

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the general and debt service funds to liquidate governmental long-term liabilities.

Governmental Activities:	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
Bonds payable:					
Series 2007	\$ 339,993	\$ -	\$ -	\$ 339,993	\$ -
Series 2013	10,510,000	-	(1,545,000)	8,965,000	1,615,000
Series 2015	6,530,000	-	(850,000)	5,680,000	880,000
Series 2016	7,940,000	-	(435,000)	7,505,000	450,000
Series 2017	4,660,000	-	(90,000)	4,570,000	90,000
Series 2020	-	16,520,000	-	16,520,000	265,000
Maintenance tax note:					
Series 2018	15,945,000	-	(590,000)	15,355,000	615,000
	<u>45,924,993</u>	<u>16,520,000</u>	<u>(3,510,000)</u>	<u>58,934,993</u> *	<u>3,915,000</u>
Capital leases:					
Copiers	75,203	-	(75,203)	-	-
Virtual network - equipment	53,184	-	(26,062)	27,122	27,122
Virtual network - software	199,345	-	(96,944)	102,401	102,401
Cyber security - equipment	-	513,619	(178,780)	334,839	140,246
	<u>327,732</u>	<u>513,619</u>	<u>(376,989)</u>	<u>464,362</u> *	<u>269,769</u>
Other liabilities:					
Compensated absences	603,320	755,024	(616,342)	742,002	667,802
Unamortized premium	4,875,224	2,730,418	(529,736)	7,075,906 *	-
Accreted interest	1,419,337	80,418	-	1,499,755 *	-
Net pension liability	33,072,215	-	(2,428,445)	30,643,770	-
Net OPEB liability	43,311,812	-	(2,751,166)	40,560,646	-
Total Governmental Activities	<u>\$ 129,534,633</u>	<u>\$ 20,599,479</u>	<u>\$ (10,212,678)</u>	<u>\$ 139,921,434</u>	<u>\$ 4,852,571</u>
				<u>\$ 135,068,863</u>	
				<u>\$ 67,975,016</u>	

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Unlimited Tax School Building Bonds

During the fiscal year, the District issued \$16,520,000 of Unlimited Tax School Bonds, Series 2020 (the "Bonds"). Proceeds will be used for the purposes of constructing, renovating, acquiring, and equipping a new elementary school. In addition, the proceeds will be used to acquire a site for the

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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

new elementary school and paying the cost of issuance related to the Bonds. The Bonds mature on August 15, 2050 and have an interest rate ranging from 4.00% to 5.00%.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
General Obligation Bonds		
Unlimited Tax Refunding Bonds		
Series 2007	4.51% - 4.53%	\$ 339,993
Series 2013	3.00% - 5.00%	8,965,000
Series 2015	2.00% - 4.00%	5,680,000
Series 2016	3.00% - 4.00%	7,505,000
Series 2017	2.00% - 4.00%	4,570,000
Series 2020	4.00% - 5.00%	16,520,000
Total General Obligation Bonds		\$ 43,579,993
Maintenance Tax Notes		
Series 2018	4.00% - 5.00%	\$ 15,355,000
Total Maintenance Tax Notes		\$ 15,355,000
Capital Leases		
Virtual Network - Equipment	4.06%	\$ 27,122
Virtual Network - Software	5.63%	102,401
Cyber Security - Equipment	4.40%	334,839
Total Capital Leases		\$ 464,362

The annual requirements to amortize bond and notes issuances outstanding at year end were as follows:

Year Ended Aug 31	Principal	Interest	Total Requirements
2021	\$ 3,915,000	\$ 2,442,700	\$ 6,357,700
2022	4,085,000	2,275,650	6,360,650
2023	4,275,000	2,100,700	6,375,700
2024	4,450,000	1,934,825	6,384,825
2025	4,610,000	1,771,988	6,381,988
2026-2030	13,149,993	7,075,750	20,225,743
2031-2035	11,140,000	4,131,750	15,271,750
2036-2040	5,420,000	2,126,400	7,546,400
2041-2045	3,560,000	1,304,600	4,864,600
2046-2050	4,330,000	533,200	4,863,200
Total	\$ 58,934,993	\$ 25,697,563	\$ 84,632,556

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NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2020

The annual requirements to amortize capital lease obligations outstanding at year end were as follows:

Year Ended Aug 31	Principal	Interest	Total Requirements
2021	\$ 269,769	\$ 45,402	\$ 315,171
2022	149,891	28,890	178,781
2023	18,692	17,502	36,194
2024	26,010	10,183	36,193
Total	\$ 464,362	\$ 101,977	\$ 566,339

Capital assets acquired under current capital leases obligations totaled \$1,606,074 less accumulated depreciation of \$918,787.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the District could result. The District periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

D. Commitments Under Noncapitalized Leases

The District has active leases for a vehicle lease for the Drivers Education Program for the use of three vehicles, copiers, and technology equipment. The total operating lease expense during the current year was \$210,992.

The future minimum lease payments for these leases are as follows:

Year Ended August 31	Future Minimum Lease Payments
2021	\$ 296,417
2022	296,417
2023	282,797
2024	85,425
Total	\$ 961,056