

November 20, 2014

TO: School District Administrators  
FROM: Division of Administration and Finance  
SUBJECT: Contingent Tax Liability

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

The Auditor-Controller's office has posted the contingent tax liability statements as of 6/30/14 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.

SG:kb  
Attachments

KERN COUNTY  
 AUDITOR-CONTROLLER-COUNTY CLERK  
 ESTIMATE OF CONTINGENT LIABILITY  
 AS OF 06/30/14

Note: Interest is calculated at 3.000%

FUND	AGENCY NAME	APPEALS		TOTAL	IMPOUNDS	NET
		TAXES	INTEREST			CONTINGENT LIABILITY
80004	ARVIN UNION	371,272.16	20,540.70	391,812.86	201,523.20	190,289.66
80006	BAKERSFIELD CITY	2,658,533.83	156,307.87	2,814,841.70	2,099,209.64	715,632.06
80008	BEARDSLEY	457,785.26	18,897.46	476,682.72	364,525.83	112,156.89
80009	BELRIDGE	1,032,139.00	53,124.60	1,085,263.60	401,438.50	683,825.10
80010	BLAKE	1,935.48	74.47	2,009.95	190.59	1,819.36
80013	BUTTONWILLOW UNION	39,014.79	2,236.67	41,251.46	387,039.65	(345,788.19)
80014	CALIENTE UNION	7,558.78	367.84	7,926.62	5,580.79	2,345.83
80018	DELANO UNION	827,174.86	46,252.10	873,426.96	538,128.72	335,298.24
80020	DI GIORGIO	17,834.82	980.98	18,815.80	13,375.35	5,440.45
80022	EDISON	85,773.81	4,886.31	90,660.12	69,445.75	21,214.37
80024	ELK HILLS	246,940.13	12,563.09	259,503.22	250,494.65	9,008.57
80026	FAIRFAX	718,111.12	23,316.21	741,427.33	118,870.88	622,556.45
80028	FRUITVALE	780,765.57	31,646.19	812,411.76	504,969.23	307,442.53
80030	GENERAL SHAFTER	140,894.97	6,674.43	147,569.40	28,349.28	119,220.12
80033	GREENFIELD UNION	687,674.44	39,801.15	727,475.59	484,018.21	243,457.38
80040	KERNVILLE UNION	164,014.11	8,433.84	172,447.95	124,163.81	48,284.14
80042	LAKESIDE UNION	97,775.16	5,573.64	103,348.80	70,807.61	32,541.19
80044	LAMONT	202,699.46	11,760.02	214,459.48	141,030.09	73,429.39
80048	LINNS VALLEY-POSO FLAT UNION	5,044.30	170.46	5,214.76	4,947.41	267.35
80050	LOST HILLS UNION	1,696,284.27	75,939.45	1,772,223.72	756,238.61	1,015,985.11
80054	MAPLE	23,815.66	1,291.47	25,107.13	17,435.86	7,671.27
80056	MCKITTRICK	1,273,548.44	64,558.63	1,338,107.07		1,338,107.07
80058	MIDWAY	2,163,590.41	139,778.44	2,303,368.85	1,005,858.94	1,297,509.91
80064	NORRIS	292,000.34	16,772.60	308,772.94	194,527.21	114,245.73
80066	PANAMA-BUENA VISTA	2,350,083.52	170,902.96	2,520,986.48	1,604,339.56	916,646.92
80068	POND UNION	24,341.00	1,312.83	25,653.83	18,817.42	6,836.41
80072	RICHLAND LERDO	323,901.70	18,643.24	342,544.94	424,051.10	(81,506.16)
80074	RIO-BRAVO - GREELEY UNION	622,933.50	37,349.63	660,283.13	362,696.51	297,586.62
80076	ROSDALE UNION	593,942.32	28,011.34	621,953.66	280,850.91	341,102.75
80078	SEMITROPIC	40,755.52	2,264.07	43,019.59	21,004.28	22,015.31
80084	SOUTH FORK UNION	22,983.54	1,259.84	24,243.38	16,872.98	7,370.40
80086	STANDARD	6,107,048.89	359,654.99	6,466,703.88	2,793,837.21	3,672,866.67
80088	TAFT CITY	4,245,437.44	258,897.74	4,504,335.18	2,301,514.88	2,202,820.30
80092	VINELAND	59,278.83	3,393.04	62,671.87	44,624.56	18,047.31
80094	WASCO UNION	440,853.56	26,442.14	467,295.70	342,518.10	124,777.60
81018	DELANO JOINT UNION HIGH	549,752.90	29,891.65	579,644.55	335,060.97	244,583.58
81038	KERN JOINT UNION HIGH	15,495,412.40	882,686.84	16,378,099.24	10,932,395.76	5,445,703.48
81088	TAFT UNION HIGH	20,032,596.18	1,075,709.59	21,108,305.77	-	21,108,305.77
81094	WASCO UNION HIGH	3,499,046.43	161,122.29	3,660,168.72	1,617,411.53	2,042,757.19
82050	EL TEJON UNIFIED	192,049.40	8,674.33	200,723.73	176,900.02	23,823.71
82052	MARICOPA UNIFIED	1,499,972.64	93,753.96	1,593,726.60	696,652.80	897,073.80
82055	MCFARLAND UNIFIED	2,024,281.89	127,119.54	2,151,401.43	1,539,456.74	611,944.69
82060	MOJAVE UNIFIED	3,863,494.75	179,699.57	4,043,194.32	1,702,439.76	2,340,754.56
82062	MUROC UNIFIED	1,237,282.01	120,202.39	1,357,484.40	1,350,566.12	6,918.28
82080	SOUTHERN KERN UNIFIED	588,217.53	22,762.37	610,979.90	195,066.91	415,912.99
82082	SIERRA SANDS UNIFIED	559,865.31	27,293.81	587,159.12	328,466.40	258,692.72
82090	TEHACHAPI UNIFIED	1,450,459.67	116,925.58	1,567,385.25	1,821,290.14	(253,904.89)
84038	KERN JOINT COMMUNITY COLLEGE	12,453,623.30	686,084.76	13,139,708.06	9,117,238.66	4,022,469.40
84096	WEST KERN JOINT COMM COLLEGE	7,068,245.18	414,241.39	7,482,486.57	4,213,525.83	3,268,960.74
86010	EDUCATION	6,521,128.26	367,773.30	6,888,901.56	5,038,578.54	1,850,323.02

November 20, 2014

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.

November 20, 2014

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

**BEFORE THE GOVERNING BOARD  
OF THE \_\_\_\_\_ SCHOOL DISTRICT  
OF KERN COUNTY, STATE OF CALIFORNIA**

**In the Matter of:**

<b>IMPOUNDMENT OF LOCAL TAX</b>	)	
<b>REVENUES TO ANTICIPATE PENDING</b>	)	
<b>CLAIMS AND/OR LITIGATION</b>	)	<b>RESOLUTION NO. _____</b>
_____	}	

**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 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