

October 15, 2018

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 6/30/18 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.

PQ:vr
Attachments

KERN COUNTY						
AUDITOR-CONTROLLER-COUNTY CLERK						
ESTIMATE OF CONTINGENT LIABILITY						
AS OF 06/30/18						
Note: Interest is calculated at 3.000%						
						NET
FundNo	Agency Name	APPEALS TAXES	APPEALS INTEREST	TOTAL	IMPOUNDS	CONTINGENT LIABILITY
80004	ARVIN UNION	103,714.83	3,372.60	107,087.44	196,198.88	(89,111.44)
80006	BAKERSFIELD CITY	194,209.08	6,828.99	201,038.07	1,014,983.20	(813,945.13)
80008	BEARDSLEY	294,051.81	22,948.75	317,000.56	293,183.56	23,817.00
80009	BELRIDGE	53,568.65	1,926.42	55,495.07	12,386.53	43,108.54
80010	BLAKE	16,916.77	418.81	17,335.58	190.59	17,144.99
80013	BUTTONWILLOW UNION	183,237.58	4,538.55	187,776.13	61,908.36	125,867.77
80014	CALIENTE UNION	17,656.65	445.84	18,102.49	2,360.38	15,742.11
80018	DELANO UNION	153,691.82	5,761.67	159,453.49	370,406.30	(210,952.81)
80020	DI GIORGIO	18,420.56	472.51	18,893.07	11,220.58	7,672.49
80022	EDISON	25,610.10	694.89	26,304.99	36,508.35	(10,203.36)
80024	ELK HILLS	271,471.17	18,668.40	290,139.56	177,440.80	112,698.76
80026	FAIRFAX	555,624.38	29,537.52	585,161.90	1,136,962.72	(551,800.82)
80028	FRUITVALE	526,855.41	48,116.72	574,972.13	539,025.02	35,947.11
80030	GENERAL SHAFER	24,232.66	691.73	24,924.39	109,766.89	(84,842.50)
80033	GREENFIELD UNION	56,800.79	1,675.45	58,476.24	297,725.07	(239,248.83)
80040	KERNVILLE UNION	26,373.18	758.25	27,131.43	31,893.86	(4,762.43)
80042	LAKESIDE UNION	335,967.70	8,322.27	344,289.97	131,672.14	212,617.83
80044	LAMONT	145,148.45	5,044.80	150,193.26	146,478.51	3,714.75
80048	LINNS VALLEY-POSO FLAT UNION	17,835.89	452.34	18,288.23	1,751.66	16,536.57
80050	LOST HILLS UNION	373,006.65	15,133.88	388,140.54	225,384.36	162,756.18
80054	MAPLE	19,345.59	505.87	19,851.46	10,477.68	9,373.78
80056	MCKITTRICK	539,834.69	17,834.86	557,669.55		557,669.55
80058	MIDWAY	182,700.29	5,315.35	188,015.64	764,055.48	(576,039.84)
80064	NORRIS	41,599.63	1,241.55	42,841.18	140,915.31	(98,074.13)
80066	PANAMA-BUENA VISTA	213,390.11	14,264.71	227,654.82	1,198,607.97	(970,953.15)
80068	POND UNION	20,446.43	548.03	20,994.46	8,963.56	12,030.90
80072	RICHLAND LERDO	226,937.12	11,419.06	238,356.19	191,655.74	46,700.45
80074	RIO-BRAVO - GREELEY UNION	1,517,359.78	159,210.79	1,676,570.57	1,388,787.86	287,782.71
80076	ROSEDALE UNION	622,321.62	61,969.80	684,291.42	776,712.99	(92,421.57)
80078	SEMITROPIC	19,582.38	515.11	20,097.49	8,463.56	11,633.93
80084	SOUTH FORK UNION	18,605.48	478.90	19,084.38	8,687.98	10,396.40
80086	STANDARD	83,476.69	3,195.91	86,672.60	142,224.33	(55,551.73)
80088	TAFT CITY	698,702.26	18,909.39	717,611.66	1,970,605.30	(1,252,993.64)
80092	VINELAND	598,886.21	26,005.12	624,891.33	589,429.25	35,462.08
80094	WASCO UNION	39,001.70	1,130.24	40,131.95	116,904.51	(76,772.56)
81018	DELANO JOINT UNION HIGH	147,386.76	5,559.14	152,945.90	245,149.25	(92,203.35)
81038	KERN JOINT UNION HIGH	7,941,171.09	539,942.86	8,481,113.95	8,833,249.65	(352,135.70)
81088	TAFT UNION HIGH	2,757,937.20	133,723.03	2,891,660.23	4,627,827.84	(1,736,167.61)
81094	WASCO UNION HIGH	709,212.03	28,869.80	738,081.83	456,444.61	281,637.22
82050	EL TEJON UNIFIED	34,505.84	1,059.25	35,565.08	34,262.62	1,302.46
82052	MARICOPA UNIFIED	55,450.51	1,478.23	56,928.74	384,632.14	(327,703.40)
82055	MCFARLAND UNIFIED	265,888.76	6,826.44	272,715.21	1,396,915.43	(1,124,200.22)
82060	MOJAVE UNIFIED	5,034,359.57	270,945.92	5,305,305.50	5,741,265.24	(435,959.74)
82062	MUROC UNIFIED	3,197,846.03	126,349.36	3,324,195.39	1,870,253.16	1,453,942.23
82080	SOUTHERN KERN UNIFIED	1,297,346.83	63,085.78	1,360,432.61	1,183,227.86	177,204.75
82082	SIERRA SANDS UNIFIED	64,737.35	1,918.93	66,656.28	171,156.35	(104,500.07)
82090	TEHACHAPI UNIFIED	640,465.48	45,764.97	686,230.45	1,224,714.06	(538,483.61)
84038	KERN JOINT COMMUNITY COLLEGE	4,516,099.27	264,649.84	4,780,749.11	5,576,246.56	(795,497.45)
84096	WEST KERN JOINT COMM COLLEGE	1,956,425.32	97,206.06	2,053,631.38	2,927,206.21	(873,574.83)
86010	EDUCATION	2,278,588.06	125,622.62	2,404,210.68	2,924,106.69	(519,896.01)
		39,134,004.22	2,211,357.32	41,345,361.53	49,710,596.95	(8,365,235.42)

October 15, 2018

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.

October 15, 2018

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:

**IMPOUNDMENT OF LOCAL TAX)
REVENUES TO ANTICIPATE PENDING) RESOLUTION NO. _____
CLAIMS AND/OR LITIGATION)
_____)**

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