

SLIDELL INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

SLIDELL INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2021

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SLIDELL INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

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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, 2021, 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:

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Other 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 introductory section, other supplementary information, combining schedules of nonmajor governmental fund financial statements and required Texas Education Agency Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information, except for that portion labeled 'unaudited' on which we express no opinion, 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 combining schedules of nonmajor governmental fund financial statements, Texas Education Agency Schedules and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022, 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 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 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,

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 14, 2022

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, 2021. 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, 2021 by \$3,548,767 (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 \$296,602.
- During the year, the District's total net position increased by \$967,228. The District's expenses, which totaled \$4,083,199, were less than the District's program revenues of \$598,631 and general revenues of \$4,351,708. In addition, there was a prior period adjustment of \$100,088.
- The total cost of the District's programs increased \$395,462 from last year.
- The governmental funds reported a fund balance this year of \$2,105,641, which is an increase of \$734,021 in comparison with the prior year amount. This increase includes a prior period adjustment of \$21,784.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,581,092, or 44% 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 2020-21. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund, which is always considered to be a major fund. 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			
	2021	2020	Change	% Change
Current and other assets	\$ 2,568,944	\$ 1,716,358	\$ 852,586	50%
Capital assets, net	3,923,577	4,057,816	(134,239)	-3%
Total Assets	6,492,521	5,774,174	718,347	12%
TRS Related Outflows	351,971	398,229	(46,258)	100%
Total Deferred Outflows	351,971	398,229	(46,258)	100%
Current liabilities	597,220	279,808	317,412	113%
Noncurrent liabilities	1,978,584	2,687,346	(708,762)	-26%
Total Liabilities	2,575,804	2,967,154	(391,350)	-13%
TRS Related Inflows	719,921	623,710	96,211	100%
Total Deferred Inflows	719,921	623,710	96,211	100%
Net position:				
Net investment in capital assets	2,989,564	2,809,845	179,719	6%
Restricted	262,601	161,648	100,953	62%
Unrestricted	296,602	(389,954)	686,556	-176%
Total Net Position	\$ 3,548,767	\$ 2,581,539	\$ 967,228	37%

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 \$2,989,564. 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, \$262,601, 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 \$296,602.

Changes in Net Position

The District's total revenues, both program and general, were \$4,950,339. A significant portion, 58%, of the District's revenue comes from property taxes. Unrestricted grants and contributions, which includes state aid formula grants, provided 27% of the revenues and 11% 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, 2021 and 2020 for the District's *governmental activities*.

Table 2 - District's Revenues

	Governmental Activities			
	2021	Percent	2020	Percent
Charges for services	\$ 54,452	1%	\$ 94,759	2%
Operating grants and contributions	544,179	11%	501,189	11%
Property taxes	2,853,293	58%	3,397,281	76%
Grants and contributions not restricted	1,325,432	27%	456,060	10%
Investment earnings	16,760	0%	15,103	0%
Miscellaneous	156,223	3%	20,738	1%
Total Revenues	<u>\$ 4,950,339</u>	<u>100%</u>	<u>\$ 4,485,130</u>	<u>100%</u>

Exhibited below in Table 3 are the District's expenses for the years ended August 31, 2021 and 2020 for the District's *governmental activities*. The total cost of all programs and services was \$4,083,199. Instructional and related costs totaled 49% of these costs while student support was 15% and nonstudent support was 16%.

Table 3 - District's Expenses

	Governmental Activities			
	2021	Percent	2020	Percent
Instructional & related	\$ 2,017,779	49%	\$ 1,903,961	52%
Leadership	260,591	6%	306,504	8%
Student support	597,928	15%	503,559	14%
Administrative support	405,849	10%	273,490	7%
Nonstudent support	640,254	16%	452,170	12%
Other	160,798	4%	248,053	7%
Total Expenses	<u>\$ 4,083,199</u>	<u>100%</u>	<u>\$ 3,687,737</u>	<u>100%</u>

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			
	2021	2020	\$ Change	% Change
Program revenues:				
Charges for services	\$ 54,452	\$ 94,759	\$ (40,307)	-43%
Operating grants and contributions	544,179	501,189	42,990	9%
General revenues:				
Property taxes	2,853,293	3,397,281	(543,988)	-16%
Grants and contributions not restricted	1,325,432	456,060	869,372	191%
Investment earnings	16,760	15,103	1,657	11%
Miscellaneous	156,223	20,738	135,485	653%
Total revenues	<u>4,950,339</u>	<u>4,485,130</u>	<u>465,209</u>	<u>10%</u>
Expenses:				
Instruction	1,988,432	1,871,139	117,293	6%
Instructional resources and media services	27,544	32,638	(5,094)	-16%
Curriculum development and instructional staff development	1,803	184	1,619	880%
School leadership	260,591	306,504	(45,913)	-15%
Guidance, counseling, and evaluation services	4,127	1,767	2,360	134%
Health services	24,645	11,663	12,982	111%
Student transportation	131,449	134,798	(3,349)	-2%
Food services	268,446	230,030	38,416	17%
Cocurricular/extracurricular activities	169,261	125,301	43,960	35%
General administration	405,849	273,490	132,359	48%
Facilities maintenance and operations	549,235	382,407	166,828	44%
Security and monitoring services	18,935	15,917	3,018	19%
Data processing services	72,084	53,846	18,238	34%
Interest on long-term debt	39,778	36,803	2,975	8%
Bond issuance costs and fees	400	700	(300)	-43%
Contracted instructional services between schools	-	6,637	(6,637)	-100%
Payments related to shared service arrangements	80,578	158,990	(78,412)	-49%
Other intergovernmental charges	40,042	44,923	(4,881)	-11%
Total expenses	<u>4,083,199</u>	<u>3,687,737</u>	<u>395,462</u>	<u>11%</u>
Change in net position	<u>\$ 867,140</u>	<u>\$ 797,393</u>	<u>\$ 69,747</u>	<u>9%</u>

Explanations for material variances between years are as follows:

- Property taxes decreased by \$543,988, or 16%, due to a decrease in property value and a small decline in the M&O tax rate.
- Grants and contributions not restricted increased by \$869,372, or 191%, due to an increase of state funding due to increased enrollment and funding changes.
- Miscellaneous revenue increased \$135,485, or 653%, mainly due to proceeds realized as a result of an application fee payment pursuant to a Chapter 313 agreement with Porter Solar, LLC.
- Instruction increased \$117,293 due to an increase in staff and additional depreciation expense allocated to instruction.
- General Administration increased \$132,359 due to administrative staff raises and legal application costs that were reimbursed under Chapter 313 agreement.
- Facilities Maintenance and Operations increased \$166,828 due to an increase in staff for COVID protocols, and a change in coding for electricity due to a change in service providers. Previously, electricity was coded to the payments related to shared service arrangement's function. The change in coding is the reason payments related to shared service arrangements decreased by \$78,412.

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			
	2021	Percent	2020	Percent
Instructional & related	\$ 1,775,866	51%	\$ 1,575,688	51%
Leadership	241,045	7%	279,632	9%
Student support	287,708	8%	308,775	10%
Administrative support	399,508	11%	267,900	9%
Nonstudent support	619,643	18%	411,741	13%
Other	160,798	5%	248,053	8%
Total Net Costs	\$ 3,484,568	100%	\$ 3,091,789	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, 2021, the District's governmental funds reported a combined ending fund balance of \$2,105,641, an increase of \$712,237 from the previous year, before reflecting a prior period adjustment of \$21,784. This increase is mainly due to increased funding from TEA. Table 6 illustrates the fund balances of the governmental funds.

**Table 6 - Governmental Funds - Fund Balances
August 31, 2021**

	General Fund	Other Funds	Totals
Nonspendable	\$ 9,645	\$ 695	\$ 10,340
Restricted for:			
Federal and state grants	-	102,198	102,198
Debt service	-	160,011	160,011
Committed fund balance	252,000	-	252,000
Unassigned	1,581,092	-	1,581,092
Total Fund Balances	\$ 1,842,737	\$ 262,904	\$ 2,105,641

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$1,842,737 of which \$1,581,092 was unassigned. The total fund balance represents 51% of the total General Fund expenditures for the year ended August 31, 2021. The fund balance increased by \$633,460 in the current fiscal year.

- Local and Intermediate sources decreased by \$444,258, or 14%, due to a decrease in property tax revenues, offset by additional revenues for a Chapter 313 agreement.
- State Program Revenues increased by \$866,125, or 148% due to an increase of state funding from increased enrollment and changes in state funding calculation related to tax compression as well as the previous year ESSER reductions.

General Fund expenditures totaled \$3,594,504, an increase of \$354,149 or 11%, from the preceding year. The functional categories that changed the most were as follows:

- Instructional expenditures increased \$215,146, or 14%, due to additional staff for increased enrollment.
- Student Transportation expenditures decreased \$159,940, or 56%, due to equipment purchased in the previous year for student transportation.
- Extracurricular activities expenditures increased \$55,608, or 52%, from additional participation, staff increase, and increased program activities.
- General Administration increased by \$134,036, or 52%, due to administrative raises and legal expenses related to the Chapter 313 Agreement.
- Facilities Maintenance and Operations expenditures increased \$168,151, or 47%, partly from additional staff for COVID-19 protocols. The other increase is from coding electricity to facilities maintenance and operations in the current year after switching providers which was previously coded to payments to shared services arrangements. This same change in coding resulted in a \$78,412, or 49%, decrease in the shared services arrangement expenditures.

Other Governmental Funds

Other governmental funds consist of the various Special Revenue Funds. The total ending fund balance for other governmental funds combined was \$262,904, an increase of \$95,780 from the previous year before a prior period adjustment of \$4,781. Revenues increased overall from the previous year mainly due to adoption of the seamless summer option for the school lunch program and expenditures were consistent with the same amounts compared to the previous year.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. With these adjustments, actual expenditures were \$99,580 below final budget amounts and actual revenues were \$626,797 above budget. Most of the excess budget is the result of conservative budgeting. There was one individual functional expenditure area, payments to tax increment funds, with significant excess budget due to the reclassification of legal expenses to general administration. The reclassification resulted in the over spending of the general administration functional expenditure area. The significant revenue variances were in local revenues with excess of \$79,140 and state revenues with an excess of \$549,703.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2021, the District had invested in a broad range of capital assets totaling \$3,923,577, net of accumulated depreciation, including land, buildings, and furniture and equipment. See Table 7 below.

Table 7 - Capital Assets, Net

	2021	2020	\$ Change	% Change
Land	\$ 474,476	\$ 474,476	\$ -	0%
Buildings and improvements	3,202,429	3,295,470	(93,041)	-3%
Furniture and equipment	213,332	247,749	(34,417)	-14%
Capital lease assets	33,340	40,121	(6,781)	-17%
Totals	<u>\$ 3,923,577</u>	<u>\$ 4,057,816</u>	<u>\$ (134,239)</u>	<u>-3%</u>

Capital assets, net of accumulated depreciation, decreased \$134,239 from the previous year due to additional current 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, 2021, the District had \$934,013 in bonds, notes, and capital lease payable outstanding as shown in Table 8 below.

Table 8 - Long-term Debt

	2021	2020	\$ Change	% Change
General obligations bonds	\$ 710,000	\$ 880,000	\$ (170,000)	-19%
Premium on bonds	40,155	49,393	(9,238)	-19%
Notes	153,900	214,852	(60,952)	-28%
Capital leases	29,958	38,941	(8,983)	-23%
Totals	<u>\$ 934,013</u>	<u>\$ 1,183,186</u>	<u>\$ (249,173)</u>	<u>-21%</u>

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 2021-22 budget for the General Fund.

- Appraised value used for the 2021-2022 budget preparation is \$270 million, compared to the \$256 million actual appraised values in 2020-2021. This increase is due to an overall value increase across most categories.
- General Fund spending per student will increase by \$755/student in the 2021-2022 budget as compared to 2020-21 fiscal year.
- The District's 2021-2022 refined average daily attendance is expected to be 355 compared to the final ADA for 2020-21 of 310.

Amounts available for appropriation in the 2021-2022 General Fund's budget are \$4,196,802, which is a 17% increase over the 2020-2021 actual General Fund expenditures of \$3,594,504. Increases in expenditures are directed at increased instructional costs as well as a new bus purchase.

2021-2022 revenues budgeted of \$4,347,798 reflects an increase of \$115,918, or 3%, from the 2020-2021 actual General Fund revenues of \$4,231,880.

If these estimates are realized, the District's General Fund's fund balance will increase by approximately \$250,000 by August 31, 2022.

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, 2021

Data Control Codes		1 Governmental Activities
Assets		
1110	Cash and cash equivalents	\$ 1,260,529
1120	Current investments	7,071
1225	Property taxes receivable, net	120,681
1240	Due from other governments	1,152,910
1290	Other receivables	17,413
1300	Inventories	4,092
1410	Unrealized expenses	6,248
	Capital assets:	
1510	Land	474,476
1520	Buildings and improvements, net	3,202,429
1530	Furniture and equipment, net	213,332
1550	Assets under capital lease, net	33,340
1000	Total assets	<u>6,492,521</u>
Deferred outflows of resources		
1701	Loss on bond refunding	14,992
1705	Pension-related outflows	230,768
1706	OPEB-related outflows	106,211
1700	Total deferred outflows of resources	<u>351,971</u>
Liabilities		
2110	Accounts payable	169,605
2140	Accrued interest	9,122
2150	Payroll deductions & withholdings	(411)
2160	Accrued wages payable	158,347
2200	Accrued expenses	14,831
2300	Unearned revenue	250
	Noncurrent liabilities:	
2501	Portion due or payable within one year	245,476
2502	Portion due or payable after one year	688,537
2540	Net pension liability	597,896
2545	Net OPEB liability	692,151
2000	Total liabilities	<u>2,575,804</u>
Deferred inflows of resources		
2605	Pension-related inflows	145,820
2606	OPEB-related inflows	574,101
2600	Total deferred inflows of resources	<u>719,921</u>
Net Position		
3200	Net investment in capital assets	2,989,564
	Restricted for:	
3820	Federal and state grants	102,198
3850	Debt service	160,403
3900	Unrestricted	296,602
3000	Total net position	<u>\$ 3,548,767</u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

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	\$ 1,988,432	\$ -	\$ 240,673	\$ (1,747,759)	
12	Instructional resources and media services	27,544	-	1,240	(26,304)	
13	Curriculum and staff development	1,803	-	-	(1,803)	
23	School leadership	260,591	-	19,546	(241,045)	
31	Guidance, counseling, & evaluation services	4,127	-	-	(4,127)	
33	Health services	24,645	-	565	(24,080)	
34	Student transportation	131,449	-	5,231	(126,218)	
35	Food services	268,446	38,862	244,125	14,541	
36	Cocurricular/extracurricular activities	169,261	15,590	5,847	(147,824)	
41	General administration	405,849	-	6,341	(399,508)	
51	Facilities maintenance and operations	549,235	-	17,295	(531,940)	
52	Security and monitoring	18,935	-	-	(18,935)	
53	Data processing services	72,084	-	3,316	(68,768)	
72	Interest on long-term debt	39,778	-	-	(39,778)	
73	Bond issuance costs and fees	400	-	-	(400)	
93	Payments to shared service arrangements	80,578	-	-	(80,578)	
99	Other intergovernmental charges	40,042	-	-	(40,042)	
TG	Total governmental activities	<u>\$ 4,083,199</u>	<u>\$ 54,452</u>	<u>\$ 544,179</u>	<u>(3,484,568)</u>	
	General revenues:					
MT	Property taxes, levied for general purposes				2,627,780	
DT	Property taxes, levied for debt service				225,513	
SF	State aid-formula grants				1,315,478	
GC	Grants and contributions not restricted to specific programs				9,954	
IE	Investment earnings				16,760	
MI	Miscellaneous				156,223	
TR	Total general revenues				<u>4,351,708</u>	
CN	Change in net position				867,140	
NB	Net position - beginning, as originally stated				2,581,539	
PA	Prior period adjustments				100,088	
	Net position - beginning, as restated				2,681,627	
NE	Net position - ending				<u>\$ 3,548,767</u>	

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
Assets				
1110	Cash and cash equivalents	\$ 1,003,456	\$ 257,073	\$ 1,260,529
1120	Investments - Current	4,707	2,364	7,071
1225	Property taxes receivable, net	111,167	9,514	120,681
1240	Due from other governments	1,104,804	48,106	1,152,910
1260	Due from other funds	33,654	2,807	36,461
1290	Other receivables	17,413	-	17,413
1300	Inventories	3,397	695	4,092
1410	Unrealized expenditures	6,248	-	6,248
1000	Total assets	<u>\$ 2,284,846</u>	<u>\$ 320,559</u>	<u>\$ 2,605,405</u>
Liabilities				
2110	Accounts payable	\$ 160,496	\$ 9,109	\$ 169,605
2150	Payroll deductions and withholdings	(411)	-	(411)
2160	Accrued wages payable	151,791	6,556	158,347
2170	Due to other funds	5,032	31,429	36,461
2200	Accrued expenditures	14,034	797	14,831
2300	Unearned revenue	-	250	250
2000	Total liabilities	<u>330,942</u>	<u>48,141</u>	<u>379,083</u>
Deferred inflows of resources				
	Unavailable property taxes	111,167	9,514	120,681
2600	Total deferred inflows of resources	<u>111,167</u>	<u>9,514</u>	<u>120,681</u>
Fund balances				
Nonspendable fund balances:				
3430	Prepaid items	9,645	695	10,340
Restricted fund balances:				
3450	Federal and state grants	-	102,198	102,198
3480	Retirement of long-term debt	-	160,011	160,011
Committed fund balances:				
3530	Committed - capital expenditures	252,000	-	252,000
3600	Unassigned	1,581,092	-	1,581,092
3000	Total fund balances	<u>1,842,737</u>	<u>262,904</u>	<u>2,105,641</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,284,846</u>	<u>\$ 320,559</u>	<u>\$ 2,605,405</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, 2021

Data
Control
Codes

	Total fund balances - governmental funds (Exhibit C-1)		\$ 2,105,641
	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	\$ 7,079,733	
1	Related accumulated depreciation	<u>3,156,156</u>	3,923,577
	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			120,681
	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	750,155	
	Note payable	153,900	
	Capital lease	29,958	
3	Deferred loss on refunding	<u>(14,992)</u>	(919,021)
	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			(9,122)
	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	597,896	
	Deferred outflows - pension related items	(230,768)	
	Deferred inflows - pension related items	145,820	
	Net OPEB liability	692,151	
	Deferred outflows - OPEB related items	(106,211)	
5	Deferred inflows - OPEB related items	<u>574,101</u>	<u>(1,672,989)</u>
19	Total net position - governmental activities (Exhibit A-1)		<u>\$ 3,548,767</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, 2021

Data Control Codes		10 General Fund	Other Governmental Funds	98 Total Governmental Funds
Revenues				
5700	Local and intermediate sources	\$ 2,737,860	\$ 265,875	\$ 3,003,735
5800	State program revenues	1,484,066	12,261	1,496,327
5900	Federal program revenues	9,954	324,918	334,872
5020	Total revenues	<u>4,231,880</u>	<u>603,054</u>	<u>4,834,934</u>
Expenditures				
0011	Instruction	1,794,113	97,871	1,891,984
0012	Instructional resources and media services	26,352	-	26,352
0013	Curriculum and staff development	1,741	-	1,741
0023	School leadership	247,776	-	247,776
0031	Guidance, counseling, & evaluation services	3,984	-	3,984
0033	Health services	23,685	-	23,685
0034	Student transportation	125,907	-	125,907
0035	Food services	3,923	254,200	258,123
0036	Cocurricular/extracurricular activities	162,251	-	162,251
0041	General administration	390,460	-	390,460
0051	Facilities maintenance and operations	526,898	-	526,898
0052	Security and monitoring services	18,280	-	18,280
0053	Data processing services	68,961	-	68,961
0071	Principal on long-term debt	66,992	170,000	236,992
0072	Interest on long-term debt	12,561	31,750	44,311
0073	Bond issuance costs and fees	-	400	400
0093	Payments to shared service arrangements	80,578	-	80,578
0099	Other intergovernmental charges	40,042	-	40,042
6030	Total expenditures	<u>3,594,504</u>	<u>554,221</u>	<u>4,148,725</u>
1100	Excess of revenues over (under) expenditures	<u>637,376</u>	<u>48,833</u>	<u>686,209</u>
Other Financing Sources (Uses)				
7915	Transfers in	3,053	50,000	53,053
7949	Other resources	47,963	-	47,963
8911	Transfers out	(50,000)	(3,053)	(53,053)
8949	Other uses	(21,935)	-	(21,935)
7080	Total other financing sources (uses)	<u>(20,919)</u>	<u>46,947</u>	<u>26,028</u>
1200	Net change in fund balance	<u>616,457</u>	<u>95,780</u>	<u>712,237</u>
0100	Fund balances - beginning, as originally stated	1,209,277	162,343	1,371,620
1300	Prior period adjustments	17,003	4,781	21,784
	Fund balances - beginning, as restated	<u>1,226,280</u>	<u>167,124</u>	<u>1,393,404</u>
3000	Fund balances - ending	<u>\$ 1,842,737</u>	<u>\$ 262,904</u>	<u>\$ 2,105,641</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, 2021**

Net change in fund balances - total governmental funds (Exhibit C-2)		\$	712,237
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		\$	-
Depreciation expense for the year			(134,239)
			<u>134,239</u>
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.			50,965
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		170,000	
Note payable		60,952	
Capital lease		8,983	
			<u>239,935</u>
The amortization of premiums are only reported in the Statement of Activities.			9,238
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:			(4,337)
Governmental funds report the loss 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 prior year refunding losses in the current year.			(3,311)
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.			(38,400)
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>35,052</u>
Change in net position of governmental activities (Exhibit B-1)		\$	<u><u>867,140</u></u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AUGUST 31, 2021

<u>Data Control Codes</u>		<u>Private Purpose Trust Fund</u>	<u>Custodial Funds Student Activity Funds</u>
	Assets		
1110	Cash and cash equivalents	\$ 29,147	\$ 24,370
1000	Total assets	<u>29,147</u>	<u>24,370</u>
	Liabilities		
	Current Liabilities:		
2110	Accounts payable	-	-
2000	Total liabilities	<u>-</u>	<u>-</u>
	Net Position		
3800	Restricted for other purposes	29,147	24,370
3000	Total net position	<u>\$ 29,147</u>	<u>\$ 24,370</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, 2021

	Private Purpose Trust Fund	Custodial Funds Student Activity Funds
Additions:		
Contributions, gifts and donations	\$ 21,836	\$ -
Student activities	-	31,953
Total additions	<u>21,836</u>	<u>31,953</u>
Deductions:		
Other operating costs	21,672	-
Student activities	-	24,837
Total deductions	<u>21,672</u>	<u>24,837</u>
Change in net position	<u>164</u>	<u>7,116</u>
Net position - beginning, as originally stated	28,983	-
Prior period adjustment	-	17,254
Net position - beginning, as restated	<u>28,983</u>	<u>17,254</u>
Net position - ending	<u>\$ 29,147</u>	<u>\$ 24,370</u>

See accompanying notes to the basic financial statements.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

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.

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

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

programs are accounted for in these funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

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.

Fiduciary Funds:

Private-Purpose Trust Fund: The District accounts for donations for which the donor stipulated that both the principal and income must be used for purposes that benefit parties outside the District.

Custodial Funds: These funds are used to report student activity 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 agent 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, 2021

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, 2021, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$167,679
Allowance for uncollectible taxes	(46,998)
Net property taxes receivable	<u>\$120,681</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
Assets under capital lease	5-10 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 \$167,679 gross property tax receivable at August 31, 2021, the District expects to collect approximately \$50,000 in the upcoming year.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

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, 2021

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, 2021

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

The District's expenditures exceeded budgeted amounts in the General Fund for the General Administration function by \$66,616 in the current year. A \$75,000 legal expenditure related to a Chapter 313 agreement was budgeted in an incorrect functional area, an audit reclassification resulted in the over-expenditure.

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

The District does not have any funds with a deficit fund balance or deficit net position.

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, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,260,529 and the bank balance was \$1,323,761. The District's cash deposits at August 31, 2021, and during the year ended August 31, 2021, 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.

The District's investments at August 31, 2021, are shown below:

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<u>Investment or Investment Type</u>	<u>Weighted Average Maturity (Months)</u>	<u>Fair Value</u>
TexPool	1.00	<u>\$7,071</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
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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, 2021 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
Other Governmental Funds	Other Governmental Funds	2,807	Short-term loan
	Total	<u>\$36,461</u>	

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

2. Transfers To and From Other Funds

Transfers to / from other funds for the year ended August 31, 2021 consist of the following:

SLIDELL INDEPENDENT SCHOOL DISTRICT
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<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
Other Governmental Funds	General Fund	\$ 3,053	To close out fund balance
General Fund	Other Governmental Funds	<u>50,000</u>	Supplement other fund sources
	Total	<u>\$53,053</u>	

E. Capital Assets

Capital asset activity for the year ended August 31, 2021 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 474,476	\$ -	\$ -	\$ 474,476
Capital assets being depreciated:				
Buildings and improvements	5,643,386	-	-	5,643,386
Furniture and equipment	920,400	-	5,995	914,405
Assets under capital lease	<u>47,466</u>	-	-	<u>47,466</u>
Total capital assets being depreciated	<u>6,611,252</u>	-	<u>5,995</u>	<u>6,605,257</u>
Less accumulated depreciation for:				
Buildings and improvements	2,347,916	93,041	-	2,440,957
Furniture and equipment	672,651	34,417	5,995	701,073
Assets under capital lease	<u>7,345</u>	<u>6,781</u>	-	<u>14,126</u>
Total accumulated depreciation	<u>3,027,912</u>	<u>134,239</u>	<u>5,995</u>	<u>3,156,156</u>
Total capital assets being depreciated, net	<u>3,583,340</u>	(134,239)	-	<u>3,449,101</u>
Governmental activities capital assets, net	<u>\$4,057,816</u>	<u>(\$134,239)</u>	<u>\$ -</u>	<u>\$3,923,577</u>

Depreciation expense was charged to functions as follows:

<u>Governmental activities:</u>	
Instruction	\$67,792
Instructional Resources and Media Services	944
Curriculum and Staff Development	62
School Leadership	8,878
Guidance, Counseling, & Evaluation Services	143
Health Services	849
Student Transportation	4,511
Food Services	9,249
Extracurricular Activities	5,814
General Administration	13,991
Facilities Maintenance and Operations	18,880
Security and Monitoring Services	655
Data Processing Services	<u>2,471</u>
Total governmental depreciation	<u>\$134,239</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

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, 2021, 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	\$ 880,000	\$ -	\$170,000	\$710,000	\$175,000
Bond premiums	49,393	-	9,238	40,155	-
Notes payable	214,852	-	60,952	153,900	61,009
Capital lease payable	<u>38,941</u>	<u>-</u>	<u>8,983</u>	<u>29,958</u>	<u>9,467</u>
Total governmental activities	<u>\$1,183,186</u>	<u>\$ -</u>	<u>\$249,173</u>	<u>\$934,013</u>	<u>\$245,476</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2021, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$245,476	\$ 35,682	\$ 281,158
2023	83,725	26,887	110,612
2024	85,435	23,177	108,612
2025	81,135	19,648	100,783
2026	73,087	16,150	89,237
2027-2031	<u>325,000</u>	<u>40,200</u>	<u>365,200</u>
Totals before premiums	893,858	<u>\$161,744</u>	<u>\$1,055,602</u>
Premium on sale of bonds	40,155		
Totals	<u>\$934,013</u>		

3. General Obligation Bonds

Unlimited Tax Refunding Bonds, Series 2012

The Unlimited Tax Refunding Bonds, Series 2012, consists of \$2,135,000 of Current Interest Serial Bonds. These bonds were issued to refund a portion of the Unlimited Tax School Building Bonds, Series 1996 and 2001 in order to reduce future interest expenditures for the District. The interest rate on these bonds range from 3.00% to 4.00%. Maturity of the Current Interest Serial Bonds is on August 15, 2031.

Bonds maturing on or after August 15, 2022 are subject to optional redemption, in whole or in part, on August 15, 2021, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. The Term Bonds maturing on August 15, 2021, 2025, 2028, and 2031, are subject to mandatory sinking fund redemption prior to their stated maturity, and will be redeemed by the District, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date.

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.

SLIDELL INDEPENDENT SCHOOL DISTRICT
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Debt service requirements of the general obligation bonds at August 31, 2021 are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$175,000	\$ 26,650	\$201,650
2023	50,000	21,400	71,400
2024	50,000	19,400	69,400
2025	55,000	17,400	72,400
2026	55,000	15,200	70,200
2027-2031	<u>325,000</u>	<u>40,200</u>	<u>365,200</u>
Totals	<u>\$710,000</u>	<u>\$140,250</u>	<u>\$850,250</u>

4. Notes Payable

In February 2012, the District borrowed \$314,494 to finance the purchase of land. The loan is for ten years, requires annual payments of \$40,296 and bears interest of 5.00%.

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%.

Debt service requirements of the notes payable at August 31, 2021 are as follows:

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 61,009	\$ 7,682	\$ 68,691
2023	23,748	4,647	28,395
2024	24,921	3,475	28,396
2025	26,135	2,248	28,383
2026	<u>18,087</u>	<u>950</u>	<u>19,037</u>
Totals	<u>\$153,900</u>	<u>\$19,002</u>	<u>\$172,902</u>

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

5. Capital Lease Payable

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

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

<u>Year Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 9,467	\$1,350	\$10,817
2023	9,977	840	10,817
2024	<u>10,514</u>	<u>302</u>	<u>10,816</u>
Totals	<u>\$29,958</u>	<u>\$2,492</u>	<u>\$32,450</u>

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NOTES TO THE FINANCIAL STATEMENTS
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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 2021, 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.

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 Comprehensive Annual 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

SLIDELL INDEPENDENT SCHOOL DISTRICT
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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.

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>2020</u>	<u>2021</u>
Members (Employees)	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employer (District)	7.5%	7.5%
Member Contributions	\$139,152	\$157,826
NECE On-behalf Contributions	\$113,075	\$132,213
Employer Contributions	\$ 46,515	\$ 50,478

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 part 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 1.5% of the member's salary beginning in fiscal year 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

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Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%, 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)	2119
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
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, 2019.

6. Discount Rate

A single discount rate of 7.25% 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 7.25%. 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 7.25%. 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, 2020 are summarized below:

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<u>Asset Class</u>	<u>Target Allocation % ⁽¹⁾</u>	<u>Long-term Expected Geometric Real Rate of Return ⁽²⁾</u>	<u>Expected Contribution to Long-term Portfolio Returns</u>
Global Equity			
USA	18.0%	3.9%	0.99%
Non-U.S. Developed	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value			
Government Bonds ¹	16.0%	-0.7%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	--	1.8%	--
Stable Value Hedge Funds	5.0%	1.9%	0.11%
Real Return			
Real Estate	15.0%	4.6%	1.02%
Energy, Natural Resources and Infrastructure	6.0%	6.0%	0.42%
Commodities	--	0.8%	--
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Asset Allocation Leverage			
Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6.0%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag ⁽³⁾			<u>-0.67%</u>
Expected Return	<u>100.00%</u>		<u>7.33%</u>

⁽¹⁾ Target allocations are based on the FY 2020 policy model.

⁽²⁾ Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

⁽³⁾ 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 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
District's proportionate share of the net pension liability	<u>\$921,944</u>	<u>\$597,896</u>	<u>\$334,613</u>

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

At August 31, 2021, the District reported a liability of \$597,896 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:

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District's proportionate share of the collective net pension liability	\$ 597,896
State's proportionate share that is associated with the District	<u>1,467,779</u>
Total	<u>\$2,065,675</u>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 through August 31, 2020.

At August 31, 2020, the District's proportion of the collective net pension liability was 0.0011163523%, which was a decrease of .0000225477% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the District recognized pension expense of \$176,541 and revenue of \$113,075 for support provided by the State.

At August 31, 2021, 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>
Differences between expected and actual economic experience	\$ 1,092	\$ 16,686
Changes in actuarial assumptions	138,733	58,988
Difference between projected and actual investment earnings	12,104	-
Changes in proportion and difference between the District contributions and the proportionate share of contributions	28,361	70,146
Contributions paid to TRS subsequent to the measurement date	<u>50,478</u>	<u>-</u>
Total	<u>\$230,768</u>	<u>\$145,820</u>

The \$50,478 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, 2021. 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:

<u>Year Ended August 31</u>	<u>Pension Exp. Amount</u>
2021	\$17,111
2022	14,402
2023	11,573
2024	81
2025	(8,096)
Thereafter	(601)

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

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 a separately-issued Comprehensive Annual 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 a basic 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		
	Medicare	Non-Medicare
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.

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

SLIDELL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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.

Contribution Rates

	2020	2021
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	\$11,781	\$13,322
NECE On-behalf Contributions	\$29,842	\$25,257
Employer Contributions	\$13,955	\$15,717

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 \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total OPEB liability to August 31, 2020.

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. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. 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, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability	

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

Additional Actuarial Methods and Assumptions:

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65. 25% 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	9.00% for Medicare retirees and 7.30% 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 2.33% was used to measure the total OPEB liability. There was a decrease of .30% 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, 2020 using the fixed-income 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% less than and 1% greater than the discount rate that was used (2.33%) in measuring the net OPEB liability.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	<u>\$830,579</u>	<u>\$692,151</u>	<u>\$582,812</u>

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

At August 31, 2020, the District reported a liability of \$692,151 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, 2021

District's proportionate share of the collective net OPEB liability	\$ 692,151
State's proportionate share that is associated with the District	<u>930,085</u>
Total	<u>\$1,622,236</u>

The net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 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, 2019 through August 31, 2020.

At August 31, 2020, the District's proportion of the collective net OPEB liability was 0.0018207537%, compared to 0.0018018292% as of August 31, 2019.

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:

	1% Decrease <u>6.3% - 8.0%</u>	Current Healthcare Cost Trend Rate <u>7.3% - 9.0%</u>	1% Increase <u>8.3% - 10.0%</u>
District's proportionate share of the current healthcare cost trend rate	<u>\$565,398</u>	<u>\$692,151</u>	<u>\$860,967</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 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.
- The ultimate health care trend rate assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered 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 (\$19,452).

At August 31, 2021, 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:

SLIDELL INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021*

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual economic experience	\$ 36,241	\$316,764
Changes in actuarial assumptions	42,691	190,068
Difference between projected and actual investment earnings	225	-
Changes in proportion and difference between District contributions and proportionate share of contributions	11,337	67,269
Contributions paid to TRS subsequent to the measurement date	<u>15,717</u>	<u>-</u>
Total	<u>\$106,211</u>	<u>\$574,101</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended August 31</u>	<u>OPEB Expense Amount</u>	<u>Balance of Deferred Outflows (Deferred Inflows)</u>
2021	(\$80,999)	(\$ 402,608)
2022	(81,030)	(321,578)
2023	(81,048)	(240,530)
2024	(81,043)	(159,487)
2025	(62,555)	(96,932)
Thereafter	(96,932)	-

For the year ended August 31, 2021, the District recognized OPEB expense of (\$6,458) and revenue of \$18,596 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 \$9,236, \$8,459 and \$5,849 for the years ended August 31, 2021, 2020, and 2019, 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.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

2. Litigation

No reportable litigation was pending against the District as of August 31, 2021.

3. Wise County Appraisal District

The Texas Supreme Court ruled on CDM Resource Management v. Wise County Appraisal District, and J-W Power v. Wise County Appraisal District, where gas compressors are considered heavy equipment. Therefore, under a Section 25.25 appeal, the previous taxes collected on this equipment are refundable for the past 5 years. As of August 31, 2021, there are pending amounts due, but the District has not received settlement requests yet. The estimated amount due is \$131,139 from the General Fund.

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.

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 \$12,560 for the year ended August 31, 2021.

As of August 31, 2021, the worker's compensation benefit obligation consisted of \$10,842 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, 2020		\$10,558
Incurred claims/adjustments:		
Provision for insured events for 2020-21	\$3,125	
Provision for insured events for prior years	(1,549)	
Total incurred claims/adjustments		1,576
Payments:		
Claims attributable to insured events for 2020-21	97	
Claims attributable to insured events for prior years	1,195	
Total payments		<u>1,292</u>
Balance as of August 31, 2021		<u>\$10,842</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,

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

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. Prior Period Adjustments

During the current year, the District noted certain errors in balances reported in both the government-wide financial statements and the governmental fund financial statements at August 31, 2020, both of which required prior period adjustments in the current year. The District made an adjustment of \$18,303 to deferred outflows to record the balance of the loss on bond refunding at August 31, 2020. In addition, the District noted the balances of the unamortized bond premium, capital lease payable, and notes payable at August 31, 2020 were incorrect which required a net adjustment of \$60,001. The District also determined that a receivable should have been recorded as of August 31, 2020 for the August 2020 meals claim, recognizing additional revenue for Food Service of \$4,781. Lastly, the \$17,003 relates to recognition of excess payments made to the Special-Ed Shared Service Arrangement fiscal agent that are being held at August 31, 2020 for future use.

Also, during the current year, the District adopted GASB Statement No. 84, Fiduciary Activities. Prior to the implementation of GASB 84, the District's student activity funds were reported only in a statement of fiduciary assets and liabilities. After the implementation of GASB 84, the District's student activity funds are reported as custodial funds in a statement of fiduciary net position and in a statement of changes in fiduciary net position. The effect of reporting student activity funds as custodial funds is an increase to beginning net position of \$17,254 for custodial funds – student activity funds.

	Government-Wide Statement of Activities	Statement of Revenue, Expenditures and Changes in Fund Balance	
		General Fund	Other
Net position or fund balance as previously reported	\$2,581,539	\$1,209,277	\$162,343
August 31, 2020 deferred outflows related to the loss on bond refunding	18,303	-	-
August 31, 2020 balances of capital lease payable	83	-	-
August 31, 2020 balances of notes payable	(761)	-	-
Adjust balance of unamortized bond premium at August 31, 2020	60,679	-	-
Recognition of additional revenue for Food Services through August 31, 2020	4,781	-	4,781
Recognition of excess SSA payments through August 31, 2020	<u>17,003</u>	<u>17,003</u>	<u>-</u>
Net position or fund balance as restated	<u>\$2,681,627</u>	<u>\$1,226,280</u>	<u>\$ 167,124</u>

REQUIRED SUPPLEMENTARY INFORMATION

SLIDELL INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
		Original	Final		
Revenues:					
5700	Local and intermediate sources	\$ 2,583,720	\$ 2,658,720	\$ 2,737,860	\$ 79,140
5800	State program revenues	934,363	934,363	1,484,066	549,703
5900	Federal program revenues	12,000	12,000	9,954	(2,046)
5020	Total revenues	<u>3,530,083</u>	<u>3,605,083</u>	<u>4,231,880</u>	<u>626,797</u>
Expenditures:					
Instruction & instructional related services:					
0011	Instruction	1,727,670	1,789,294	1,794,113	(4,819)
0012	Instructional resources and media services	20,985	30,985	26,352	4,633
0013	Curriculum and staff development	175	3,175	1,741	1,434
	Total instruction and instructional related services	<u>1,748,830</u>	<u>1,823,454</u>	<u>1,822,206</u>	<u>1,248</u>
Instructional and school leadership:					
0023	School leadership	246,142	251,142	247,776	3,366
	Total instructional and school leadership	<u>246,142</u>	<u>251,142</u>	<u>247,776</u>	<u>3,366</u>
Support services - student (pupil):					
0031	Guidance, counseling and evaluation services	1,056	9,481	3,984	5,497
0033	Health services	24,817	29,817	23,685	6,132
0034	Student transportation	118,039	133,039	125,907	7,132
0035	Food services	-	4,000	3,923	77
0036	Cocurricular/extracurricular activities	162,935	169,935	162,251	7,684
	Total support services - student (pupil)	<u>306,847</u>	<u>346,272</u>	<u>319,750</u>	<u>26,522</u>
Administrative support services:					
0041	General administration	292,344	323,844	390,460	(66,616)
	Total administrative support services	<u>292,344</u>	<u>323,844</u>	<u>390,460</u>	<u>(66,616)</u>
Support services - nonstudent based:					
0051	Facilities maintenance and operations	529,835	547,835	526,898	20,937
0052	Security and monitoring services	18,000	23,300	18,280	5,020
0053	Data processing services	84,886	84,886	68,961	15,925
	Total support services - nonstudent based	<u>632,721</u>	<u>656,021</u>	<u>614,139</u>	<u>41,882</u>
Debt service:					
0071	Principal on long-term debt	73,907	73,346	66,992	6,354
0072	Interest on long-term debt	-	12,561	12,561	-
	Total debt service	<u>73,907</u>	<u>73,346</u>	<u>79,553</u>	<u>6,354</u>
Intergovernmental charges:					
0093	Payments to SSAs	80,989	83,489	80,578	2,911
0097	Payments to tax increment funds	-	75,000	-	75,000
0099	Other intergovernmental charges	48,955	48,955	40,042	8,913
	Total intergovernmental charges	<u>129,944</u>	<u>207,444</u>	<u>120,620</u>	<u>86,824</u>
6030	Total expenditures	<u>3,430,735</u>	<u>3,681,523</u>	<u>3,594,504</u>	<u>99,580</u>
1100	Excess of revenues over (under) expenditures	<u>99,348</u>	<u>(76,440)</u>	<u>637,376</u>	<u>713,816</u>

SLIDELL INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
		Original	Final		
	Other financing sources (uses):				
7915	Transfers in	-	-	3,053	3,053
7949	Other resources	-	-	47,963	47,963
8911	Transfers out	(25,000)	(50,000)	(50,000)	-
8949	Other uses	-	(25,000)	(21,935)	3,065
7080	Total other financing sources (uses)	<u>(25,000)</u>	<u>(75,000)</u>	<u>(20,919)</u>	<u>54,081</u>
1200	Net change in fund balance	<u>74,348</u>	<u>(151,440)</u>	<u>616,457</u>	<u>767,897</u>
0100	Fund balance - beginning, as originally stated	1,209,277	1,209,277	1,209,277	-
1300	Prior period adjustments	-	-	17,003	17,003
	Fund balances - beginning, as restated	<u>1,209,277</u>	<u>1,209,277</u>	<u>1,226,280</u>	<u>17,003</u>
3000	Fund balance - ending	<u>\$ 1,283,625</u>	<u>\$ 1,057,837</u>	<u>\$ 1,842,737</u>	<u>\$ 784,900</u>

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, 2021

	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	<u>0.0011163523%</u>	<u>0.0011389322%</u>
District's proportionate share of the net pension liability	\$ 597,896	\$ 592,053
State's proportionate share of the net pension liability associated with the District	<u>1,467,779</u>	<u>1,298,864</u>
Total	<u>\$ 2,065,675</u>	<u>\$ 1,890,917</u>
District's covered employee payroll	<u>\$ 1,811,101</u>	<u>\$ 1,599,659</u>
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>33.01%</u>	<u>37.01%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>75.54%</u>	<u>75.24%</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.0011728990%</u>	<u>0.0013465179%</u>	<u>0.0014835456%</u>	<u>0.0014720000%</u>	<u>0.0008831000%</u>
\$ 645,592	\$ 430,544	\$ 560,610	\$ 520,332	\$ 235,888
<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>\$ 1,976,656</u>	<u>\$ 1,366,090</u>	<u>\$ 1,718,418</u>	<u>\$ 1,670,546</u>	<u>\$ 1,273,671</u>
<u>\$ 1,529,067</u>	<u>\$ 1,467,306</u>	<u>\$ 1,908,036</u>	<u>\$ 1,731,366</u>	<u>\$ 1,759,776</u>
<u>42.22%</u>	<u>29.34%</u>	<u>29.38%</u>	<u>30.05%</u>	<u>13.40%</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, 2021

	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 50,478	\$ 46,515
Contributions in relation to the contractually required contribution	<u>(50,478)</u>	<u>(46,515)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<u>\$ 2,049,688</u>	<u>\$ 1,811,101</u>
Contributions as a percentage of covered employee payroll	<u>2.46%</u>	<u>2.57%</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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 46,185	\$ 38,925	\$ 38,420	\$ 47,136	\$ 40,462
<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>\$ 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>2.89%</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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	<u>0.0018207537%</u>	<u>0.0018018292%</u>	<u>0.0018002280%</u>	<u>0.0019634503%</u>
District's proportionate share of the net OPEB liability	\$ 692,151	\$ 852,107	\$ 898,870	\$ 853,831
State's proportionate share of the net OPEB liability associated with the District	<u>930,085</u>	<u>1,132,260</u>	<u>1,290,798</u>	<u>1,375,021</u>
Total	<u>\$ 1,622,236</u>	<u>\$ 1,984,367</u>	<u>\$ 2,189,668</u>	<u>\$ 2,228,852</u>
District's covered employee payroll (Plan year end August 31)	<u>\$ 1,811,101</u>	<u>\$ 1,599,659</u>	<u>\$ 1,529,067</u>	<u>\$ 1,467,306</u>
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	<u>38.22%</u>	<u>53.27%</u>	<u>58.79%</u>	<u>58.19%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>4.99%</u>	<u>2.66%</u>	<u>1.57%</u>	<u>0.91%</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's Comprehensive Annual Financial Statement for the preceding year.

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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 15,717	\$ 13,955	\$ 14,578	\$ 11,989
Contributions in relation to the contractually required contribution	<u>(15,717)</u>	<u>(13,955)</u>	<u>(14,578)</u>	<u>(11,989)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 2,049,688</u>	<u>\$ 1,811,101</u>	<u>\$ 1,599,659</u>	<u>\$ 1,529,067</u>
Contributions as a percentage of covered payroll	<u>0.77%</u>	<u>0.77%</u>	<u>0.91%</u>	<u>0.78%</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.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021

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, 2021. 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. The final amended budget reflects an increase of only \$156,150 from the original approved budget. The final budget reflects negative variances for two functions; Instruction by 4,819 and General Administration by \$66,616.

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.

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.

SLIDELL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021

2. Changes of Assumptions

There were no changes in assumptions since the prior measurement date.

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 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.
- The ultimate health care trend rate assumption was lowered from 4.5% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB liability.

OTHER SUPPLEMENTARY INFORMATION SECTION

SLIDELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2021

Fiscal Year Ending August 31,	1		2	3
	Tax Rates			Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service		
2012 and Prior Years	\$ Various	\$ Various		\$ Various
2013	1.0400	0.0800		240,715,123
2014	1.0400	0.0600		332,304,986
2015	1.0700	0.0550		354,370,005
2016	1.0650	0.0550		370,412,199
2017	1.0600	0.0750		258,044,126
2018	1.1000	0.0400		237,750,987
2019	1.1700	0.1840		262,572,805
2020	0.9900	0.0800		316,250,211
2021 (School year under audit)	0.9764	0.0840		255,795,549
1000 Totals				

10 Beginning Balance 9/1/2020	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2021
\$ 33,231	\$ -	\$ -	\$ -	\$ (14,242)	\$ 18,989
2,096	-	-	-	-	2,096
2,981	-	111	6	-	2,864
5,569	-	339	17	-	5,213
8,216	-	159	8	-	8,049
13,661	-	429	30	-	13,202
18,568	-	3,189	116	1,974	17,237
20,402	-	4,730	301	1,123	16,494
69,715	-	41,696	3,370	(1,701)	22,948
-	2,712,456	2,514,368	216,326	78,825	60,587
\$ 174,439	\$ 2,712,456	\$ 2,565,021	\$ 220,174	\$ 65,979	\$ 167,679

SLIDELL INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
		Original	Final		
	Revenues:				
5700	Local and intermediate sources	\$ 74,312	\$ 74,312	\$ 40,017	\$ (34,295)
5800	State program revenues	3,969	4,819	966	(3,853)
5900	Federal program revenues	103,000	197,000	238,342	41,342
5020	Total revenues	181,281	276,131	279,325	3,194
	Expenditures:				
	Current:				
	Support services - student (pupil):				
0035	Food services	198,213	277,213	254,201	23,012
	Total support services - student (pupil)	198,213	277,213	254,201	23,012
6030	Total expenditures	198,213	277,213	254,201	23,012
1100	Excess of revenues over (under) expenditures	(16,932)	(1,082)	25,124	26,206
	Other financing sources:				
7915	Transfers in	25,000	50,000	50,000	-
7080	Total other financing sources	25,000	50,000	50,000	-
1200	Net change in fund balance	8,068	48,918	75,124	26,206
0100	Fund balance - beginning, as originally reported	22,988	22,988	22,988	-
1300	Prior period adjustment	-	-	4,781	4,781
	Fund balances - beginning, as restated	22,988	22,988	27,769	4,781
3000	Fund balance - ending	\$ 31,056	\$ 71,906	\$ 102,893	\$ 30,987

SLIDELL INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
		Original	Final		
	Revenues:				
5700	Local and intermediate sources	\$ 228,373	\$ 228,373	\$ 225,858	\$ (2,515)
5020	Total revenues	<u>228,373</u>	<u>228,373</u>	<u>225,858</u>	<u>(2,515)</u>
	Expenditures:				
	Debt service:				
0071	Principal on long-term debt	202,550	170,000	170,000	-
0072	Interest on long-term debt	-	31,750	31,750	-
0073	Bond issuance costs and fees	-	800	400	400
	Total debt service	<u>202,550</u>	<u>202,550</u>	<u>202,150</u>	<u>400</u>
6030	Total expenditures	<u>202,550</u>	<u>202,550</u>	<u>202,150</u>	<u>400</u>
1100	Excess of revenues over (under) expenditures	<u>25,823</u>	<u>25,823</u>	<u>23,708</u>	<u>(2,115)</u>
1200	Net change in fund balance	25,823	25,823	23,708	(2,115)
0100	Fund balance - beginning	136,303	136,303	136,303	-
3000	Fund balance - ending	<u>\$ 162,126</u>	<u>\$ 162,126</u>	<u>\$ 160,011</u>	<u>\$ (2,115)</u>



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, 2021, 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 14, 2022.

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.

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 statement amounts. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as finding 2021-001.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

January 14, 2022

SLIDELL INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED AUGUST 31, 2021

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, 2021.

B. Financial Statement Findings

Finding 2021-001 – Noncompliance – Budget

Criteria

Management is responsible for preparing a budget, getting it approved by the Board of Trustees, holding a public hearing, and the final adoption by the Board of Trustees before September 1. This responsibility includes monitoring, and amending if necessary, the budget throughout the year to ensure that expenditures do not exceed approved budget amounts.

Condition

The District's expenditures exceeded the budgeted amounts in two functional areas in the General Fund.

Cause

The District's budget included \$75,000 of legal fees related to a Chapter 313 agreement in function 97, Payments to Tax Increment Funds, rather than in function 41, General Administration. The reclassification of the original coding during the audit process resulted in function 41 expenditures exceeding the approved budget.

Effect

Expenditures exceeded budgeted amounts in the General Fund by \$66,616 in the General Administration function.

Recommendation

We recommend that the District verify coding prior to year end to ensure proper classification for budgeted amounts.

SLIDELL INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES (CONT'D) FOR THE YEAR ENDED AUGUST 31, 2021

View of Responsible Officials and Planned Corrective Actions

The District will verify coding prior to year end to make sure that budgeted amounts are correctly classified.

C. Federal Award Findings and Questioned Costs

A Single Audit was not required for the year ended August 31, 2021.

SLIDELL INDEPENDENT SCHOOL DISTRICT

AUDIT CORRECTIVE ACTION PLAN YEAR ENDED AUGUST 31, 2021

Finding 2021-001

The District will review its coding process to ensure proper classification of budgeted amounts.

The contact person for this corrective action plan is Irene Wilson, Business Manager.

SLIDELL INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED AUGUST 31, 2021

There were no findings in the prior year.

SLIDELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL
FIRST INDICATORS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2021

<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	\$ -