



Board of Supervisors Memorandum

January 21, 2020

Authorization to Loan \$1,800,000 to the Catalina Foothills Unified School District No. 16

Background

In the attached memorandum, dated November 4, 2019, I reported to the Board of Supervisors that an error was made that impacted the Fiscal Year (FY) 2019/20 secondary property tax levy for the Catalina Foothills Unified School District No. 16 (District). In that memorandum, I recommended the following:

- Send a notification to all District property taxpayers advising them of the error regarding the under-billing of the Override Capital Outlay levy on their 2019 property tax billing statement.
- Ensure that funds are made available to the District to temporarily cover the levy shortfall of \$1.8 million through a short-term, interest free loan with a 1 year payback.
- Bill the 2019 Override for Capital Outlay and 2020 Override for Capital Outlay on separate lines on the 2020 property tax billing statement.
- Provide an informational insert with the 2020 property tax billing statement explaining the 2019 Override for Capital Outlay line for all taxpayers within the District.
- Provide a Pima County contact for taxpayers to call now and in 2020.

At the November 5, 2019 Board of Supervisors meeting, the Board discussed the item. However, no Board action was taken. Recently, the District contacted the County Finance and Risk Management Director and requested the \$1.8 million short-term, interest fee loan.

Recommendation

To formalize the item reviewed and approved in concept during the November 5, 2019 Board of Supervisors meeting, I recommend that the Board of Supervisors authorize the Finance and Risk Management Director to enter into a short-term, interest free loan document with a 1 year payback with the District to temporarily cover the levy shortfall of \$1.8 million.

Sincerely,

A handwritten signature in black ink, appearing to read "C.H. Huckelberry".

C.H. Huckelberry
County Administrator

CHH/mp – January 15, 2020

c: The Honorable Dustin Williams, Pima County School Superintendent
Jan Leshner, Chief Deputy County Administrator
Michelle Campagne, Finance and Risk Management Director

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: **November 5, 2019 Board of Supervisor Addendum Item 3, Discussion and Possible
Action Related to District 1 Property Tax Error for the Foothills School District**
November 4, 2019
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Option D was rejected following discussion with the County Attorney's Office. The County Attorney's Office noted that this is not a, "*situation governed by statutory authority on levying for cash deficits. Instead, the solution to this problem is based on longstanding case law providing that the County has a continuing duty to levy to fix the mistake at the appropriate time. The appropriate time would be in the next budget-and-tax-levy cycle next year.*"

Therefore, the preferable option, Option C, is the solution proposed.

Recommendation

Staff recommends the \$1.8 million for 2019 Override Capital Outlay be added to the 2020 property tax bill statements sent out in September 2020 for all District taxpayers [Case law Sanders v. Folsom, 104 Ariz. 283, 287-290 (1969)].

To accomplish this, I recommend Pima County do the following:

- Send a notification to all District property taxpayers advising them of the error regarding the under-billing of the Override Capital Outlay levy on their 2019 property tax billing statement.
- Ensure that funds are made available to the District to temporarily cover the levy shortfall of \$1.8 million through a short-term, interest free loan with a 1-year payback.
- Bill the 2019 Override for Capital Outlay and 2020 Override for Capital Outlay on separate lines on the 2020 property tax billing statement.
- Provide an informational insert with the 2020 property tax billing statement explaining the 2019 Override for Capital Outlay line for all taxpayers within the District.
- Provide a Pima County contact for taxpayers to call now and in 2020.

CHH/lab

Attachment


c: The Honorable Dustin Williams, Pima County School Superintendent
Jan Leshner, Chief Deputy County Administrator
Michelle Campagne, Director for Finance and Risk Management



MEMORANDUM

Date: October 23, 2019

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry 
County Administrator

Re: **Catalina Foothills Unified School District No. 16 Secondary Property Tax**

Pima County was recently made aware of an error that impacts the Fiscal Year 2019/20 secondary property tax levy for the Catalina Foothills Unified School District No. 16 (District).

Property tax billing statements sent to taxpayers in the District contained a line item for a secondary property tax levy for the District entitled *Override Election K-3* (corrected to *Override Capital Outlay*). The amount was calculated using a secondary property tax rate of \$0.0316 per \$100 of taxable net assessed value.

Staff recently noted this was incorrect. The tax amount should have been calculated using a secondary property tax rate of \$0.3161 per \$100 of taxable net assessed value. This error results in the District receiving \$1,800,000 less in property taxes than was originally budgeted for FY 2019/20.

The Pima County Schools Superintendent's Office and County Finance Staff are working with the District's Superintendent to ensure the District does not experience negative impacts for the unbilled amount during the current tax year. Notifications will be sent to the taxpayers within the District to explain the error. The \$1,800,000 for the 2019 Tax Year will be included on the 2020 property tax billing statements mailed in September 2020.

CHH/lab

c: The Honorable Dustin Williams, Pima County School Superintendent
Jan Leshar, Chief Deputy County Administrator
Michelle Campagne, Director, Finance and Risk Management
Robert W. Johnson, Deputy Director, Finance and Risk Management
Patrick McGee, Budget Manager, Finance and Risk Management