

December 7, 2015

TO: School District Administrators
FROM: Division of Administration, Finance & Accountability
SUBJECT: Contingent Tax Liability

***** ACTION ITEM *****

The Auditor-Controller's office has posted the contingent tax liability statements as of 6/30/15 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

KERN COUNTY
 AUDITOR-CONTROLLER-COUNTY CLERK
 ESTIMATE OF CONTINGENT LIABILITY
 AS OF 06/30/15

Note: Interest is calculated at 3.000%

FUND	AGENCY NAME	APPEALS	APPEALS	TOTAL	IMPOUNDS	NET
		TAXES	INTEREST			CONTINGENT LIABILITY
80004	ARVIN UNION	287,348.39	19,044.19	306,392.58	391,812.86	(85,420.28)
80006	BAKERSFIELD CITY	2,582,504.59	176,355.99	2,758,860.58	2,814,841.70	(55,981.12)
80008	BEARDSLEY	495,855.02	25,113.06	520,968.08	476,682.72	44,285.36
80009	BELRIDGE	11,385.63	1,000.90	12,386.53	1,085,263.60	(1,072,877.07)
80010	BLAKE	1,759.24	78.32	1,837.56	190.59	1,646.97
80013	BUTTONWILLOW UNION	820,243.73	49,849.72	870,093.45	41,251.46	828,841.99
80014	CALIENTE UNION	6,306.24	374.86	6,681.10	7,926.62	(1,245.52)
80018	DELANO UNION	880,020.21	60,549.64	940,569.85	873,426.96	67,142.89
80020	DI GIORGIO	16,806.34	1,088.18	17,894.52	18,815.80	(921.28)
80022	EDISON	87,765.07	5,861.92	93,626.99	90,660.12	2,966.87
80024	ELK HILLS	309,551.66	21,085.28	330,636.94	259,503.22	71,133.72
80026	FAIRFAX	1,790,493.31	67,812.04	1,858,305.35	741,427.33	1,116,878.02
80028	FRUITVALE	792,950.27	47,868.86	840,819.13	812,411.76	28,407.37
80030	GENERAL SHAFTER	46,619.82	2,450.09	49,069.91	147,569.40	(98,499.49)
80033	GREENFIELD UNION	712,083.43	48,902.64	760,986.07	727,475.59	33,510.48
80040	KERVILLE UNION	78,509.99	4,890.49	83,400.48	172,447.95	(89,047.47)
80042	LAKESIDE UNION	133,137.08	7,618.65	140,755.73	103,348.80	37,406.93
80044	LAMONT	216,643.59	14,710.96	231,354.55	214,459.48	16,895.07
80048	LINNS VALLEY-POSO FLAT UNION	3,892.15	131.01	4,023.16	5,214.76	(1,191.60)
80050	LOST HILLS UNION	536,336.34	40,102.46	576,438.80	1,772,223.72	(1,195,784.92)
80054	MAPLE	24,645.96	1,575.24	26,221.20	25,107.13	1,114.07
80056	MCKITTRICK	1,023,249.57	81,454.58	1,104,704.15		1,104,704.15
80058	MIDWAY	810,027.78	64,782.85	874,810.63	2,303,368.85	(1,428,558.22)
80064	NORRIS	291,583.22	19,867.27	311,450.49	308,772.94	2,677.55
80066	PANAMA-BUENA VISTA	2,438,718.99	215,182.93	2,653,901.92	2,520,986.48	132,915.44
80068	POND UNION	20,121.94	1,273.52	21,395.46	25,653.83	(4,258.37)
80072	RICHLAND LERDO	678,318.73	37,400.27	715,719.00	342,544.94	373,174.06
80074	RIO-BRAVO - GREELEY UNION	615,658.25	40,060.46	655,718.71	660,283.13	(4,564.42)
80076	ROSEDALE UNION	747,703.58	41,409.74	789,113.32	621,953.66	167,159.66
80078	SEMITROPIC	45,004.17	2,948.86	47,953.03	43,019.59	4,933.44
80084	SOUTH FORK UNION	22,038.81	1,416.33	23,455.14	24,243.38	(788.24)
80086	STANDARD	6,608,144.95	432,952.45	7,041,097.40	6,466,703.88	574,393.52
80088	TAFT CITY	1,775,584.65	131,731.12	1,907,315.77	4,504,335.18	(2,597,019.41)
80092	VINELAND	60,200.92	4,035.29	64,236.21	62,671.87	1,564.34
80094	WASCO UNION	510,085.33	32,759.29	542,844.62	467,295.70	75,548.92
81018	DELANO JOINT UNION HIGH	577,884.66	39,678.23	617,562.89	579,644.55	37,918.34
81038	KERN JOINT UNION HIGH	22,618,346.17	1,423,639.76	24,041,985.93	16,445,044.85	7,596,941.08
81088	TAFT UNION HIGH	4,420,501.64	338,365.38	4,758,867.02		4,758,867.02
81094	WASCO UNION HIGH	1,358,082.63	97,277.80	1,455,360.43	3,660,168.72	(2,204,808.29)
82050	EL TEJON UNIFIED	89,781.66	5,217.67	94,999.33	200,723.73	(105,724.40)
82052	MARICOPA UNIFIED	592,430.02	40,363.39	632,793.41	1,593,726.60	(960,933.19)
82055	MCFARLAND UNIFIED	1,163,259.23	96,534.72	1,259,793.95	2,151,401.43	(891,607.48)
82060	MOJAVE UNIFIED	4,200,772.18	250,352.03	4,451,124.21	4,043,194.32	407,929.89
82062	MUROC UNIFIED	563,821.62	34,337.31	598,158.93	1,364,454.60	(766,295.67)
82080	SOUTHERN KERN UNIFIED	404,613.04	24,716.80	429,329.84	610,979.90	(181,650.06)
82082	SIERRA SANDS UNIFIED	584,552.15	34,172.62	618,724.77	587,159.12	31,565.65
82090	TEHACHAPI UNIFIED	1,641,320.00	147,311.68	1,788,631.68	1,567,385.25	221,246.43
84038	KERN JOINT COMMUNITY COLLEGE	9,869,529.22	643,341.89	10,512,871.11	13,139,708.06	(2,626,836.95)
84096	WEST KERN JOINT COMM COLLEGE	4,384,423.97	327,236.31	4,711,660.28	7,482,486.57	(2,770,826.29)
86010	EDUCATION	4,734,098.18	322,587.72	5,056,685.90	6,888,901.56	(1,832,215.66)
Summary		206,044,836.92	13,910,232.58	219,955,069.50	97,873,634.44	122,081,435.06

December 7, 2015

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 revenues to anticipate pending assessment appeals and Superior Court cases, please impound \$ _____ into the (District Name) School District Impound Fund, (5 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.

December 7, 2015

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

RE: **RELEASE IMPOUNDS**

Dear Ms. Bedard:

Enclosed you will find a copy of the resolution from the (District Name) School District regarding the release of excess Impounded Local Tax Revenues.

Please release \$_____ to the (District Name) School District General Fund immediately.

If you have any questions, or if I may be of further assistance, please contact me at (phone#)

Sincerely,

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)
SETTLEMENT 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.

The foregoing resolution, on motion of _____, and seconded by _____, was duly passed and adopted this _____ day of _____, 20____, by the following vote:

AYES: NOES: ABSENT: ABSTENTIONS:

BOARD OF TRUSTEES OF THE
_____ SCHOOL DISTRICT

By: _____
Authorized Agent

Member

Member

Member

Member

Member

I HEREBY CERTIFY that the foregoing is a full, true, and correct excerpt from the Journal of the Board of Trustees of the _____ School District pertaining to the adoption of the foregoing Resolution at a regular meeting held on _____, 20____.

Authorized Agent of the Board of Trustees of
the _____ School District,
County of Kern, State of California

The foregoing resolution on motion of _____, and seconded by _____, was duly passed and adopted this _____ day of _____, 20____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

BOARD OF TRUSTEES OF THE
_____ SCHOOL DISTRICT

By: _____
Authorized Agent

Member

Member

Member

Member

Member

I HEREBY CERTIFY that the foregoing is a full, true, and correct excerpt from the Journal of the Board of Trustees of the _____ School District pertaining to the adoption of the foregoing Resolution at a regular meeting held on _____, 20_____.

Authorized Agent of the Board of Trustees of
the _____ School District,
County of Kern, State of California