

Questions Submitted by Trustee Connie Prado

April 11, 2019

Special Called Board Meeting

Discussion and Possible Action Agenda Item #7

DISCUSSION AND POSSIBLE ACTION

ITEM #7

At the Budget Committee meeting, there was discussion regarding the Tax Subsidy Fund. It appeared that the Administration wanted to imply that this fund was already included in the General Fund Balance. **Yes, the Tax Bond Subsidy revenue is federal revenue as stated in December when you asked about the tax subsidy fund balance. The tax bond subsidy revenue were first received by the district in General Fund for the fiscal year 2016-2017. There was no board action to designate these funds into a separate Fund Balance account or category in any year, therefore it has been incorporated into the General Fund Unassigned Fund Balance total. Per Legal Counsel, if the district choose to incorporate the subsidy into the General Fund as part of one of it's revenue sources in the 2018-2019 budget, this would allow administration to utilize these funds as part of the operating budget.** Please refer to page 43 of the latest AFR (Revenues from Federal Sources). **on the same page it also states (For the year ended August 31, 2018, revenues from federal programs included in the General Fund consisted of the following).** Does the \$960,786 listed on this page correspond to the information sheet the Chief of Staff provided the Board of Trustees entitled SUBSIDY BOND PAYMENTS? **We are unsure of which sheet you are referencing. The \$960,786 listed as Tax Bond Subsidy is the amount that was included in the General Fund from that Federal Source listed on Page 43 of the AFR.** If so, do you concur that this fund will have in its fund balance approx. \$3.8 Million by August 2019? **No, just the same as the other items listed on this page (SHARS, E-Rate, Indirect Cost, etc.) they do not have an individual fund balance the revenue is included into the General Fund Balance.** Does the administration concur that the Tax Subsidy Fund is not included in the General Fund Balance? **No, Just the opposite we concur with the AFR that the Tax Bond Subsidy Payments are an element of revenue to the General Fund. This revenue is not accounted for in a separate fund. As stated in the budget workshop to appease the desire to have a "Tax Subsidy Fund" we will locally sub object code all the revenue that has been received into a sub account within the General Fund that is labeled Tax Bond Subsidy that can be used and tracked as per the intended desire. We also discussed this with legal council at the April 9, 2019 agenda setting meeting for the April 17, 2019 regular scheduled meeting.**