

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

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	\$ 5,549,993	\$ -	\$ (5,210,000)	\$ 339,993	\$ -
Series 2008	420,000	-	(420,000)	-	-
Series 2013	13,380,000	-	(1,400,000)	11,980,000	1,470,000
Series 2015	8,180,000	-	(815,000)	7,365,000	835,000
Series 2016	8,360,000	-	-	8,360,000	420,000
Series 2017	-	4,850,000	(100,000)	4,750,000	90,000
Maintenance tax note:					
Series 2018	-	16,420,000	-	16,420,000	475,000
	<u>35,889,993</u>	<u>21,270,000</u>	<u>(7,945,000)</u>	<u>49,214,993</u>	<u>* 3,290,000</u>
Capital leases:					
Copiers	317,612	-	(118,317)	199,295	124,092
Virtual network - equipment	102,294	-	(24,066)	78,228	25,044
Virtual network - software	378,007	-	(86,885)	291,122	91,777
	<u>797,913</u>	<u>-</u>	<u>(229,268)</u>	<u>568,645</u>	<u>* 240,913</u>
Other liabilities:					
Compensated absences	634,167	488,289	(480,924)	641,532	439,460
Unamortized premium	3,589,716	2,493,901	(766,735)	5,316,882	*
Unamortized discount	(40,861)	-	40,861	-	*
Accreted interest	1,268,896	73,540	-	1,342,436	*
Net pension liability	23,568,734	-	(4,168,717)	19,400,017	-
Net OPEB liability	73,770,519	-	(31,984,832)	41,785,687	-
Total Governmental Activities	<u>\$ 139,479,077</u>	<u>\$ 24,325,730</u>	<u>\$ (45,534,615)</u>	<u>\$ 118,270,192</u>	<u>\$ 3,970,373</u>
				<u>\$ 114,299,819</u>	
				<u>\$ 56,442,956</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.

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2018

Current Refunding

The District issued \$4,850,000 of Unlimited Tax Refunding Bonds, Series 2017 to provide resources for debt services payments of \$5,210,000 of Unlimited Tax Refunding Bonds, Series 2007. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by \$52,868. This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This current refunding was undertaken to reduce the total debt service payments over the next 14 years by \$627,630 and resulted in an economic gain of \$527,817.

Maintenance Tax Notes

During the fiscal year, the District issued \$16,420,000 of Maintenance Tax Notes, Series 2018. Proceeds will be used for the purposes of paying lawful maintenance expenses of the District including repair, rehabilitation, renovation, or replacement of heating, air conditioning, ventilation, electric, lighting, and other building systems of existing school properties throughout the District. The notes mature on August 15, 2037 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%	11,980,000
Series 2015	2.00% - 4.00%	7,365,000
Series 2016	3.00% - 4.00%	8,360,000
Series 2017	2.00% - 4.00%	4,750,000
Total General Obligation Bonds		\$ 32,794,993
 Maintenance Tax Notes		
Series 2018	4.00% - 5.00%	\$ 16,420,000
Total Maintenance Tax Notes		\$ 16,420,000
 Capital Leases		
Copiers	4.77%	\$ 199,295
Virtual Network - Equipment	4.06%	78,228
Virtual Network - Software	5.63%	291,122
Total Capital Leases		\$ 568,645

**SAN FELIPE DEL RIO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended August 31, 2018

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

Year Ended Aug 31	Principal	Interest	Total Requirements
2019	\$ 3,290,000	\$ 2,093,075	\$ 5,383,075
2020	3,510,000	1,874,575	5,384,575
2021	3,650,000	1,735,000	5,385,000
2022	3,805,000	1,581,200	5,386,200
2023	3,985,000	1,420,250	5,405,250
2024-2028	14,034,993	5,082,113	19,117,106
2029-2033	12,175,000	2,614,800	14,789,800
2034-2037	4,765,000	610,250	5,375,250
Total	<u>\$ 49,214,993</u>	<u>\$ 17,011,263</u>	<u>\$ 66,226,256</u>

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

Year Ended Aug 31	Principal	Interest	Total Requirements
2019	\$ 240,913	\$ 26,392	\$ 267,305
2020	198,171	14,586	212,757
2021	129,561	6,868	136,429
Total	<u>\$ 568,645</u>	<u>\$ 47,846</u>	<u>\$ 616,491</u>

Capital assets acquired under current capital leases obligations totaled \$1,092,455 less accumulated depreciation of \$450,575.

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 previously entered into a vehicle lease for the Drivers Education Program for the use of three vehicles. The District also has active leases for copiers and technology equipment. The total operating lease expense during the current year was \$16,831.