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November 15, 2024

TO: School District Administrators  
FROM: Division of Fiscal Support  
SUBJECT: Contingent Tax Liability

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

The Auditor-Controller's office has posted the contingent tax liability statements as of 6/30/24 on their web site at (<https://www.auditor.co.kern.ca.us/Contingent/Search.aspx>). 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.

JP:MWH  
Attachments

**KERN COUNTY  
AUDITOR-CONTROLLER-COUNTY CLERK  
ESTIMATE OF CONTINGENT LIABILITY  
AS OF 6/30/2024**

<b>AGENCY</b>	<b>FUND</b>	<b>APPEALS TAXES</b>	<b>APPEALS INTEREST*</b>	<b>TOTAL</b>	<b>IMPOUNDS</b>	<b>NET CONTINGENT LIABILITY</b>
ARVIN UNION	80004	1,210,080.94	29,638.51	1,239,719.45	238,343.59	1,001,375.86
BAKERSFIELD CITY	80006	528,992.38	12,956.61	541,948.99	92,908.00	449,040.99
BEARDSLEY	80008	196,929.95	4,823.41	201,753.35	201,766.52	(13.17)
BLAKE	80010	641.68	15.72	657.39	286.03	371.36
BUTTONWILLOW UNION	80013	15,723.86	385.12	16,108.98	6,290.67	9,818.31
CALIENTE UNION	80014	1,237.48	30.31	1,267.79	489.79	778.00
DELANO UNION	80018	80,235.68	1,965.21	82,200.90	36,262.22	45,938.68
DI GIORGIO	80020	2,580.05	63.19	2,643.25	289,172.30	(286,529.05)
EDISON	80022	15,604.67	382.21	15,986.88	39,664.13	(23,677.25)
ELK HILLS	80024	1,293.91	31.69	1,325.61	12,157.51	(10,831.90)
FAIRFAX	80026	1,566,968.79	38,379.77	1,605,348.56	702,341.18	903,007.38
FRUITVALE	80028	170,978.90	4,187.79	175,166.69	522,057.27	(346,890.58)
GENERAL SHAFTER	80030	230,385.07	5,642.82	236,027.89	146,018.60	90,009.29
GREENFIELD UNION	80033	69,282.47	1,696.94	70,979.41	35,829.84	35,149.57
KERNVILLE UNION	80040	19,140.14	468.80	19,608.94	5,883.81	13,725.13
LAKESIDE UNION	80042	151,550.61	3,711.93	155,262.54	95,740.71	59,521.83
LAMONT	80044	535,166.40	13,107.83	548,274.23	472,449.09	75,825.14
LINNS VALLEY-POSO FLAT UNION	80048	36,974.19	905.61	37,879.79	1,055.06	36,824.73
LOST HILLS UNION	80050	472,369.15	11,569.74	483,938.89	195,196.17	288,742.72
MAPLE	80054	9,552.19	233.96	9,786.15	4,576.26	5,209.89
MCKITTRICK	80056	776,565.95	19,020.43	795,586.38		795,586.38
MIDWAY	80058	498,698.32	12,214.62	510,912.94	168,852.37	342,060.57
NORRIS	80064	61,137.42	1,497.44	62,634.86	27,072.10	35,562.76
PANAMA-BUENA VISTA	80066	426,901.32	10,456.09	437,357.41	234,122.95	203,234.46
POND UNION	80068	3,923.84	96.11	4,019.95	2,892.13	1,127.82
RICHLAND LERDO	80072	256,883.75	6,291.85	263,175.60	165,751.81	97,423.79
RIO-BRAVO - GREELEY UNION	80074	1,268,619.11	31,072.29	1,299,691.39	1,129,711.93	169,979.46
ROSEDALE UNION	80076	53,670.98	1,314.56	54,985.55	202,684.29	(147,698.74)
SEMITROPIC	80078	9,851.64	241.30	10,092.94	1,438.73	8,654.21
SOUTH FORK UNION	80084	2,525.76	61.86	2,587.62	930.39	1,657.23
STANDARD	80086	101,211.79	2,478.98	103,690.77	12,202.36	91,488.41
TAFT CITY	80088	485,305.42	11,886.59	497,192.00	330,471.59	166,720.41
VINELAND	80092	1,427,929.53	34,974.28	1,462,903.81	1,315,794.68	147,109.13
WASCO UNION	80094	156,276.48	3,827.68	160,104.16	82,776.88	77,327.28
DELANO JOINT UNION HIGH	81018	72,265.82	1,770.01	74,035.82	37,842.72	36,193.10
KERN JOINT UNION HIGH	81038	9,705,320.44	237,712.41	9,943,032.85	7,595,257.39	2,347,775.46
TAFT UNION HIGH	81088	8,403,424.05	205,825.07	8,609,249.12	3,565,373.60	5,043,875.52
WASCO UNION HIGH	81094	1,035,022.63	25,350.81	1,060,373.44	444,360.36	616,013.08
EL TEJON UNIFIED	82050	22,107.60	541.48	22,649.08	10,596.79	12,052.29
MARICOPA UNIFIED	82052	157,267.98	3,851.96	161,119.95	59,818.89	101,301.06
MCFARLAND UNIFIED	82055	768,713.86	18,828.11	787,541.97	221,688.50	565,853.47
MOJAVE UNIFIED	82060	21,280,768.34	521,229.86	21,801,998.20	16,646,717.68	5,155,280.52
MUROC UNIFIED	82062	14,066,936.47	344,541.48	14,411,477.95	12,001,758.77	2,409,719.18
SOUTHERN KERN UNIFIED	82080	5,731,385.87	140,378.83	5,871,764.71	4,469,741.59	1,402,023.12
SIERRA SANDS UNIFIED	82082	71,443.96	1,749.88	73,193.84	32,150.95	41,042.89
TEHACHAPI UNIFIED	82090	7,672,799.68	187,929.88	7,860,729.56	5,944,180.03	1,916,549.53
KERN JOINT COMMUNITY COLLEGE	84038	13,938,227.98	341,389.02	14,279,617.00	9,905,206.32	4,374,410.68
WEST KERN JOINT COMM COLLEGE	84096	1,011,755.62	24,780.93	1,036,536.55	448,533.98	588,002.57
EDUCATION	86010	5,506,641.49	134,874.17	5,641,515.66	3,871,149.18	1,770,366.48
<b>TOTAL</b>		<b>257,267,134.99</b>	<b>6,301,243.94</b>	<b>263,568,378.92</b>	<b>82,853,676.89</b>	<b>180,714,702.03</b>

November 15, 2024

Aimee X. Espinoza  
Kern County Auditor-Controller's Office  
1115 Truxtun Ave.  
Bakersfield, CA 93301-4637

RE: **CONTINGENT LIABILITY**

Dear Ms. Espinoza:

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 15, 2024

Aimee X. Espinoza  
Kern County Auditor-Controller's Office  
1115 Truxtun Ave.  
Bakersfield, CA 93301-4637

RE: **RELEASE IMPOUNDS**

Dear Ms. Espinoza:

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