

Questions Submitted by Trustee Connie Prado

January 23, 2019

Regular Called Board Meeting

Discussion Possible Action #1

1. At a recent Board meeting, a former board member, announced to the Board that we did not have any Bond Capacity? He indicated that he had sought and received that information from the School District's Financial Advisor. During the 2013-2015 time frame, the school district formed a Bond Committee with the hope of putting together a Bond Package. The Bond Committee was informed that we did have some Bond Capacity. Looking at the data in the AFR, specifically, the Interest & Sinking Fund (Debt Service), I could not ascertain whether or not we have Bond Capacity. Do we? If so, how much?

Although the AFR does not reflect future bonding capacity, yes, as per our current Financial Advisor as of today we have approximately \$14 million available, based on current projected information.

2. On page 5 of the AFR, under the financial highlights, GASB Statement No. 75 and (OPED) are mentioned for the first time from previous AFR's. Please briefly explain what this means?

OPED is a new addition to audit reports.

Auditors will be available to answer any additional questions.

3. On page 5 of the AFR, under the financial highlights, there was an increase to the unassigned fund balance from the prior year of approx. \$5.7M. Why did we have an increase?

The increase is do to higher than expected revenues and district reduction of expenditures.

4. What is the difference between the increase in the unassigned fund balance of \$5.7M and \$8.4M in Exhibit G-1?

The \$5.7 million is the actual increase in fund balance over previous year fund balance. The \$8.4 million in Exhibit G-1 is the variance between budget and actual expenditure.

5. On page 30 of the AFR, please explain what was the cause for each of the Special Education MOE payments: \$534K, \$627K, and \$212K?

The district did not meet the special education Maintenance of Effort in 2015-16, requiring the district to have to pay back TEA in the amount of \$534K. In 2016-17 the district intentionally left it's MOE below the required amount and accrued the anticipated MOE expense of \$627K. The district submitted a request for

exception due to district administration identifying an accounting coding error which inflated the district's prior year MOE requirement. TEA approved the district's request for exception lowering the districts current MOE, the district owed \$212K additional for 2013-14, 2014-15 MOE that were also recalculated do to the exception.