

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. CAPITAL ASSET ACTIVITY-Continued

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction	\$	3,757,855
Instructional Resources and Media Services		197,529
Curriculum Development and Instructional Staff Development		40,392
Instructional Leadership		75,215
School Leadership		362,081
Guidance, Counseling and Evaluation Services		175,544
Social Work Services		35,420
Health Services		129,128
Student (Pupil) Transportation		819,800
Food Services		536,851
Co-curricular/Extracurricular Activities		1,306,870
General Administration		32,711
Facilities Maintenance and Operations		888,016
Security and Monitoring Service		117,420
Data Processing Services		208,180
Community Services		168,559
	<u>\$</u>	<u>8,851,571</u>

G. BONDS PAYABLE AND CONTRACTUAL OBLIGATIONS

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund and General Fund. A summary of changes in general long-term debt for the year ended June 30, 2023 is as follows on the next page:

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

G. BONDS PAYABLE AND CONTRACTUAL OBLIGATIONS-Continued

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Restated Balance July 1, 2022	Issued	Retired	Balance June 30, 2023
Public Property Note							
Contractual Obligations Series 2014	0.200%	\$ 12,712,000	\$ 11,960	\$ 5,980,000	\$ -	\$ 849,000	\$ 5,131,000
Unlimited Tax Refunding Bonds, Series 2015A	2.000% 5.000%	\$ 14,470,000	199,750	3,995,000	-	1,265,000	2,730,000
Unlimited Tax Refunding Bonds, Series 2015B	2.000%	\$ 17,100,000	144,000	2,880,000	-	630,000	2,250,000
Unlimited Tax Refunding Bonds, Series 2016	5.000%	\$ 19,470,000	702,600	17,620,000	-	480,000	17,140,000
Maintenance Tax Notes Series 2017	3.000% 5.000%	\$ 15,020,000	663,750	13,275,000	-	550,000	12,725,000
Maintenance Tax Notes Series 2018	2.000% 4.000%	\$ 4,905,000	178,600	4,490,000	-	100,000	4,390,000
Public Property Finance Contract 2019	5.125%	\$ 1,304,339	49,534	982,482	-	119,742	862,740
Unlimited Tax Refunding Bonds, Series 2022	2.290% 3.000%	\$ 11,844,977	269,895	11,844,977	-	10,000	11,834,977
			<u>\$ 2,220,089</u>	<u>\$ 61,067,459</u>	<u>\$ -</u>	<u>\$ 4,003,742</u>	<u>\$ 57,063,717</u>

Tax levies are pledged to the payment of interest and principal of the tax notes. The District's football scoreboard is pledged as collateral for the Public Property Finance Contract 2019 loan.

In addition to the outstanding bonds and contractual obligations in the amount of \$57,063,717 at June 30, 2023, the District also reported accreted interest on capital appreciation bonds of \$67,180, unamortized premiums and discounts on issuance of bonds of \$6,875,473, right to use lease liability of \$400,767 (refer to Note H), SBITA liability of \$332,194 (refer to Note I), long term liability for sick leave benefits in the amount of \$996,640 (refer to Note J), a liability of \$65,695,196 of Net Pension Liability as per GASB 68 (refer to Note M), and a liability of Net OPEB Liability of \$33,928,424 as per GASB 75 (refer to Note N). These amounts, in aggregate, represent total long term liabilities in the amount of \$165,359,590, as reflected in the *Statement of Net Position*.

**WESLACO INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2023**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

G. BONDS PAYABLE AND CONTRACTUAL OBLIGATIONS-Continued

Debt service requirements are as follows:

Year ended June 30,	General Obligations		Total Requirements
	Principal	Interest	
2024	\$ 4,161,931	\$ 2,091,988	\$ 6,253,919
2025	4,340,673	1,925,543	6,266,217
2026	3,903,657	1,750,504	5,654,161
2027	3,225,422	2,398,452	5,623,873
2028	3,235,275	2,394,986	5,630,261
2029-2033	21,886,759	5,747,669	27,634,428
2034-2038	16,310,000	1,757,790	18,067,790
	<u>\$ 57,063,717</u>	<u>\$ 18,066,932</u>	<u>\$ 75,130,649</u>

Refunding

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements, but are still considered outstanding. At June 30, 2023, the following balances are considered defeased:

Refunded 2006	
Unlimited Tax School Building 2000	\$ 2,790,000
Refunded 2015	
Unlimited Tax Refunded Bonds 2006	2,745,000
Unlimited Tax School Building 2006	14,370,000
Refunded 2016	
Unlimited Tax School Building 2008	16,860,000
Refunded 2022	
Unlimited Tax Refunded Bonds 2015B	11,845,000
	<u>\$ 48,610,000</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2023.

H. LEASES

The District had entered into agreements to lease certain equipment in prior years. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. There are no variable payment components of the leases. The lease liability is measured at a discount rate of 5%.

In January 2023, the District entered into a lease for 36 new copiers totaling \$366,031 for 36 months. The assets are right to use assets for leased equipment. The future cash flows were also discounted at a rate of 7.0% and are expected to complete in January 2026.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

H. LEASES-Continued

As a result of these right to use leases, the District has recorded a right to use asset with a net book value of \$391,272. See note F-Capital Asset Activity for more detail.

Description	Restate Balance 7/01/2022	Increases	Decreases	Balance 6/30/2023
Right-to-Use Leases	555,116	329,290	-	884,406
	<u>\$ 555,116</u>	<u>\$ 329,290</u>	<u>\$ -</u>	<u>\$ 884,406</u>

Changes in the lease liability for the year ended June 30, 2023 are as follows:

Description	Restated Balance 7/01/2022	Issued	Retired	Balance 6/30/2023
Right to Use Lease Liability	361,446	329,290	289,969	400,767
	<u>\$ 361,446</u>	<u>\$ 329,290</u>	<u>\$ 289,969</u>	<u>\$ 400,767</u>

Lease required payments are as follows:

Year ended June 30,	Principal	Interest	Total Requirements
2024	\$ 210,408	\$ 18,700	\$ 229,108
2025	128,512	8,951	137,462
2026	61,847	1,312	63,159
	<u>\$ 400,767</u>	<u>\$ 28,962</u>	<u>\$ 429,729</u>

I. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into agreements to use another party's IT software for a period of time. Two of these agreements qualify as SBITAs under GASB 96, *Subscription-Based Information Technology Arrangements* and therefore, have been recorded at the present value of the future minimum payments as of the beginning of the year or as of the date of their inception, whichever is later.

SBITA liabilities at June 30, 2023 are as follows:

In November of 2021, the District entered in an agreement with VAR Technology Finance for a ContentKeeper web filter for 3 annual payments of \$56,471. The SBITA liability is measured at a discount rate of 5%. \$ 53,782

In October of 2022, the District entered in an agreement with LEAF Capital Funding for a Palo Alto Firewall for 5 annual payments of \$85,357. The SBITA liability is measured at a discount rate of 8.69%, which is the stated rate in the agreement. 278,411

Total SBITA Liability \$ 332,194

As a result of these right to use subscriptions, the District has recorded a right to use subscription asset with a net book value of \$332,949. See note F-Capital Asset Activity for more detail.

**WESLACO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

I. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS - Continued

Changes in the lease liability for the year ended June 30, 2023 are as follows:

<u>Description</u>	<u>Restate Balance 7/01/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2023</u>
SBITA Liability	108,446	278,411	54,664	332,194
	<u>\$ 108,446</u>	<u>\$ 278,411</u>	<u>\$ 54,664</u>	<u>\$ 332,194</u>

The future minimum SBITA obligations and the net present value of these minimum payments as of June 30, 2023 are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 114,939	\$ 26,890	\$ 141,829
2025	66,473	18,884	85,357
2026	72,251	13,106	85,357
2027	78,531	6,826	85,357
	<u>\$ 332,194</u>	<u>\$ 65,707</u>	<u>\$ 397,900</u>

J. ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave in a lump cash payment to such employee or his/her estate. A summary of changes in the accumulated sick leave liability follows:

	<u>Sick Leave</u>
Balance July 1, 2022	\$ 1,055,510
Additions - New Entrants and Salary Increments	270,730
Deductions - Payments/Reductions to Participants	(329,600)
Balance June 30, 2023	<u>\$ 996,640</u>

K. CONSTRUCTION COMMITMENTS AND ENCUMBRANCES

At June 30, 2023, the District had the following remaining construction commitments:

<u>Project</u>	<u>Authorization</u>	<u>Expended</u>	<u>Remaining</u>	<u>Sources</u>	<u>Est. Completion Date</u>
Central MS Access Controls	\$ 224,633	\$ 221,606	\$ 3,027	Capital Projects Fund	January 2024
B Garza MS Access Controls	129,106	127,359	1,747	Capital Projects Fund	January 2024
Cuellar MS Access Controls	199,697	133,728	65,969	Capital Projects Fund	January 2024
Mary Hoge MS Access Controls	121,067	87,599	33,467	Capital Projects Fund	January 2024
Running Track-Lackey Stadium	716,812	706,485	10,327	Capital Projects Fund	November 2023
Weslaco East Scoreboard	69,950	22,000	47,950	Capital Projects Fund	January 2024
Aquatic Center RTU Replacement	1,026,000	20,250	1,005,750	Capital Projects Fund	June 2024
	<u>\$ 2,487,265</u>	<u>\$ 1,319,028</u>	<u>\$ 1,168,236</u>		