

SLIDELL INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2023

SLIDELL INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2023

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<u>INTRODUCTORY SECTION</u>		
Certificate of Board		1
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		2-4
Management's Discussion and Analysis (Required Supplementary Information)		5-13
BASIC FINANCIAL STATEMENTS:		
Statement of Net Position	A-1	14
Statement of Activities	B-1	15
Balance Sheet - Governmental Funds	C-1	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C-1R	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C-2	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	C-3	19
Statement of Fiduciary Net Position	E-1	20
Statement of Changes in Fiduciary Net Position	E-2	21
Notes to the Financial Statements		22-43
REQUIRED SUPPLEMENTARY INFORMATION:		
Budgetary Comparison Schedule - General Fund	G-1	44-45
Schedule of District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas	G-2	46-47
Schedule of District's Pension Contributions – Teacher Retirement System of Texas	G-3	48-49
Schedule of District's Proportionate Share of the Net Other Post Employment Benefit (OPEB) Liability – Teacher Retirement System of Texas	G-4	50-51
Schedule of District's Other Post Employment Benefit (OPEB) Contributions – Teacher Retirement System of Texas	G-5	52-53
Notes to the Required Supplementary Information		54-55

SLIDELL INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED AUGUST 31, 2023

TABLE OF CONTENTS (CONT'D.)

	<u>Exhibit</u>	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION:		
<u>Required Texas Education Agency Schedules</u>		
Schedule of Delinquent Taxes Receivable.....	J-1	56-57
National School Lunch and Breakfast Program – Budgetary Comparison Schedule.....	J-2	58
Debt Service Fund – Budgetary Comparison Schedule.....	J-3	59
Schedule of Required Responses Relative to Compensatory and Bilingual Education Programs.....	J-4	60
<u>Internal Control and Compliance</u>		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		61-62
Schedule of Findings and Responses.....		63
Corrective Action Plan.....		64
Summary Schedule of Prior Audit Findings.....		65
Schedule of Required Responses to Selected School FIRST Indicators (Unaudited)	L-1	66

INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Slidell Independent School District
Name of School District

Wise
County

249-908
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

FINANCIAL SECTION



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report on Financial Statements

Board of Trustees
Slidell Independent School District
P.O. Box 69
Slidell, Texas 76267

Members of the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Slidell Independent School District (District) as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Slidell Independent School District as of August 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and schedules related to the District's participation in the Teacher Retirement System of Texas identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information, including the required Texas Education Agency schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, including the required Texas Education Agency schedules, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Required Responses to Selected School FIRST Indicators but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

January 3, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Slidell Independent School District, we offer readers of the District's Annual Financial Report this narrative overview and analysis of the District's financial performance during the fiscal year ended August 31, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at August 31, 2023 by \$5,794,100 (net position). However, the amount of net position that is unrestricted and may be used to meet the District's obligations has a balance of \$1,543,242.
- During the year, the District's total net position increased by \$1,090,981. The District's expenses, which totaled \$5,458,259, were less than the District's program revenues of \$807,284 and general revenues of \$5,741,956.
- The total cost of the District's programs increased \$770,708 from last year due mainly to increased instructional staff and textbook adoptions.
- The governmental funds reported a fund balance this year of \$3,576,918, which is an increase of \$647,330 in comparison with the prior year amount.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,814,706, or 54% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

All of the District's services are reported in the government-wide financial statements, including instruction, student support services, student transportation, general administration, school leadership, and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here.

The government-wide financial statements are designed to provide readers a broad overview of the District's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* details how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes).

Fund Financial Statements

The District uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the District to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's short-term financing requirements.

Because the focus on *governmental funds* is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The District maintained multiple governmental funds in fiscal year 2022-23. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund, Debt Service Fund and Capital Projects Fund, which are all considered to be major funds. Financial data for the other governmental funds are combined into a single, aggregated presentation.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the District's fiduciary activities are reported in a separate statement of fiduciary net position.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial

statements. Immediately following the *required supplementary information* is the *other supplementary information* which includes required TEA schedules.

Government-wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 are the District's net position summarized for the *governmental activities*.

Table 1 - District's Net Position

	Governmental Activities			
	2023	2022	Change	% Change
Current and other assets	\$ 3,990,255	\$ 3,324,810	\$ 665,445	20%
Capital assets, net	4,339,354	3,945,505	393,849	10%
Total Assets	8,329,609	7,270,315	1,059,294	15%
TRS Related Outflows	1,137,099	507,063	630,036	100%
Total Deferred Outflows	1,137,099	507,063	630,036	100%
Current liabilities	256,598	337,471	(80,873)	-24%
Noncurrent liabilities	2,325,867	1,737,854	588,013	34%
Total Liabilities	2,582,465	2,075,325	507,140	24%
TRS Related Inflows	1,090,143	998,934	91,209	100%
Total Deferred Inflows	1,090,143	998,934	91,209	100%
Net position:				
Net investment in capital assets	3,634,838	3,211,528	423,310	13%
Restricted	616,020	337,953	278,067	82%
Unrestricted	1,543,242	1,153,638	389,604	34%
Total Net Position	\$ 5,794,100	\$ 4,703,119	\$ 1,090,981	23%

Net investment in capital assets (e.g. land, buildings, furniture, and equipment less any related debt used to acquire those assets that is still outstanding) is \$3,634,838. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the District's net position, \$616,020, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position that may be used to meet the District's ongoing obligations has a positive balance of \$1,543,242.

Changes in Net Position

The District's total revenues, both program and general, were \$6,549,242. A significant portion, 60%, of the District's revenue comes from property taxes. Unrestricted grants and contributions, which includes state aid formula grants, provided 23% of the revenues and 10% comes from operating grants & contributions, while only a small percentage relates to charges for services, investment earnings and miscellaneous. Exhibited below in Table 2 are the District's revenues for the years ended August 31, 2023 and 2022 for the District's *governmental activities*.

Table 2 - District's Revenues

	Governmental Activities			
	2023	Percent	2022	Percent
Charges for services	\$ 141,461	2%	\$ 57,589	1%
Operating grants and contributions	665,823	10%	819,305	14%
Property taxes	3,960,347	60%	2,837,036	50%
Grants and contributions not restricted	1,481,067	23%	1,910,338	34%
Investment earnings	107,183	2%	19,330	0%
Miscellaneous	193,359	3%	55,011	1%
Total Revenues	\$ 6,549,240	100%	\$ 5,698,609	100%

Exhibited below in Table 3 are the District's expenses for the years ended August 31, 2023 and 2022 for the District's *governmental activities*. The total cost of all programs and services was \$5,485,498. Instructional and related costs totaled 49% of these costs while student support was 18% and nonstudent support was 15%.

Table 3 - District's Expenses

	Governmental Activities			
	2023	Percent	2022	Percent
Instructional & related	\$ 2,642,054	49%	\$ 2,353,330	50%
Leadership	381,158	7%	270,622	6%
Student support	996,439	18%	806,578	17%
Administrative support	422,627	8%	435,103	9%
Nonstudent support	843,158	15%	648,098	14%
Other	172,823	3%	173,820	4%
Total Expenses	\$ 5,458,259	100%	\$ 4,687,551	100%

Governmental Activities

Table 4 presents the various revenue categories and gross costs of each of the District's functional areas for both the current and prior year. Following the table, we provide explanations for the significant or unusual fluctuations between the two years.

Table 4 - Changes in Net Position

Revenues:	Governmental Activities			
	2023	2022	\$ Change	% Change
Program revenues:				
Charges for services	\$ 141,461	\$ 57,589	\$ 83,872	146%
Operating grants and contributions	665,823	819,305	(153,482)	-19%
General revenues:				
Property taxes	3,960,347	2,837,036	1,123,311	40%
Grants and contributions not restricted	1,481,067	1,910,338	(429,271)	-22%
Investment earnings	107,183	19,330	87,853	454%
Miscellaneous	193,359	55,011	138,348	251%
Total revenues	<u>6,549,240</u>	<u>5,698,609</u>	<u>850,631</u>	<u>15%</u>
Expenses:				
Instruction	2,559,711	2,317,904	241,807	10%
Instructional resources and media services	76,582	29,010	47,572	164%
Curriculum development and instructional staff development	5,761	6,416	(655)	-10%
Instructional leadership	9,142	-	9,142	100%
School leadership	372,016	270,622	101,394	37%
Guidance, counseling, and evaluation services	70,224	80,141	(9,917)	-12%
Social work services	3,098	-	3,098	100%
Health services	17,980	16,302	1,678	10%
Student transportation	154,899	149,212	5,687	4%
Food services	390,700	343,569	47,131	14%
Cocurricular/extracurricular activities	359,538	217,354	142,184	65%
General administration	422,627	435,103	(12,476)	-3%
Facilities maintenance and operations	596,361	483,870	112,491	23%
Security and monitoring services	117,626	81,743	35,883	44%
Data processing services	129,171	82,485	46,686	57%
Interest on long-term debt	18,708	6,654	12,054	181%
Bond issuance costs and fees	-	39,200	(39,200)	-100%
Payments related to shared service arrangements	96,194	87,925	8,269	9%
Other intergovernmental charges	57,921	40,041	17,880	45%
Total expenses	<u>5,458,259</u>	<u>4,687,551</u>	<u>770,708</u>	<u>16%</u>
Change in net position	<u>\$ 1,090,981</u>	<u>\$ 1,011,058</u>	<u>\$ 79,923</u>	<u>8%</u>

Explanations for material variances between years are as follows:

- Operating grants and contributions decreased \$153,482 since less ESSER funding was available to spend in the current year as most of the funding allotments were expended in prior years.
- Property taxes are up \$1,123,311 due to large increase in property values offset by a small M&O tax rate decrease.
- Grants and contributions not restricted decreased \$429,271 due to increased tax values and collection and the effects of tax compression on the Foundation funding formula.
- Instruction increased \$241,807 due to an increase in FTE and raises as well as the effects of accrual adjustments for the pension and OPEB plans.
- School leadership increased \$101,394 due to the addition of a principal due to school growth.

- Cocurricular/extracurricular activities increased \$142,184 due to an increase in wages and stipends and an increase in salary for the athletic director. Also, there were additional stipends paid due to a new sport which was added in the current year.
- Facilities maintenance and operations increased \$112,491 due to the addition of a full-time maintenance employee and an increase in custodial salaries.

Table 5 presents the net cost of the District's governmental functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, state aid, and other miscellaneous general revenues.

Table 5 - Net Cost of Selected District Functions

	Governmental Activities			
	2023	Percent	2022	Percent
Instructional & related	\$ 2,338,590	50%	\$ 2,065,594	55%
Leadership	367,105	8%	267,566	7%
Student support	552,977	12%	349,591	9%
Administrative support	416,918	9%	359,927	9%
Nonstudent support	804,228	17%	596,570	16%
Other	171,157	4%	171,409	4%
Total Net Costs	\$ 4,650,975	100%	\$ 3,810,657	100%

Financial Analysis of the District's Funds

As previously stated, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned Fund Balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of August 31, 2023, the District's governmental funds reported a combined ending fund balance of \$3,572,015, an increase of \$642,427 from the previous year. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances
August 31, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Totals
Nonspendable	\$ 9,645	\$ -	\$ -	\$ 695	\$ 10,340
Restricted for:					
Federal and state grants	-	-	-	120,743	120,743
Campus activity funds	-	-	-	9,083	9,083
Debt service	-	485,430	-	-	485,430
Committed fund balance	252,000	-	-	-	252,000
Unassigned	2,814,706	-	(115,384)	-	2,699,322
Total Fund Balances	\$ 3,076,351	\$ 485,430	\$ (115,384)	\$ 130,521	\$ 3,576,918

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$3,076,351 of which \$2,814,706 was unassigned. The total fund balance represents 54% of the total General Fund expenditures for the year ended August 31, 2023. The fund balance increased by \$476,901 in the current fiscal year.

General Fund revenues totaled \$5,594,159, an increase of \$752,902, or 16%, from the preceding year. Local revenues increased \$1,134,748 due to an increase in investment earnings. Local revenues also increased due to an increase in tax revenues that resulted from a large increase in tax values, slightly offset by a decrease in the tax rate. State revenues decreased \$395,667 mostly due to a decrease in Foundation revenues as a result of the increased tax collections and levy. Federal revenues were very consistent between years.

General Fund expenditures totaled \$5,190,048, an increase of \$906,089 or 21%, from the preceding year. The functional categories that changed the most were as follows:

- Instruction increased \$183,797, or 9%, due to an increase in FTE and raises. Also, a portion of the instructional wages returned to the general fund in the current year, due to the decrease in ESSER funding.
- School leadership increased \$87,650, or 31%, due to the addition of a principal due to school growth.
- Student transportation increased \$294,922, or 116%, due to the purchase of three school buses and an Ag truck purchased in the current year, compared to only one school bus purchased in the prior year.
- Cocurricular/extracurricular activities increased \$107,470, or 49%, due to an increase in wages and stipends and an increase in salary for the athletic director. Also, there were additional stipends paid due to a new sport which was added in the current year.

Debt Service Fund

For 2022-23, the Debt Service Fund is a major reportable fund. At the end of the current fiscal year, the ending fund balance for the Debt Service Fund was \$485,430, which is restricted for future debt service expenditures.

Debt Service Fund revenues increased to \$362,070 from the prior year amount of \$229,564 due to the District's tax values increasing. Revenues also increased due to increased investment earnings from increased interest rates.

Debt Service Fund expenditures decreased to \$67,935 from the prior year amount of \$237,160. The decrease is due to the expenses related to the refunding of bonds in the prior year, with lower payments required for the remainder of the bond.

Capital Projects Fund

For 2022-23, the Capital Projects Fund is a major reportable fund. At the end of the current fiscal year, the ending fund balance for the Capital Projects Fund was (\$115,384).

With bond revenues not yet available, there were only capital project expenditures in the current year totaling \$115,384 due to the new elementary school project beginning in the current year.

Other Governmental Funds

Other governmental funds consist of the various Special Revenue Funds. The total ending fund balance for other governmental funds combined was \$130,521, a decrease of only \$8,322 from the previous year. The changes in revenues and expenditures were a result of the typical changes in grant funding between years.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. With these adjustments, actual expenditures were \$241,285 below final budget amounts and actual revenues were \$126,261 below budget. Most of the excess budget expenditures is the result of conservative budgeting. There were no individual functional expenditure areas with a significant excess budget in the current year. The significant revenue variances were in local revenues with excess of \$331,930 and state revenues with a negative variance of \$476,980.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2023, the District had invested in a broad range of capital assets totaling \$4,317,020, net of accumulated depreciation, including land, buildings, and furniture and equipment. See Table 7 below.

Table 7 - Capital Assets, Net

	2023	2022	\$ Change	% Change
Land	\$ 474,476	\$ 474,476	\$ -	0%
Buildings and improvements	3,016,347	3,109,388	(93,041)	-3%
Furniture and equipment	713,369	335,082	378,287	113%
Right-to-use leased assets	19,778	26,559	(6,781)	-26%
Construction in progress	115,384	-	115,384	100%
Totals	\$ 4,339,354	\$ 3,945,505	\$ 393,849	10%

Capital assets, net of accumulated depreciation, increased \$393,849 from the previous year due to current year additions being greater than the current year depreciation expense. Additional information about the District's capital assets is presented in the notes to the financial statements.

Long-term Debt

At August 31, 2023, the District had \$704,516 in bonds, notes, and right-to-use lease liabilities outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2023	2022	\$ Change	% Change
General obligations bonds	\$ 479,000	\$ 529,000	\$ (50,000)	-9%
Premium on bonds	27,389	35,377	(7,988)	-23%
Notes	187,613	149,109	38,504	26%
Right-to-use lease liabilities	10,514	20,491	(9,977)	-49%
Totals	\$ 704,516	\$ 733,977	\$ (29,461)	-4%

The District's 2012 refunding bonds presently carry "Aaa" ratings from Standard & Poor's. Additional information about the District's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following indicators were taken into account when adopting the 2023-24 budget for the General Fund.

- Appraised value used for the 2023-2024 budget preparation is \$393 million, compared to the \$253 million actual appraised values in 2022-2023. This increase is due to an overall value increase across most categories.
- General Fund spending per student will increase to \$12,599 in the 2023-2024 budget as compared to \$11,822 in 2022-23 fiscal year budget.
- The District's 2023-2024 refined average daily attendance is expected to be 395 compared to the final ADA for 2022-23 of 359.

Amounts available for appropriation in the 2023-2024 General Fund's budget are \$4,976,699, which is a 16% increase over the 2022-2023 actual General Fund expenditures of \$4,283,959. Increases in expenditures are directed at increased instructional costs as well as a new bus purchase.

2023-2024 revenues budgeted of \$5,648,196 reflects an increase of \$806,939 or 16%, from the 2022-2023 actual General Fund revenues of \$4,841,257.

If these estimates are realized, the District's General Fund's fund balance will increase by approximately \$671,000 by August 31, 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

BASIC FINANCIAL STATEMENTS

SLIDELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

1

Data Control Codes		Governmental Activities
Assets		
1110	Cash and cash equivalents	\$ 299,442
1120	Current investments	2,748,922
1225	Property taxes receivable, net	160,993
1240	Due from other governments	742,320
1290	Other receivables	28,238
1300	Inventories	4,092
1410	Unrealized expenses	6,248
	Capital assets:	
1510	Land	474,476
1520	Buildings and improvements, net	3,016,347
1530	Furniture and equipment, net	713,369
1550	Right-to-use leased assets, net	19,778
1580	Construction in progress	115,384
1000	Total assets	<u>8,329,609</u>
Deferred outflows of resources		
1705	Pension-related outflows	602,154
1706	OPEB-related outflows	534,945
1700	Total deferred outflows of resources	<u>1,137,099</u>
Liabilities		
2110	Accounts payable	18,126
2140	Accrued interest	4,254
2150	Payroll deductions & withholdings	(3,326)
2160	Accrued wages payable	218,127
2200	Accrued expenses	19,167
2300	Unearned revenue	250
	Noncurrent liabilities:	
2501	Portion due or payable within one year	122,733
2502	Portion due or payable after one year	581,783
2540	Net pension liability	1,011,163
2545	Net OPEB liability	610,188
2000	Total liabilities	<u>2,582,465</u>
Deferred inflows of resources		
2601	Gain on bond refunding	13,480
2605	Pension-related inflows	99,413
2606	OPEB-related inflows	977,250
2600	Total deferred inflows of resources	<u>1,090,143</u>
Net Position		
3200	Net investment in capital assets	3,634,838
	Restricted for:	
3820	Federal and state grants	121,438
3850	Debt service	494,582
3900	Unrestricted	1,543,242
3000	Total net position	<u>\$ 5,794,100</u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	6 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental activities:					
11	Instruction	\$ 2,559,711	\$ -		\$ 301,576	\$ (2,258,135)
12	Instructional resources and media services	76,582	-		1,888	(74,694)
13	Curriculum and staff development	5,761	-		-	(5,761)
21	Instructional leadership	9,142	-		-	(9,142)
23	School leadership	372,016	-		14,053	(357,963)
31	Guidance, counseling, & evaluation services	70,224	-		2,216	(68,008)
32	Social work services	3,098	-		-	(3,098)
33	Health services	17,980	-		329	(17,651)
34	Student transportation	154,899	-		55,671	(99,228)
35	Food services	390,700	129,516		238,240	(22,944)
36	Cocurricular/extracurricular activities	359,538	11,945		5,545	(342,048)
41	General administration	422,627	-		5,709	(416,918)
51	Facilities maintenance and operations	596,361	-		12,186	(584,175)
52	Security and monitoring	117,626	-		23,163	(94,463)
53	Data processing services	129,171	-		3,581	(125,590)
72	Interest on long-term debt	18,708	-		1,666	(17,042)
93	Payments to shared service arrangements	96,194	-		-	(96,194)
99	Other intergovernmental charges	57,921	-		-	(57,921)
TG	Total governmental activities	<u>\$ 5,458,259</u>	<u>\$ 141,461</u>		<u>\$ 665,823</u>	<u>(4,650,975)</u>
	General revenues:					
MT	Property taxes, levied for general purposes					3,610,161
DT	Property taxes, levied for debt service					350,186
SF	State aid-formula grants					1,451,778
GC	Grants and contributions not restricted to specific programs					29,289
IE	Investment earnings					107,183
MI	Miscellaneous					193,359
TR	Total general revenues					<u>5,741,956</u>
CN	Change in net position					1,090,981
NB	Net position - beginning					4,703,119
NE	Net position - ending					<u>\$ 5,794,100</u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
Assets						
1110	Cash and cash equivalents	\$ 117,783	\$ 170,945	\$ -	\$ 10,714	\$ 299,442
1120	Investments - current	2,437,259	311,663	-	-	2,748,922
1225	Property taxes receivable, net	147,587	13,406	-	-	160,993
1240	Due from other governments	582,104	-	-	160,216	742,320
1260	Due from other funds	144,938	2,822	-	-	147,760
1290	Other receivables	28,238	-	-	-	28,238
1300	Inventories	3,397	-	-	695	4,092
1410	Unrealized expenditures	6,248	-	-	-	6,248
1000	Total assets	<u>\$ 3,467,554</u>	<u>\$ 498,836</u>	<u>\$ -</u>	<u>\$ 171,625</u>	<u>\$ 4,138,015</u>
Liabilities						
2110	Accounts payable	\$ 13,279	\$ -	\$ 4,100	\$ 747	\$ 18,126
2150	Payroll deductions and withholdings	(3,326)	-	-	-	(3,326)
2160	Accrued wages payable	210,310	-	-	7,817	218,127
2170	Due to other funds	5,047	-	111,284	31,429	147,760
2200	Accrued expenditures	18,306	-	-	861	19,167
2300	Unearned revenue	-	-	-	250	250
2000	Total liabilities	<u>243,616</u>	<u>-</u>	<u>115,384</u>	<u>41,104</u>	<u>400,104</u>
Deferred inflows of resources						
	Unavailable property taxes	147,587	13,406	-	-	160,993
2600	Total deferred inflows of resources	<u>147,587</u>	<u>13,406</u>	<u>-</u>	<u>-</u>	<u>160,993</u>
Fund balances						
Nonspendable fund balances:						
3410	Inventories	3,397	-	-	695	4,092
3430	Prepaid items	6,248	-	-	-	6,248
Restricted fund balances:						
3450	Federal and state grants	-	-	-	120,743	120,743
3470	Capital projects fund	-	-	-	-	-
3490	Campus activity funds	-	-	-	9,083	9,083
3480	Retirement of long-term debt	-	485,430	-	-	485,430
Committed fund balances:						
3530	Committed - capital expenditures	252,000	-	-	-	252,000
3600	Unassigned	2,814,706	-	(115,384)	-	2,699,322
3000	Total fund balances	<u>3,076,351</u>	<u>485,430</u>	<u>(115,384)</u>	<u>130,521</u>	<u>3,576,918</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,467,554</u>	<u>\$ 498,836</u>	<u>\$ -</u>	<u>\$ 171,625</u>	<u>\$ 4,138,015</u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2023

Data
Control
Codes

	Total fund balances - governmental funds (Exhibit C-1)	\$	3,576,918
	Amounts reported for <i>governmental activities</i> in the Statement of Net Position (Exhibit A-1) are different because:		
	Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:		
	Gross capital assets	\$	7,789,602
1	Related accumulated depreciation	<u>3,450,248</u>	4,339,354
	Property taxes receivable are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.		
2			160,993
	Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
	General obligation bonds and related premiums	506,389	
	Notes payable	187,613	
	Right-to-use lease liabilities	10,514	
3	Deferred gain on refunding	<u>13,480</u>	(717,996)
	Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are recorded only when due.		
4			(4,254)
	The District's net liabilities and related deferred outflows and inflows related to its proportionate share of the Teacher Retirement System pension and OPEB plans are not due and payable in the current period and are, therefore, not reported in the governmental funds financial statements. These items consist of:		
	Net pension liability	1,011,163	
	Deferred outflows - pension related items	(602,154)	
	Deferred inflows - pension related items	99,413	
	Net OPEB liability	610,188	
	Deferred outflows - OPEB related items	(534,945)	
5	Deferred inflows - OPEB related items	<u>977,250</u>	<u>(1,560,915)</u>
19	Total net position - governmental activities (Exhibit A-1)	\$	<u><u>5,794,100</u></u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
Revenues					
5700 Local and intermediate sources	\$ 3,871,585	\$ 360,404	\$ -	\$ 165,051	\$ 4,397,040
5800 State program revenues	1,693,285	1,666	-	47,199	1,742,150
5900 Federal program revenues	29,289	-	-	474,558	503,847
5020 Total revenues	<u>5,594,159</u>	<u>362,070</u>	<u>-</u>	<u>686,808</u>	<u>6,643,037</u>
Expenditures					
0011 Instruction	2,333,930	-	-	212,971	2,546,901
0012 Instructional resources and media services	75,738	-	-	-	75,738
0013 Curriculum and staff development	5,579	-	-	-	5,579
0021 Instructional leadership	8,861	-	-	-	8,861
0023 School leadership	371,048	-	-	-	371,048
0031 Guidance, counseling, & evaluation services	69,743	-	-	-	69,743
0032 Social work services	3,002	-	-	-	3,002
0033 Health services	17,654	-	-	-	17,654
0034 Student transportation	548,780	-	-	52,355	601,135
0035 Food services	-	-	-	382,024	382,024
0036 Cocurricular/extracurricular activities	327,205	-	-	25,314	352,519
0041 General administration	414,048	-	-	-	414,048
0051 Facilities maintenance and operations	586,483	-	-	-	586,483
0052 Security and monitoring services	91,982	-	-	22,466	114,448
0053 Data processing services	127,756	-	-	-	127,756
0071 Principal on long-term debt	28,757	50,000	-	-	78,757
0072 Interest on long-term debt	25,367	17,935	-	-	43,302
0081 Capital outlay	-	-	115,384	-	115,384
0093 Payments to shared service arrangements	96,194	-	-	-	96,194
0099 Other intergovernmental charges	57,921	-	-	-	57,921
6030 Total expenditures	<u>5,190,048</u>	<u>67,935</u>	<u>115,384</u>	<u>695,130</u>	<u>6,068,497</u>
1100 Excess of revenues over (under) expenditures	<u>404,111</u>	<u>294,135</u>	<u>(115,384)</u>	<u>(8,322)</u>	<u>574,540</u>
Other Financing Sources					
7914 Proceeds from loans payable	<u>72,790</u>	-	-	-	<u>72,790</u>
7080 Total other financing sources	<u>72,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,790</u>
1200 Net change in fund balance	476,901	294,135	(115,384)	(8,322)	647,330
0100 Fund balances - beginning	<u>2,599,450</u>	<u>191,295</u>	<u>-</u>	<u>138,843</u>	<u>2,929,588</u>
3000 Fund balances - ending	<u>\$ 3,076,351</u>	<u>\$ 485,430</u>	<u>\$ (115,384)</u>	<u>\$ 130,521</u>	<u>\$ 3,576,918</u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Net change in fund balances - total governmental funds (Exhibit C-2)		\$ 647,330
Amounts reported for <i>governmental activities</i> in the Statement of Activities (Exhibit B-1) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	\$ 564,089	
Depreciation expense for the year	<u>170,240</u>	393,849
Because property tax receivables will not be collected for several months after the District's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred inflows increased by this amount this year.		5,311
When long-term debt is issued, the proceeds are reported as other sources in the governmental funds. However, they are reported as liabilities in the Statement of Net Position. The total long-term debt issued in the current year was:		
Notes payable		(72,790)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year long-term debt principal payments are summarized as follows:		
General obligation bonds	50,000	
Notes payable	34,286	
Right-to-use lease liabilities	<u>9,977</u>	94,263
The amortization of bond premiums are only reported in the Statement of Activities.		7,988
Interest is accrued on long-term debt in the government-wide financial statements, whereas interest is reported when due in the governmental fund financial statements. Accrued interest increased by:		(585)
Governmental funds report the gain on refunding of bonds when the debt is refunded whereas these amounts are deferred and amortized in the Statement of Activities. The District amortized a portion of the refunding gains in the current year.		1,685
The District participates in a defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. Payments were less than the actuarial expense in the current year.		(51,346)
The District participates in an OPEB plan through TRS. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, OPEB expenses are recognized on an actuarial basis. Payments were more than the actuarial expense in the current year.		<u>65,276</u>
Change in net position of governmental activities (Exhibit B-1)		<u>\$ 1,090,981</u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AUGUST 31, 2023

Data Control Codes		Custodial Funds <u>Student Activity & Scholarship Funds</u>
	Assets	
1110	Cash and cash equivalents	\$ 74,359
1000	Total assets	<u>74,359</u>
	Net Position	
3800	Restricted for other purposes	74,359
3000	Total net position	<u>\$ 74,359</u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2023

	Custodial Funds
	<u>Student Activity & Scholarship Funds</u>
Additions:	
Contributions, gifts and donations	\$ 20,971
Student activities	100,240
Total additions	<u>121,211</u>
Deductions:	
Other operating costs	20,623
Student activities	87,754
Total deductions	<u>108,377</u>
Change in net position	12,834
Net position - beginning	61,525
Net position - ending	<u>\$ 74,359</u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies

The basic financial statements of Slidell Independent School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees (Board), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in the Debt Service Fund.

Capital Projects Fund: The proceeds from long-term debt and expenditures related to authorized construction and other capital asset acquisitions are accounted for in this fund.

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

In addition, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds: The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. Most federal and some state financial award programs are accounted for in these funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

Custodial Funds: These funds are used to report student activity funds, scholarship funds, and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary Funds are reported in the fiduciary fund financial statements. However, because the assets are held in a trustee or custodial capacity and are therefore not available to support District programs, the funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At August 31, 2023, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$221,873
Allowance for uncollectible taxes	(60,880)
Net property taxes receivable	<u>\$160,993</u>

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20-60 years
Furniture and equipment	5-10 years
Right-to-use leased assets	5-7 years

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables, except for delinquent property taxes receivable, which are not scheduled for collection within one year of year end. Of the \$221,873 gross property tax receivable at August 31, 2023, the District expects to collect approximately \$85,000 in the upcoming year.

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

f. Deferred Outflows/Inflows of Resources

Deferred outflows of resources refers to the consumption of net assets that are applicable to a future reporting period. Deferred outflows of resources has a positive effect on net position, similar to assets. Notwithstanding the similarities, Concepts Statement 5 clearly establishes that deferred outflows of resources are not assets.

Deferred inflows of resources refers to the acquisition of net assets that are applicable to a future reporting period. Deferred inflows of resources has a negative effect on net position, similar to liabilities. Notwithstanding the similarities, Concepts Statement 5 clearly establishes that deferred inflows of resources are not liabilities.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

k. Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

l. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

4. Pension

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Other Post-Employment Benefits

The fiduciary net position of the TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go-plan and all cash is held in a cash account.

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

The District had no violations of finance-related legal and contractual provisions for the year ended August 31, 2023 except for two minor budget variances of \$2,987 in function 72 and \$13,064 in function 99.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The District had a deficit fund balance in the Capital Projects Fund of \$115,384 due to the District expending funds on the bond project before the bond proceeds were received. The deficit fund balance will be resolved once bond proceeds are received in September 2023.

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

1. Cash Deposits:

At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$299,442 and the bank balance was \$546,305. The District's cash deposits at August 31, 2023, and during the year ended August 31, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (Act), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

The District's investments at August 31, 2023, are shown below:

<u>Investment or Investment Type</u>	<u>Weighted Average Maturity (Months)</u>	<u>Fair Value</u>
TexPool	1.00	<u>\$2,748,922</u>

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability. The District values its TexPool balances at net asset value per unit/share.

Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The District participates in the TexPool Investment Pool further described as follows.

The TexPool Investment Pool (TexPool) is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

SLIDELL INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023*

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate charges. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2023 consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 33,654	Short-term loan
General Fund	Capital Projects Fund	111,284	Short-term loan
Debt Service Fund	General Fund	<u>2,822</u>	Short-term loan
	Total	<u>\$147,760</u>	

All amounts due are scheduled to be repaid within one year.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

E. Capital Assets

Capital asset activity for the year ended August 31, 2023 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 474,476	\$ -	\$ -	\$ 474,476
Construction in progress	<u>-</u>	<u>115,384</u>	<u>-</u>	<u>115,384</u>
Total capital assets not being depreciated	<u>474,476</u>	<u>115,384</u>	<u>-</u>	<u>589,860</u>
Capital assets being depreciated:				
Buildings and improvements	5,643,386	-	-	5,643,386
Furniture and equipment	1,082,008	448,705	21,823	1,508,890
Right-to-use leased assets	<u>47,466</u>	<u>-</u>	<u>-</u>	<u>47,466</u>
Total capital assets being depreciated	<u>6,772,860</u>	<u>448,705</u>	<u>21,823</u>	<u>7,199,742</u>
Less accumulated depreciation for:				
Buildings and improvements	2,533,998	93,041	-	2,627,039
Furniture and equipment	746,926	70,418	21,823	795,521
Right-to-use leased assets	<u>20,907</u>	<u>6,781</u>	<u>-</u>	<u>27,688</u>
Total accumulated depreciation	<u>3,301,831</u>	<u>170,240</u>	<u>21,823</u>	<u>3,450,248</u>
Total capital assets being depreciated, net	<u>3,471,029</u>	<u>278,465</u>	<u>-</u>	<u>3,749,494</u>
Governmental activities capital assets, net	<u>\$3,945,505</u>	<u>\$393,489</u>	<u>\$ -</u>	<u>\$4,339,354</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 82,930
Instructional Resources and Media Services	2,466
Curriculum and Staff Development	182
Instructional Leadership	289
School Leadership	12,082
Guidance, Counseling, & Evaluation Services	2,271
Social Work Services	98
Health Services	575
Student Transportation	4,963
Food Services	12,439
Extracurricular Activities	11,479
General Administration	13,482
Facilities Maintenance and Operations	19,097
Security and Monitoring Services	3,727
Data Processing Services	<u>4,160</u>
Total governmental depreciation	<u>\$170,240</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

F. Long-term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General obligation bonds	\$529,000	\$ -	\$ 50,000	\$479,000	\$ 50,000
Bond premiums	35,377	-	7,988	27,389	-
Notes payable	149,109	72,790	34,286	187,613	62,219
Right-to-use lease liabilities	20,491	-	9,977	10,514	10,514
Total governmental activities	<u>\$733,977</u>	<u>\$ 72,790</u>	<u>\$102,251</u>	<u>\$704,516</u>	<u>\$122,733</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2023, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$122,733	\$22,186	\$144,919
2025	116,825	20,251	137,076
2026	106,597	14,801	121,398
2027	70,972	9,861	80,833
2028	59,000	7,094	66,094
2029-2031	201,000	7,914	208,914
Totals before premiums	677,127	\$82,107	\$759,234
Premium on issuance of bonds	27,389		
Total	<u>\$704,516</u>		

3. General Obligation Bonds

Unlimited Tax Refunding Bonds, Series 2021

The Unlimited Tax Refunding Bonds, Series 2021, consists of \$710,000 of Current Interest Serial Bonds. These bonds were issued in fiscal year 2021 to refund the Unlimited Tax Refunding Bonds, Series 2012 in order to reduce future interest expenditures for the District. The refunding reduced required debt payments from \$850,250 to \$810,887 resulting in a net present value economic gain of \$37,202 in the prior year. The interest rates on these bonds are 4.03% through 2029 and 1.56% through 2031. Maturity of the Current Interest Serial Bonds is on August 15, 2031.

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. Debt service requirements of the general obligation bonds at August 31, 2023 are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 50,000	\$15,920	\$ 65,920
2025	55,000	13,905	68,905
2026	55,000	11,688	66,688
2027	59,000	9,472	68,472
2028	59,000	7,094	66,094
2029-2031	201,000	7,914	208,914
Totals	<u>\$479,000</u>	<u>\$65,993</u>	<u>\$544,993</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

4. Notes Payable

In January 2020, the District borrowed \$115,262 to finance the purchase of equipment. The loan is for six years, requires annual payments of \$22,891 and bears interest of 5.25%.

In June 2020, the District borrowed \$24,672 to finance the purchase of equipment. The loan is for five years, requires annual payments of \$5,503 and bears interest of 3.75%.

In June 2022, the District borrowed \$56,218 to finance the purchase of a marquee sign. The loan is for five years, requires annual payments of \$12,364 and bears interest of 3.25%.

In July 2023, the District borrowed \$72,790 to finance the purchase of a 2024 77-passenger school bus. The loan is for three years, requires annual payments of \$27,423. The loan bears interest of 6.375%.

Debt service requirements of the notes payable at August 31, 2023 are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 62,219	\$ 5,964	\$ 68,183
2025	61,825	6,346	68,171
2026	51,597	3,113	54,710
2027	11,972	389	12,361
Totals	<u>\$187,613</u>	<u>\$15,812</u>	<u>\$203,425</u>

The notes are authorized by Title 1 Texas Administrative Code, Chapter 5.401.

5. Right-To-Use Lease Liabilities

The Public Property Finance Act authorizes the District to enter into lease agreements for the purchase of personal property.

The District entered into a lease agreement for equipment in August 2019. The lease calls for monthly payments of \$901 and is payable over five years, carrying an effective interest rate of 5.26%.

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$10,514</u>	<u>\$ 302</u>	<u>\$10,816</u>

As noted in Note E, the District's gross capital assets under right-to-use leases were \$47,466 as of August 31, 2023. The accumulated depreciation on these assets was \$27,688, leaving a net book value of \$19,778 as of August 31, 2023.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

H. Defined Benefit Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the TRS. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using a 2.3 percent multiplier times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on the date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Texas Government Code section 821.006 prohibits benefit improvements if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution, which requires the Texas Legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Members (Employees)	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employer (District)	7.75%	8.00%
Member Contributions	\$200,879	\$234,372
NECE On-behalf Contributions	\$151,848	\$186,747
Employer Contributions	\$ 79,359	\$ 92,373

Contributors to the Plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and state agencies including TRS. In each respective role, the State contributes to the Plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to:

- All public schools, charter schools, and regional education service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%, source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".
Last Year Ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021.

6. Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

<u>Asset Class</u>	<u>Target Allocation % **</u>	<u>Long-term Expected Geometric Real Rate of Return ***</u>	<u>Expected Contribution to Long-term Portfolio Returns</u>
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity *	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return *	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag ****			-0.91%
Expected Return	<u>100.00%</u>		<u>8.19%</u>

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2022 policy model.

*** Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022).

****The volatility drag results from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability	<u>\$1,572,987</u>	<u>\$1,011,163</u>	<u>\$555,779</u>

8. Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At August 31, 2023, the District reported a liability of \$1,011,163 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for the State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$1,011,163
State's proportionate share that is associated with the District	<u>1,886,711</u>
Total	<u>\$2,897,874</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the District's proportion of the collective net pension liability was 0.000017032290%, which was an increase of .000004896770% from its proportion measured as of August 31, 2021.

Changes Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%.

For the year ended August 31, 2023, the District recognized pension expense of \$180,348 and revenue of \$148,296 for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual actuarial experience	\$ 14,662	\$22,045
Changes in actuarial assumptions	188,413	46,958
Difference between projected and actual investment earnings	99,900	-
Changes in proportion and difference between the District contributions and the proportionate share of contributions	206,806	30,410
Contributions paid to TRS subsequent to the measurement date of the net pension liability	<u>92,373</u>	<u>-</u>
Total	<u>\$602,154</u>	<u>\$99,413</u>

The \$92,373 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the plan year ending August 31, 2023. The remaining amounts of the District's balances of deferred outflows of resources or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended <u>August 31</u>	Pension Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2023	\$ 89,231	\$321,137
2024	67,227	253,910
2025	50,922	202,988
2026	159,057	43,931
2027	43,931	-

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

I. Defined Other Post-Employment Benefit Plan

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

2. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS-Care provides health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are reflected in the following table.

TRS-Care Monthly Premium Rates		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

4. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding remitted by Employers	1.25%	1.25%
Member Contributions	\$16,321	\$19,043
NECE On-behalf Contributions	\$29,288	\$35,332
Employer Contributions	\$20,932	\$23,261

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray COVID-19-related health care costs during fiscal year 2022.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	8.25% for Medicare retirees and 7.25% for non-Medicare retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Ad hoc post-employment benefit changes	None

6. Discount Rate

A single discount rate of 3.91% was used to measure the total OPEB liability. There was an increase of 1.96% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% lower than and 1% higher than the discount rate that was used (3.91%) in measuring the net OPEB liability.

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.91%</u>	<u>3.91%</u>	<u>4.91%</u>
District's proportionate share of the net OPEB liability	<u>\$719,460</u>	<u>\$610,188</u>	<u>\$521,663</u>

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs

At August 31, 2023, the District reported a liability of \$610,188 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for the State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

District's proportionate share of the collective net OPEB liability	\$ 610,188
State's proportionate share that is associated with the District	<u>744,333</u>
Total	<u>\$1,354,521</u>

The net OPEB liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the District's proportion of the collective net OPEB liability was 0.000025483940%, compared to 0.000020456279% as of August 31, 2021.

The following schedule presents the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate is used:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$502,797</u>	<u>\$610,188</u>	<u>\$749,405</u>

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.

Changes of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was (\$42,105).

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual economic experience	\$ 33,924	\$508,341
Changes in actuarial assumptions	92,944	423,922
Difference between projected and actual investment earnings	1,817	-
Changes in proportion and difference between District contributions and proportionate share of contributions	382,999	44,987
Contributions paid to TRS subsequent to the measurement date	<u>23,261</u>	<u>-</u>
Total	<u>\$534,945</u>	<u>\$977,250</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

\$23,261 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the plan year ending August 31, 2023. The remaining net amounts of the District's balances of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>August 31</u>	<u>OPEB Expense</u> <u>Amount</u>	<u>Balance of</u> <u>Deferred Outflows</u> <u>(Deferred Inflows)</u>
2023	(\$111,529)	(\$354,038)
2024	(111,522)	(242,516)
2025	(85,646)	(156,870)
2026	(50,614)	(106,256)
2027	(50,772)	(55,483)
Thereafter	(55,483)	-

For the year ended August 31, 2023, the District recognized OPEB expense of (\$105,627) and revenue of \$25,533 for support provided by the State.

9. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amount of \$14,982, \$10,446 and \$9,236 for the years ended August 31, 2023, 2022, and 2021, respectively.

J. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District as of August 31, 2023.

K. Worker's Compensation Coverage

The District, along with many other Texas school districts, participates in a self-insurance plan for worker's compensation benefits as authorized by Section 504.011 of the Labor Code. Claims Administrative Services, Inc. acts as the third-party administrator of the Texas Educational Insurance Association (Pool).

The total charge for worker's compensation to the funds is based on rates as determined by the District and will be adjusted over time so that the revenues and expenses are approximately equal. These costs are reported as operating expenditures in the appropriate funds.

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

Claims are paid by the third-party administrator acting on behalf of the District under the terms of the contractual agreement. Administrative fees are included within the provisions of that agreement. According to the state statute, the District is protected against unanticipated claims and aggregate loss by coverage carried through Safety National Casualty Company, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Coverage was in effect for aggregate claims in excess of \$5 million and for specific occurrences exceeding \$1 million. The Pool participants are responsible for amounts up to the limit; however, the District loss fund maximum was \$12,734 for the year ended August 31, 2023.

As of August 31, 2023, the worker's compensation benefit obligation consisted of \$14,136 in reported unpaid claims and estimated incurred but not reported claims. These amounts represent estimated ultimate costs to settle claims. A summary of the changes in the benefit obligation is as follows:

Balance as of September 1, 2022		\$13,839
Incurred claims/adjustments:		
Provision for insured events for 2022-23	\$2,867	
Provision for insured events for prior years	(628)	
Total incurred claims/adjustments		2,239
Payments:		
Claims attributable to insured events for 2022-23	640	
Claims attributable to insured events for prior years	<u>1,302</u>	
Total payments		<u>1,942</u>
Balance as of August 31, 2023		<u>\$14,136</u>

L. Shared Services Arrangements

The District participates in a shared service arrangement (SSA) for special education services with the following school districts: Alvord ISD, Boyd ISD, Bridgeport ISD, Chico ISD, and Paradise ISD.

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Bridgeport ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to significant future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Subsequent Event

On February 9, 2023, the Board approved an election for the issuance of bonds which was approved by the voters in May 2023. On September 20, 2023, the District sold \$25,900,000 of bonds titled Unlimited Tax School Building Bonds, Series 2023. The proceeds from the sale of these bonds will be used to (i) design, construct, renovate, improve, upgrade, update, modernize, acquire, and equip school facilities, and (ii) pay the costs of issuing the bonds.

In June 2023, the District signed a construction management contract to expend the bond proceeds. It is expected that the full bond issue will be expended. The selection of contractors will occur during the year ended August 31, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

SLIDELL INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
		Original	Final		
Revenues:					
5700	Local and intermediate sources	\$ 3,467,431	\$ 3,539,655	\$ 3,871,585	\$ 331,930
5800	State program revenues	2,170,265	2,170,265	1,693,285	(476,980)
5900	Federal program revenues	10,500	10,500	29,289	18,789
5020	Total revenues	<u>5,648,196</u>	<u>5,720,420</u>	<u>5,594,159</u>	<u>(126,261)</u>
Expenditures:					
Instruction & instructional related services:					
0011	Instruction	2,474,907	2,377,657	2,333,930	43,727
0012	Instructional resources and media services	71,338	83,908	75,738	8,170
0013	Curriculum and staff development	6,000	10,500	5,579	4,921
	Total instruction and instructional related services	<u>2,552,245</u>	<u>2,472,065</u>	<u>2,415,247</u>	<u>56,818</u>
Instructional and school leadership:					
0021	Instructional leadership	-	9,000	8,861	139
0023	School leadership	373,965	375,465	371,048	4,417
	Total instructional and school leadership	<u>373,965</u>	<u>384,465</u>	<u>379,909</u>	<u>4,556</u>
Support services - student (pupil):					
0031	Guidance, counseling and evaluation services	80,726	77,726	69,743	7,983
0032	Social Work Services	-	4,000	3,002	998
0033	Health services	25,351	25,351	17,654	7,697
0034	Student transportation	345,996	601,936	548,780	53,156
0036	Cocurricular/extracurricular activities	292,481	346,983	327,205	19,778
	Total support services - student (pupil)	<u>744,554</u>	<u>1,055,996</u>	<u>966,384</u>	<u>89,612</u>
Administrative support services:					
0041	General administration	371,547	442,747	414,048	28,699
	Total administrative support services	<u>371,547</u>	<u>442,747</u>	<u>414,048</u>	<u>28,699</u>
Support services - nonstudent based:					
0051	Facilities maintenance and operations	555,133	634,633	586,483	48,150
0052	Security and monitoring services	58,001	102,316	91,982	10,334
0053	Data processing services	116,214	132,214	127,756	4,458
	Total support services - nonstudent based	<u>729,348</u>	<u>869,163</u>	<u>806,221</u>	<u>62,942</u>
Debt service:					
0071	Principal on long-term debt	31,005	34,505	28,757	5,748
0072	Interest on long-term debt	20,870	22,370	25,367	(2,997)
	Total debt service	<u>51,875</u>	<u>56,875</u>	<u>54,124</u>	<u>2,751</u>
Intergovernmental charges:					
0093	Payments to SSAs	105,165	105,165	96,194	8,971
0099	Other intergovernmental charges	48,000	44,857	57,921	(13,064)
	Total intergovernmental charges	<u>153,165</u>	<u>150,022</u>	<u>154,115</u>	<u>(4,093)</u>
6030	Total expenditures	<u>4,976,699</u>	<u>5,431,333</u>	<u>5,190,048</u>	<u>241,285</u>
1100	Excess of revenues over (under) expenditures	<u>671,497</u>	<u>289,087</u>	<u>404,111</u>	<u>115,024</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
		Original	Final		
	Other financing sources (uses):				
7914	Proceeds from capital leases	72,790	72,790	72,790	-
7080	Total other financing sources (uses)	72,790	72,790	72,790	-
1200	Net change in fund balance	744,287	361,877	476,901	115,024
0100	Fund balance - beginning	2,599,450	2,599,450	2,599,450	-
3000	Fund balance - ending	\$ 3,343,737	\$ 2,961,327	\$ 3,076,351	\$ 115,024

SLIDELL INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of the net pension liability	<u>0.0017032290%</u>	<u>0.0012135520%</u>	<u>0.0011163523%</u>
District's proportionate share of the net pension liability	\$ 1,011,163	\$ 309,049	\$ 597,896
State's proportionate share of the net pension liability associated with the District	<u>1,886,711</u>	<u>780,001</u>	<u>1,467,779</u>
Total	<u>\$ 2,897,874</u>	<u>\$ 1,089,050</u>	<u>\$ 2,065,675</u>
District's covered employee payroll	<u>\$ 2,510,989</u>	<u>\$ 2,049,688</u>	<u>\$ 1,811,101</u>
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>40.27%</u>	<u>15.08%</u>	<u>33.01%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>75.62%</u>	<u>88.79%</u>	<u>75.54%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.0011389322%</u>	<u>0.0011728990%</u>	<u>0.0013465179%</u>	<u>0.0014835456%</u>	<u>0.0014720000%</u>	<u>0.0008831000%</u>
\$ 592,053	\$ 645,592	\$ 430,544	\$ 560,610	\$ 520,332	\$ 235,888
<u>1,298,864</u>	<u>1,331,064</u>	<u>935,546</u>	<u>1,157,808</u>	<u>1,150,214</u>	<u>1,037,783</u>
<u>\$ 1,890,917</u>	<u>\$ 1,976,656</u>	<u>\$ 1,366,090</u>	<u>\$ 1,718,418</u>	<u>\$ 1,670,546</u>	<u>\$ 1,273,671</u>
<u>\$ 1,599,659</u>	<u>\$ 1,529,067</u>	<u>\$ 1,467,306</u>	<u>\$ 1,908,036</u>	<u>\$ 1,731,366</u>	<u>\$ 1,759,776</u>
<u>37.01%</u>	<u>42.22%</u>	<u>29.34%</u>	<u>29.38%</u>	<u>30.05%</u>	<u>13.40%</u>
<u>75.24%</u>	<u>73.74%</u>	<u>82.17%</u>	<u>78.00%</u>	<u>78.43%</u>	<u>83.25%</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 92,373	\$ 79,359	\$ 50,478
Contributions in relation to the contractually required contribution	<u>(92,373)</u>	<u>(79,359)</u>	<u>(50,478)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<u>\$ 2,929,656</u>	<u>\$ 2,510,989</u>	<u>\$ 2,049,688</u>
Contributions as a percentage of covered employee payroll	<u>3.15%</u>	<u>3.16%</u>	<u>2.46%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 46,515	\$ 46,185	\$ 38,925	\$ 38,420	\$ 47,136	\$ 40,462
<u>(46,515)</u>	<u>(46,185)</u>	<u>(38,925)</u>	<u>(38,420)</u>	<u>(47,136)</u>	<u>(40,462)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,811,101</u>	<u>\$ 1,599,659</u>	<u>\$ 1,529,067</u>	<u>\$ 1,467,306</u>	<u>\$ 1,908,036</u>	<u>\$ 1,731,366</u>
<u>2.57%</u>	<u>2.89%</u>	<u>2.55%</u>	<u>2.62%</u>	<u>2.47%</u>	<u>2.34%</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>
District's proportion of the net OPEB liability	<u>0.0025483940%</u>	<u>0.0020456279%</u>
District's proportionate share of the net OPEB liability	\$ 610,188	\$ 789,090
State's proportionate share of the net OPEB liability associated with the District	<u>744,333</u>	<u>1,057,205</u>
Total	<u>\$ 1,354,521</u>	<u>\$ 1,846,295</u>
District's covered employee payroll (Plan year end August 31)	<u>\$ 2,510,989</u>	<u>\$ 2,049,688</u>
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	<u>24.30%</u>	<u>38.50%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>11.52%</u>	<u>6.18%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Note - the column label is the District's fiscal year. The data is derived from the Teacher Retirement System of Texas' Annual Comprehensive Financial Report for the preceding year.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>0.0018207537%</u>	<u>0.0018018292%</u>	<u>0.0018002280%</u>	<u>0.0019634503%</u>
\$ 692,151	\$ 852,107	\$ 898,870	\$ 853,831
<u>930,085</u>	<u>1,132,260</u>	<u>1,290,798</u>	<u>1,375,021</u>
<u>\$ 1,622,236</u>	<u>\$ 1,984,367</u>	<u>\$ 2,189,668</u>	<u>\$ 2,228,852</u>
<u>\$ 1,811,101</u>	<u>\$ 1,599,659</u>	<u>\$ 1,529,067</u>	<u>\$ 1,467,306</u>
<u>38.22%</u>	<u>53.27%</u>	<u>58.79%</u>	<u>58.19%</u>
<u>4.99%</u>	<u>2.66%</u>	<u>1.57%</u>	<u>0.91%</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S OTHER POST EMPLOYMENT BENEFIT (OPEB) CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>
Contractually required contribution	\$ 23,261	\$ 20,932
Contributions in relation to the contractually required contribution	<u>(23,261)</u>	<u>(20,932)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 2,929,656</u>	<u>\$ 2,510,989</u>
Contributions as a percentage of covered payroll	<u>0.79%</u>	<u>0.83%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Note - the contractually required contribution is for the District's indicated fiscal year.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 15,717	\$ 13,955	\$ 14,578	\$ 11,989
<u>(15,717)</u>	<u>(13,955)</u>	<u>(14,578)</u>	<u>(11,989)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 2,049,688</u>	<u>\$ 1,811,101</u>	<u>\$ 1,599,659</u>	<u>\$ 1,529,067</u>
<u>0.77%</u>	<u>0.77%</u>	<u>0.91%</u>	<u>0.78%</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

A. Budget

1. Basis of Budgeting

The Slidell Independent School District's (District) budget for the General Fund is prepared and presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

2. Budget Process

a. Budgeting

Annual budgets are legally adopted for the General Fund, Debt Service Fund, and Food Service Fund. The annual budget is presented in the accompanying schedule for the General Fund. The following procedures are used in establishing the budgetary data reflected in that schedule:

1. Prior to August 20th of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board of Trustees.

The budget is prepared and controlled by the budget officer at the revenue object and expenditure function level.

The official budget for the General Fund was prepared and adopted through Board resolution before August 31, 2022. The administration performs budget reviews by which budget requirements are re-evaluated and revisions recommended to the Board. The Board may approve amendments to the budget, which are required when a change is made to the functional expenditure categories or revenue object accounts, as defined by the Texas Education Agency. Total expenditures may exceed total appropriations, as amended, by fund as long as those expenditures are certified as being available by the budget officer to the Board. The budget amounts reflected in the accompanying schedule represent final amended budget amounts as approved by the Board.

b. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. There are no outstanding encumbrances at year-end as all encumbrances at that date are canceled and re-appropriated in the subsequent fiscal year's budget to provide for their liquidation.

c. Unfavorable Variances

The District over-expended the approved budget for interest (72) by \$2,997 and for other intergovernmental charges (99) by \$13,064.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

B. Defined Benefit Pension Plan

1. Change of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

2. Changes of Assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

- The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

C. OPEB Plan

1. Change of Benefit Terms

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

2. Changes of Assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability. Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the total OPEB liability.

OTHER SUPPLEMENTARY INFORMATION SECTION

SLIDELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023

Fiscal Year Ending August 31,	1		2	3
	Tax Rates			Assessed/Appraised Value for School Tax Purposes
	Maintenance		Debt Service	
2014 and Prior Years	\$	Various	\$	Various
2015		1.0700		354,370,005
2016		1.0650		370,412,199
2017		1.0600		258,044,126
2018		1.1000		237,750,987
2019		1.1700		262,572,805
2020		0.9900		316,250,211
2021		0.9764		255,795,549
2022		0.9634		266,404,621
2023 (School year under audit)		0.8646		411,926,207
1000 Totals				

Amount of taxes refunded under Section 26.115, Tax Code

10 Beginning Balance 9/1/2022	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2023
\$ 22,826	\$ -	\$ 6	\$ -	\$ (3,854)	\$ 18,966
5,035	-	-	-	-	5,035
6,988	-	340	18	-	6,630
13,044	-	26	2	-	13,016
15,621	-	151	6	-	15,464
10,614	-	819	142	-	9,653
14,818	-	11,953	966	11,446	13,345
34,518	-	20,717	1,782	9,355	21,374
86,911	-	47,204	4,116	(4,763)	30,828
-	3,907,532	3,468,173	336,949	(14,848)	87,562
<u>\$ 210,375</u>	<u>\$ 3,907,532</u>	<u>\$ 3,549,389</u>	<u>\$ 343,981</u>	<u>\$ (2,664)</u>	<u>\$ 221,873</u>
		<u>\$ 20,667</u>			

SLIDELL INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
		Original	Final		
	Revenues:				
5700	Local and intermediate sources	\$ 41,070	\$ 41,070	\$ 130,654	\$ 89,584
5800	State program revenues	3,886	15,855	21,733	5,878
5900	Federal program revenues	182,588	182,588	212,232	29,644
5020	Total revenues	<u>227,544</u>	<u>239,513</u>	<u>364,619</u>	<u>125,106</u>
	Expenditures:				
	Current:				
	Support services - student (pupil):				
0035	Food services	<u>366,964</u>	<u>418,018</u>	<u>382,024</u>	<u>35,994</u>
	Total support services - student (pupil)	<u>366,964</u>	<u>418,018</u>	<u>382,024</u>	<u>35,994</u>
6030	Total expenditures	<u>366,964</u>	<u>418,018</u>	<u>382,024</u>	<u>35,994</u>
1100	Excess of revenues over (under) expenditures	<u>(139,420)</u>	<u>(178,505)</u>	<u>(17,405)</u>	<u>161,100</u>
	Other financing sources:				
7915	Transfers in	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
7080	Total other financing sources	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
1200	Net change in fund balance	(114,420)	(153,505)	(17,405)	136,100
0100	Fund balance - beginning	<u>138,843</u>	<u>138,843</u>	<u>138,843</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 24,423</u>	<u>\$ (14,662)</u>	<u>\$ 121,438</u>	<u>\$ 136,100</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
		Original	Final		
	Revenues:				
5700	Local and intermediate sources	\$ 330,787	\$ 330,787	\$ 360,404	\$ 29,617
5800	State program revenues	-	-	1,666	1,666
5020	Total revenues	<u>330,787</u>	<u>330,787</u>	<u>362,070</u>	<u>31,283</u>
	Expenditures:				
	Debt service:				
0071	Principal on long-term debt	59,000	50,000	50,000	-
0072	Interest on long-term debt	9,000	18,000	17,935	65
0073	Bond issuance costs and fees	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
	Total debt service	<u>70,000</u>	<u>70,000</u>	<u>67,935</u>	<u>2,065</u>
6030	Total expenditures	<u>70,000</u>	<u>70,000</u>	<u>67,935</u>	<u>2,065</u>
1100	Excess of revenues over expenditures	<u>260,787</u>	<u>260,787</u>	<u>294,135</u>	<u>33,348</u>
1200	Net change in fund balance	260,787	260,787	294,135	33,348
0100	Fund balance - beginning	<u>191,295</u>	<u>191,295</u>	<u>191,295</u>	-
3000	Fund balance - ending	<u>\$ 452,082</u>	<u>\$ 452,082</u>	<u>\$ 485,430</u>	<u>\$ 33,348</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES RELATIVE TO COMPENSATORY
AND BILINGUAL EDUCATION PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2023

<u>Data Codes</u>		<u>Column 1 Responses</u>
Section A: Compensatory Education Programs		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 291,291
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 230,109
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 29,054
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 22,367



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with Government Auditing Standards

Board of Trustees
Slidell Independent School District
P.O. Box 69
Slidell, Texas 76267

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Slidell Independent School District (District) as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Edgin, Parkman, Fleming & Fleming, PC". The signature is written in a cursive, slightly slanted style.

Edgin, Parkman, Fleming & Fleming, PC

January 3, 2024

SLIDELL INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

2. Federal Awards

A Single Audit was not required for the year ended August 31, 2023.

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

A Single Audit was not required for the year ended August 31, 2023.

SLIDELL INDEPENDENT SCHOOL DISTRICT

AUDIT CORRECTIVE ACTION PLAN YEAR ENDED AUGUST 31, 2023

There were no findings in the current year.

SLIDELL INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED AUGUST 31, 2023

Finding 2022-001 – Noncompliance – Budget

In the prior year, the District's expenditures exceeded the budgeted amounts in the Debt Service Fund by \$34,810. There were no material unfavorable budget variances in the current year.

SLIDELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL
FIRST INDICATORS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2023

<u>Data Control Codes</u>	<u>Responses</u>
SF1 Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3 Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4 Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6 Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7 Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8 Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9 Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -