

# SAN FELIPE DEL RIO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended August 31, 2019

### 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	11,980,000	-	(1,470,000)	10,510,000	1,545,000
Series 2015	7,365,000	-	(835,000)	6,530,000	850,000
Series 2016	8,360,000	-	(420,000)	7,940,000	435,000
Series 2017	4,750,000	-	(90,000)	4,660,000	90,000
Maintenance tax note:					
Series 2018	16,420,000	-	(475,000)	15,945,000	590,000
	<u>49,214,993</u>	<u>-</u>	<u>(3,290,000)</u>	<u>45,924,993</u>	<u>* 3,510,000</u>
Capital leases:					
Copiers	199,295	-	(124,092)	75,203	75,165
Virtual network - equipment	78,228	-	(25,044)	53,184	26,062
Virtual network - software	291,122	-	(91,777)	199,345	96,944
	<u>568,645</u>	<u>-</u>	<u>(240,913)</u>	<u>327,732</u>	<u>* 198,171</u>
Other liabilities:					
Compensated absences	641,532	611,609	(649,821)	603,320	542,988
Unamortized premium	5,316,882	-	(441,658)	4,875,224	*
Accreted interest	1,342,436	76,901	-	1,419,337	*
Net pension liability	19,400,017	13,672,198	-	33,072,215	-
Net OPEB liability	41,785,687	1,526,125	-	43,311,812	-
<b>Total Governmental Activities</b>	<u>\$ 118,270,192</u>	<u>\$ 15,886,833</u>	<u>\$ (4,622,392)</u>	<u>\$ 129,534,633</u>	<u>\$ 4,251,159</u>

**Long-term liabilities due in more than one year** \$ 125,283,474

**\*Debt associated with capital assets** \$ 52,547,286

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, 2019

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

Description	Interest Rates	Balance
<b>General Obligation Bonds</b>		
Unlimited Tax Refunding Bonds		
Series 2007	4.51% - 4.53%	\$ 339,993
Series 2013	3.00% - 5.00%	10,510,000
Series 2015	2.00% - 4.00%	6,530,000
Series 2016	3.00% - 4.00%	7,940,000
Series 2017	2.00% - 4.00%	4,660,000
<b>Total General Obligation Bonds</b>		<b>\$ 29,979,993</b>
<b>Maintenance Tax Notes</b>		
Series 2018	4.00% - 5.00%	\$ 15,945,000
<b>Total Maintenance Tax Notes</b>		<b>\$ 15,945,000</b>
<b>Capital Leases</b>		
Copiers	4.77%	\$ 75,203
Virtual Network - Equipment	4.06%	53,184
Virtual Network - Software	5.63%	199,345
<b>Total Capital Leases</b>		<b>\$ 327,732</b>

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

Year Ended Aug 31	Principal	Interest	Total Requirements
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	4,145,000	1,268,875	5,413,875
2025-2029	12,669,993	4,567,538	17,237,531
2030-2034	10,500,000	2,098,750	12,598,750
2035-2038	3,660,000	372,000	4,032,000
Total	<b>\$ 45,924,993</b>	<b>\$ 14,918,188</b>	<b>\$ 60,843,181</b>

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

Year Ended Aug 31	Principal	Interest	Total Requirements
2020	\$ 198,171	\$ 14,586	\$ 212,757
2021	129,561	6,868	136,429
Total	<b>\$ 327,732</b>	<b>\$ 21,454</b>	<b>\$ 349,186</b>

**SAN FELIPE DEL RIO CONSOLIDATED  
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*NOTES TO FINANCIAL STATEMENTS (Continued)*

For the Year Ended August 31, 2019

Capital assets acquired under current capital leases obligations totaled \$1,092,455 less accumulated depreciation of \$641,880.

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 \$38,222.

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

<u>Year Ended</u> <u>August 31</u>	<u>Future Minimum</u> <u>Lease Payments</u>
2020	\$ 29,522
2021	29,522
2022	29,522
2023	21,392
<b>Total</b>	<b>\$ 109,958</b>

**E. Interfund Transactions**

The following is a summary of the District's interfund transactions for the year:

<u>Due To</u>	<u>Due From</u>	<u>Amounts</u>
General fund	Other governmental funds	\$ 881,957
General fund	National school breakfast and lunch program	1,488,011
National school breakfast and lunch program	Other governmental funds	26,979
		<b>\$ 2,396,947</b>

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
National school breakfast and lunch program	General fund	\$ 75,610

Amounts transferred from the general fund related to food service expenditures.