15,15,15,15,15,15,15	1014	CALIZITE UNION	7,113	477.61			7,610.99	6,681.10	923.89
December   December	1020	DI GIORGIO		93,794.51			1,361,089,76	940,569,85	420,519.91
This bound between the control between the c	80022	EDISON	162 018 60	1,678,44			24,649.97	17,884,52	6.755.45
PALIFYALE   1,10,10,10,10   1,11,10   1,11,10   1,10,1	80024	ELK RILLS	211.926.27	13, 911, 85			177,010,50	53,626.99	63,363.51
Control No.	92008	FAIRPAX	1,318,807.87	77,174,77			1 305 583 50	1 BCR 305 24	11(0,797.78
AMERICANIES	80028	FRUITVALE	1,012,937,74	71,876.00			1,084,813,74	840.819.13	243.894.61
ACCOUNT ON   ACC	050	GENERAL SHAPTER	183,387,86	7,091.28			190,479,14	16 090 69	141,409 23
MATERIER ORIOR   101,799   22,797,30   214,410   410,765   410,7	1040	MERSONAL DE LIMITOR	987, 233,05	76,631.38			1,063,254.43	760,986.07	302.268.36
LANGOTT RILLS UNION   100.550.26   22,797.30   223,747.50   223,747.	80042	LAKESIDE UNION	201,759,19	17 651 57			110,467,77	83,400,48	27,067,28
ACCOUNTY   ACCOUNTY	990	LAMONT	300,956,24	22,797.30			203 747 55	271 364 56	13 B50 23
MODER BLILDS UNION         58.9 9.2 2         3.9 9.2 7.5 6         5.9 9.2 7.5         5.6 2.5 8.8         5.6 2.4 8.8           MODER BLILDS         1.3 31.6 65.0 d         1.0 56.6 0.9         1.0 56.6 0.9         1.0 56.6 0.9         1.0 56.6 0.9         1.0 56.6 0.9         1.0 56.6 0.9         1.0 5.6 0.9 </td <td>870</td> <td>LINES VALLEY-POSO FLAT USTON</td> <td>3,975.00</td> <td>149.97</td> <td></td> <td></td> <td>4.124.97</td> <td>4,023,16</td> <td>101.81</td>	870	LINES VALLEY-POSO FLAT USTON	3,975.00	149.97			4.124.97	4,023,16	101.81
MACHINE   1, 131, 165, 104   10, 666, 10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10, 666, 104   10	020	LOST WILLS UNION	548, 939, 04	39,917,36			588,655.40	576,438.80	12 417 60
NUMBER   N	900	MANAGE TOWN	12,919,22	2,380.32			35,299.54	26,221.20	9,078.34
PAGESTREE   PAGE	058	MIDWAY	1 072 154 71	72 786 55			1,442,333.13	074 640 67	1,442,333,13
PANNALANE STEIN VISTA   3.040,394,68   292,388,77   3.040,394,68   2.563,901,82   2.553,901,82	064	MORRIS	424,212,65	11, 887, 98			456,100.63	311,450,49	144.650.14
ALTO-BRAYO	590	PAIMA-SURIA VISTA	3,040,934,68	292, 308, 17			3,333,242,85	2,653,901.92	679,340,93
RATO-IMPAID	890	POND UNION	25, 436, 39	1,816,60			27,252,99	21,395.46	5,857.53
SOUTH PART   1,057,195.77   2,705.71   1,400,850.45   853,178.71   1,505,186.30   1,400,850.45   853,178.72   1,400,850.45   87,850.42	574	STO-READ LEGGED TO TRAINE	839,014,03	58, 432.46			897,446,49	715,719,00	181 727 48
SENTITION         45,157,70         2,765,71         47,933,02         47,933,02           SOUTH FORK UNION         8,734,737,73         2,055,39         40,404         23,404,41         47,933,02           SOUTH FORK UNION         8,734,040         2,745,737         40,404,41         23,404,46         1,007,315,77           WASCO UNION         82,746,48         1,207,20         2,074,46,68         1,207,31         40,205,77           VINELAND         82,27,41,435,02         2,074,885,98         2,074,88         2,074,88         2,074,88         2,074,88         2,074,88         2,074,88         2,074,88         2,074,88         2,074,88         2,074,88         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98         2,074,98	976	ROSEDALE UNION	1.059.986.32	70.864.10			4 440 850 85	7805 718.71	264 727 20
SOUTH FORK UNION         8,574,875,02         2,055,39         30,410,41         23,455,16           TANTULIAD         TANTULAD         2,874,681,39         120,1062,27         30,410,41         7,041,007,40           TANTULAD         2,854,681,39         120,1062,27         6,139,28         80,235,57         80,235,57           VINNELAND         835,778,55         6,1276,20         835,778,55         6,1276,20         881,68         84,206,27           VANCO JOINT UNION HIGH         842,255,54         6,1276,20         84,562,30         24,046,20         84,768         66,204,68           MASCO JOINT UNION HIGH         27,751,435,02         2,074,685,90         34,562,37         4758,00         24,758,18         66,758,00           MARICOLAN MICHAEL         1,332,236,30         34,362,37         4,758,02         1,458,03	840	SENITAGEIC	45,357.70	2,765.71			52,063,41	47 963 03	4 110 38
TANTOLNAME	084	SOUTH FORK DATON	28,355,02	2,055.39			30,410.41	23,455,14	6,955.27
VINCENTED   4.854,027   4.854,027   4.854,027   4.854,027   4.855,027   4.85	086	STANDARD	8,574,899.61	658, 725, 75			9,233,625.40	7,041,087.40	2,192,5281.00
WASCO UNION         835,778,55         51,720,70         60,276,20         60,27,20         60,27,20         <	092	UNET ASD	P. (	180,062.27			3,034,745.68	1,907,315,77	1,127,429,89
DELIANO JOINT UNION NIGH         842-255.54         61,276.20         2,276.20         617,582.88         617,582.88           KEEBA JOINT UNION HIGH         27,751,435.02         2,04,885.98         29,832.20         24,158,637.02         4758,637.02           WANCO UNIVERD         1,532,025.20         10,778.22         10,272.22         1453,807.42         4,588.33           EL TEJON UNIVERD         1,133,236.79         7,414.10         1,233,807.42         4,589.33         1,585,178.41           MARICORA UNIVERD         1,133,236.79         7,414.10         1,233,807.42         4,545,124.21         65,5778.41           MATANIERD WHIFERD         1,582,307.71         407,732.85         1,583,160.45         4,593,784.41         4,593,784.41           MATANE UNIVERD         1,653,103.71         407,732.85         37,188.06         605,902.27         605,902.27           MATANIERD         1,654,103.71         407,732.85         37,188.06         605,902.26         605,902.27           MATANIERD         1,654,103.72         37,188.06         5,648.57         605,502.27         605,502.27           MATANIERD         1,654,103.72         37,188.06         5,648.77         605,502.27         605,502.27           MATANIERD         1,654,103.72         37,188.06         5,6	960	WASCO DRICK	835,778,55	51,920,70			887.699.25	542 844 62	344.854.63
NERM JOINT UNION HIGH   27,761,455.02 2,074,885.98   29,686,535.00 24,198,119.04	018	DELANG JOINT UNION RICH	842,255.54	61,276,20			903,531,74	617,582,89	285,968,85
TANT UNION RIGH   5,377,855,90   394,362,37   6,372,226,27   4,556,007.02   1	038	KERN JOINT UNION HIGH	27,761,435.02	2,074,885.98			29,836,325,00	24,198,119.04	5,638,205.96
Fig. 200   Fig. 200	RRO	TAPT UNION HIGH	5,377,865.90	394, 362.37			8,372,228,27	4,758,867,02	1,813,381,25
PRACEDRA UNITED   1.191,216.00   1	020	ET. METON TOTALDS	1,334,023.40	101,778,22			1,633,607,42	1 455 380 43	178.446.98
WCTARLAND URIFEED         1,652,1027.81         112,125.65         4         1,252,783.95         3           MADRIC UNIFEED         7,652,307.71         407,732.43         6,067,040.14         4,451,124.21         3           MURING UNIFEED         7,88,742.22         37,188.06         605,040.14         4,451,124.21         3           SQUTHERD         862,744         46,892.06         83,1604.50         425,229.84         605,209.84           FILIACHAR ASHIG UNIFEED         882,189.90         54,685.77         54,85.77         508,674.25         51,77           THIRACHARI UNIFEED         2,420,375.23         3,84.789.02         6,584,448.63         5,066,864.25         1,786,851.68	250	KARICOPA UNIFIED	1.193.236.90	81.816.51			1 275 053 41	25 250 CVA	642 280 00
MAINANE UNIFIED   7,655,307,71   407,732,43   8,067,040,14   4,451,124,21   3, 3, 3, 188,06   1,188,06   1,188,06   1,188,06   1,188,06   1,188,06   1,188,06   1,188,06   1,188,06   1,188,06   1,188,06   1,188,06   1,188,06   1,188,07   1,1	82058	MCFARLAND OPLIFIED	1,451,037.81	112,125.85			1,563,158,46	1,259,783,95	303,354,51
VARIOC UNIFIED   186,752.22   37.188.06   825.27   825,840.28   605,832.77   825,840.28   827,840.89   827,840.89   827,840.89   827,840.89   827,877   825,877   82	82060	MAJAVE UNIFIED	7,659,307,71	407,732.43			8,067,040,14	4,451,124.21	3,615,915,93
### SANCE WINTERD ### 1785.23 X84 789.05	2902	MURIC UNIFIED	789, 752, 22	37,188.06			825,940,28	605,933,27	220,007.01
TEIRCHAPTED 2.420.375.23 X84.789.02 2.600,164.25 1,780.81.88 EDUCATION 6.584.448.63 5.066.585.90 1	2082	STERRA SANDE UNIFIED	882,712.44	54 485 77			931,604.50	618 724 77	317 050 00
EDUCATION 6,147,978.17 436,470.46 6,584,448.63 5,066,685.90	82090	TERACHAPI UNIFIED	2,420,375.23	184,789.02			2,605,164.25	1,788,631,58	816 532 57
	010	EDUCATION	6,147,978.17	436,470.46			6,584,448.63	5,056,585.90	1,527,762,73

(Date)

Mary B. Bedard, CPA Kern County Auditor-Controller's Office 1115 Truxtun Ave. Bakersfield, CA 93301-4637

RE: CONTINGENT LIABILITY

Dear Ms. Bedard:		
Pending a resolution from the	(District Name)	School District
authorizing the County-Auditor	to impound local tax rever	nues to anticipate
pending assessment appeals	and Superior Court cases,	please impound
\$ into the (Dis	strict Name) School District I	mpound Fund, ( <u>5</u>
digit County fund number). This	amount should be impounded	from the April and
May collections.		

Please deposit any interest earned by this impounded amount into our General Fund. If you have any questions, or if I may be of further assistance, please contact me at (phone#).

Sincerely,

Enc.

(Date)

Mary B. Bedard, CPA Kern County Auditor-Controller's Office 1115 Truxtun Ave. Bakersfield, CA 93301-4637

Enc.

# BEFORE THE GOVERNING BOARD OF THE \_\_\_\_\_SCHOOL DISTRICT OF KERN COUNTY, STATE OF CALIFORNIA

In the Matter of:	)		
	)		
AUTHORIZATION TO SUPERINTENDENT	)		
TO DETERMINE AMOUNT AND REQUEST	)	RESOLUTION NO.	
RELEASE OF IMPOUNDED MONIES IN	)		
SETTI EMENT OF PENDING LITIGATION	)		

WHEREAS, by prior resolution of this Board, certain monies due to this District from the County as local tax revenues have been impounded against contingent tax liabilities in litigation or tax appeal cases; and

**WHEREAS**, by recent letters the County Counsel has notified the District of an excess of local tax revenues in the impound fund due to recent settlements.

NOW, THEREFORE, the Board resolves as follows:

- A. All of the above recitals are found to be true and correct.
- B. The Board hereby orders the Superintendent to:
  - 1. Determine the exact amount of impound monies which should be released to the District General Fund to meet and articulate with all pending fiscal needs of the District.
  - 2. Notify, on behalf of this Board, the County Auditor's Office in writing of the amount to be so released and the effective date for such release.
- C. A copy of this resolution shall be delivered to the County Auditor-Controller and Kern County Superintendent of Schools office forthwith.

by of	The foregoing resolution, o	on motion of, was duly   , by the follow	passed and adopted this	, and seconded sday
AYES:	NOES:	ABSENT:	ABSTENTIONS:	
			OF TRUSTEES OF THE SCHOOL  Authorized Agen	DISTRICT
	Member		5	
	Member			
	I HEREBY CERTIFY that burnal of the Board of Trusining to the adoption of the	tees of the		_School District
		the	ed Agent of the Board ofS of Kern, State of Californ	chool District,

## BEFORE THE GOVERNING BOARD OF THE \_\_\_\_\_SCHOOL DISTRICT OF KERN COUNTY, STATE OF CALIFORNIA

In the Matter of:		
IMPOUNDMENT OF LOCAL TAX REVENUES TO ANTICIPATE PENDING CLAIMS AND/OR LITIGATION	)	RESOLUTION NO

WHEREAS, the Auditor-Controller of the County of Kern has recently informed the District of potential adverse consequences to local tax and general fund monies of the District attributable to pending court action; and

**WHEREAS**, several claims are now pending before the Assessment Appeals Board which, if determined favorably to the taxpayer will substantially impact revenues of the District through a forced refund; and

WHEREAS, counsel has advised the Board that a school board may not defer repayment of a tax refund over an installment period of up to ten (10) years pursuant to Education Code section 35201 due to hardship or any other factor; and

**WHEREAS**, Education Code section 14240 authorizes this Board to direct the County Auditor to impound local tax revenues pending determination of court action or administrative tax protests is that such money remains outside the scope of further Board action pending resolution of the dispute.

### **NOW, THEREFORE**, the Board resolves as follows:

- 1. The Superintendent is authorized and directed to develop a projection of the appropriate amount of money to be impounded in light of the above tax protests and court litigation.
- 2. The Superintendent shall report that amount to the Board and notify the County-Auditor-Controller of the exact dollar amount to be impounded and the day on which such impound is to be made.
- 3. The amount so impounded shall be derived entirely from anticipated local tax revenues. No part of the impounded funds shall come from the general reserve or current operating year monies of the district.

The forego	ing resolution on me	otion of	, and seconded	l by
	, w	as duly passed an _, by the following vote	d adopted thisday	OŤ
AYES:			ABSTENTIONS:	
			RUSTEES OF THESCHOOL DISTRICT	
		Bv:		
		Au	thorized Agent	
	Member	_		
the Journa pertaining t	ll of the Board of to the adoption of t	Trustees of the	ull, true, and correct excerpt of School Discon at a regular meeting held	strict
		_	gent of the Board of Trustees o School Distr rn, State of California	