

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

C. Long-Term Debt

The following is a summary of changes in the District's total governmental long-term liabilities for the ten months ended June 30, 2021. In general, the District uses the general and debt service funds to liquidate governmental long-term liabilities.

Governmental Activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds payable:					
Series 2007	\$ 339,993	\$ -	\$ -	\$ 339,993	\$ -
Series 2013	8,965,000	-	(1,615,000)	7,350,000	1,705,000
Series 2015	5,680,000	-	-	5,680,000	880,000
Series 2016	7,505,000	-	-	7,505,000	450,000
Series 2017	4,570,000	-	-	4,570,000	90,000
Series 2020	16,520,000	-	-	16,520,000	265,000
Maintenance tax note:					
Series 2018	15,355,000	-	-	15,355,000	615,000
	<u>58,934,993</u>	<u>-</u>	<u>(1,615,000)</u>	<u>57,319,993</u>	<u>* 4,005,000</u>
Capital leases:					
Virtual network - equipment	27,122	-	(27,122)	-	-
Virtual network - software	102,401	-	(102,401)	-	-
Cyber security - equipment	334,839	-	(140,246)	194,593	149,891
	<u>464,362</u>	<u>-</u>	<u>(269,769)</u>	<u>194,593</u>	<u>* 149,891</u>
Other liabilities:					
Compensated absences	742,002	1,338,546	(1,216,826)	863,722	777,350
Unamortized premium	7,075,906	-	(529,735)	6,546,171	*
Accreted interest	1,499,755	41,575	-	1,541,330	*
Net pension liability	30,643,770	-	(315,134)	30,328,636	-
Net OPEB liability	40,560,646	-	(8,761,826)	31,798,820	-
Total Governmental Activities	<u>\$ 139,921,434</u>	<u>\$ 1,380,121</u>	<u>\$ (12,708,290)</u>	<u>\$ 128,593,265</u>	<u>\$ 4,932,241</u>
				<u>Long-term liabilities due in more than one year</u>	<u>\$ 123,661,024</u>
				<u>*Debt associated with capital assets</u>	<u>\$ 65,602,087</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 Ten Months Ended June 30, 2021

Long-term debt at ten months 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%	7,350,000
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		\$ 41,964,993
 Maintenance Tax Notes		
Series 2018	4.00% - 5.00%	\$ 15,355,000
Total Maintenance Tax Notes		\$ 15,355,000
 Capital Leases		
Cyber Security - Equipment	4.40%	\$ 194,593
Total Capital Leases		\$ 194,593

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

Year Ended June 30	Principal	Interest	Total Requirements
2022	\$ 4,005,000	\$ 2,360,300	\$ 6,365,300
2023	4,185,000	2,189,425	6,374,425
2024	4,360,000	2,009,375	6,369,375
2025	4,510,000	1,855,075	6,365,075
2026	2,660,000	1,681,875	4,341,875
2027-2031	13,149,993	6,793,750	19,943,743
2032-2036	11,140,000	3,880,725	15,020,725
2037-2041	5,420,000	2,005,500	7,425,500
2042-2046	3,560,000	1,233,400	4,793,400
2047-2051	4,330,000	446,600	4,776,600
Total	\$ 57,319,993	\$ 24,456,025	\$ 81,776,018

SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Ten Months Ended June 30, 2021

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

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2022	\$ 149,891	\$ 28,890	\$ 178,781
2023	18,692	17,502	36,194
2024	26,010	10,183	36,193
Total	<u>\$ 194,593</u>	<u>\$ 56,575</u>	<u>\$ 251,168</u>

Capital assets acquired under current capital leases obligations totaled \$1,130,309 less accumulated depreciation of \$787,897.

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 ten months was \$268,016.

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

<u>Year Ended</u> <u>June 30</u>	<u>Future Minimum</u> <u>Lease Payments</u>
2022	\$ 317,514
2023	308,664
2024	170,850
Total	<u>\$ 797,028</u>