

**SLIDELL  
INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2012*



Slidell Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2012

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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, 2012, 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)



**STEPHEN G. GILLAND, P.C.**

**CERTIFIED PUBLIC ACCOUNTANT**

707 HWY 59 NORTH • BOWIE, TEXAS 76230

MEMBER OF  
AMERICAN INSTITUTE OF  
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January 23, 2013

### **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 as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Slidell Independent School District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2013, on our consideration of Slidell Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Slidell Independent School District's basic financial statements as a whole. Schedules J-1, J-2 and J-3 listed in the table of contents under the other supplementary information, which is required by the Texas Education Agency, are not a required part of the basic financial statements. This other supplementary information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink that reads "Stephen G. Gilland, P.C." with a stylized flourish at the end.

Stephen G. Gilland, P.C.

**SLIDELL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AUGUST 31, 2012**

In this section of the Annual Financial and Compliance Report, we, the managers of Slidell Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2012. Please read it in conjunction with the independent auditor's report on page 2, and the District's Basic Financial Statements which begin on Exhibit A-1.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on Exhibits A-1 and B-1). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on Exhibit C-1) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The section labeled OTHER SUPPLEMENTARY INFORMATION SECTION contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

**Reporting the District as a Whole**

***The Statement of Net Assets and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on Exhibit A-1. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

**SLIDELL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AUGUST 31, 2012**

These two statements report the District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Assets and the Statement of Activities, we report the District's activities:

Governmental activities—The District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The fund financial statements on Exhibit C-1 provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's uses primarily one fund, described as follows:

Governmental funds—The District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

**The District as Trustee**

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statement of Fiduciary Net Assets on Exhibit E-1. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.



**SLIDELL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AUGUST 31, 2012**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District's governmental activities.

Net assets of the District's governmental activities decreased from \$3.42 million to \$3.30 million. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$843 thousand at August 31, 2012. This decrease in governmental net assets was the result of the following: First, the District's expenses exceeded revenues by about \$124 thousand. Expenditures included capital outlay acquisitions of \$455 thousand and debt principal payments of \$174 thousand, which are not recognized as expenses on the accrual basis of accounting. Second, the District recorded depreciation not recognized in the fund financial statements in the amount of \$163 thousand.

**Table I  
NET ASSETS**

	Governmental Activities 2012	Governmental Activities 2011
Current and other assets	\$ 1,147,215	\$ 1,228,507
Capital assets	4,910,800	4,618,876
Total assets	<u>6,058,015</u>	<u>5,847,383</u>
Long-term liabilities	2,615,814	2,298,362
Other liabilities	142,021	125,683
Total liabilities	<u>2,757,835</u>	<u>2,424,045</u>
Net Assets:		
Invested in capital assets net of related debt	2,294,986	2,320,514
Restricted	161,726	157,334
Unrestricted	843,468	945,490
Total net assets	<u>\$ 3,300,180</u>	<u>\$ 3,423,338</u>

**SLIDELL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AUGUST 31, 2012**

**Table II  
CHANGES IN NET ASSETS**

	Governmental Activities 2012	Governmental Activities 2011
Revenues:		
Program Revenues:		
Charges for services	\$ 73,613	\$ 80,845
Operating grants and contributions	367,719	471,962
General Revenues:		
Maintenance and operations taxes	2,173,810	2,057,420
Debt service taxes	209,150	198,561
Grants and contributions not restricted to specific functions	667,965	669,441
Investment earnings	23,430	46,953
Miscellaneous	14,944	4,882
Total Revenue	3,530,631	3,530,064
Expenses:		
Instruction, curriculum and media services	1,773,103	1,959,197
Instructional and school leadership	262,730	265,618
Student support services	171,960	198,369
Child nutrition	178,642	177,827
Co-curricular activities	165,766	152,665
General administration	177,320	229,656
Plant maintenance, security & data processing	304,991	284,898
Debt services	129,259	125,306
Instructional services between schools	304,771	60,813
Shared services arrangements	163,137	175,000
Other intergovernmental	22,491	21,492
Total Expenses	3,654,170	3,650,841
Increase (Decrease) in net assets before transfers and special items	(123,539)	(120,777)
Special items	381	--
Change in net assets	(123,158)	(120,777)
Net assets at 9/1	3,423,338	3,544,115
Net assets at 8/31	\$ 3,300,180	\$ 3,423,338

**SLIDELL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AUGUST 31, 2012**

The District's total revenues increased by less than one percent (\$567) from the prior year. This slight increase consisted of increases in local tax revenues and miscellaneous revenue; offset by decreases in program service revenue and investment earnings. The total cost of all programs and services increased by less than one percent (\$3 thousand) due mainly to increases in instructional services between schools; offset by decreases in instructional, curriculum, and media services.

The cost of all governmental activities this year was \$3.65 million. As shown in the Statement of Activities on Exhibit B-1, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$2.383 million because some of the costs were paid by those who directly benefited from the programs (\$74 thousand) or by other governments and organizations that subsidized certain programs with grants and contributions (\$1.036 million).

**THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of \$809 thousand, which is \$198 thousand less than last year's total of \$1.007 million. Included in this year's total change in fund balance is a decrease of \$197 thousand in the District's General Fund, which primarily resulted from only a slight increase in revenues (\$89 thousand); offset by a large increase in total costs (\$550 thousand). The increase in cost was due primarily to increases in capital outlay, costs for instructional services between schools, and shared services arrangements; offset by decreases in costs related to instruction, general administration and support services. The District's General Fund fund balance also increased due to the issuance of debt and lease obligations of \$369 thousand.

The fund balance in the Debt Service Fund decreased \$7 thousand. The Debt Service Fund expenditures exceeded revenues by \$121 thousand. This deficit was partially offset by retiring existing bonds (\$2.2 million) with a refunding bond issue (\$2.326 million).

Other changes in fund balances should also be noted. Debt principal payments of \$174 thousand were made as discussed in Note F to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments included increases in instruction, support services, general administration, plant maintenance, and capital outlay.

The District's General Fund fund balance of \$662 thousand reported on Exhibit G-1 differs from the General Fund's final budgetary fund balance of \$635 thousand due primarily to intergovernmental charges being less than expected and local revenues being less than expected.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2012, the District had \$4.91 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The District has a \$5,000 threshold for capital expenditures.

During the fiscal year ending August 31, 2012, the District had the following capital outlay expenditures:

Purchase of land with loan proceeds:	\$ 399,327
Purchase of office equipment with capital lease obligation:	<u>55,212</u>
Total	<u>\$ 454,539</u>

The District's fiscal year 2013 capital budget calls for no capital outlay expenditures. More information about the District's capital assets is presented in Note D to the financial statements.

**SLIDELL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AUGUST 31, 2012**

***Debt***

At year-end, the District had \$2.429 million in long term debt versus \$2.298 million last year. The District retired \$2.2 million of bonds with a refunding bond issue that yielded \$2.326 million. More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2013 budget and tax rate. The factors include the following: The District is anticipating that student enrollment will remain stable and that the tax base may show a slight increase. The District's population is expected to remain stable.

These indicators were taken into account when adopting the General Fund budget for 2013. State foundation revenues are expected to decrease and property tax revenues are expected to increase compared to the 2011-2012 actual revenues. These revenues will account for 99% of the 2013 revenues. The District will use its revenues to finance programs we currently offer. Budgeted expenditures are expected to decrease 13.31 percent to \$3.091 million from \$3.565 million in 2012 final budget. Decreased costs associated with general administration, shared services, plant maintenance, and co-curricular/extracurricular activities are offset by increases in student transportation and payments on principal of long-term debt.

If these estimates are realized, the District's General Fund fund balance is expected to decrease about \$64 thousand by the close of 2013.

**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 show 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, at Slidell Independent School District, P.O. Box 69, Slidell, Texas 76267.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET ASSETS

AUGUST 31, 2012

Data Control Codes	1	Governmental Activities
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 873,233
1120	<i>Current Investments</i>	6,664
1225	<i>Property Taxes Receivable (Net)</i>	147,902
1240	<i>Due from Other Governments</i>	49,076
1300	<i>Inventories</i>	4,092
1410	<i>Deferred Expenses</i>	6,248
1420	<i>Capitalized Bond and Other Debt Issuance Costs</i>	60,000
Capital Assets:		
1510	<i>Land</i>	474,476
1520	<i>Buildings and Improvements, Net</i>	4,145,182
1530	<i>Furniture and Equipment, Net</i>	237,902
1550	<i>Capital Lease Assets, Net</i>	53,240
1000	Total Assets	<u>6,058,015</u>
<b>LIABILITIES:</b>		
2110	<i>Accounts Payable</i>	4,093
2140	<i>Interest Payable</i>	11,828
2165	<i>Accrued Liabilities</i>	104,322
2180	<i>Due to Other Governments</i>	21,778
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	168,019
2502	<i>Due in More Than One Year</i>	2,447,795
2000	Total Liabilities	<u>2,757,835</u>
<b>NET ASSETS</b>		
3200	Invested in Capital Assets, Net of Related Debt	2,294,986
Restricted For:		
3820	State and Federal Programs	24,606
3850	Debt Service	137,120
3900	Unrestricted	843,468
3000	Total Net Assets	<u>\$ 3,300,180</u>

The accompanying notes are an integral part of this statement.

## SLIDELL INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Assets
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	<b>Governmental Activities:</b>				
11	<i>Instruction</i>	\$ 1,681,576	\$ --	\$ 216,826	\$ (1,464,750)
12	<i>Instructional Resources and Media Services</i>	90,809	--	3,671	(87,138)
13	<i>Curriculum and Staff Development</i>	718	--	29	(689)
21	<i>Instructional Leadership</i>	4,474	--	4,474	--
23	<i>School Leadership</i>	258,256	--	10,439	(247,817)
31	<i>Guidance, Counseling, &amp; Evaluation Services</i>	2,793	--	113	(2,680)
33	<i>Health Services</i>	11,459	--	463	(10,996)
34	<i>Student Transportation</i>	157,708	--	6,375	(151,333)
35	<i>Food Service</i>	178,642	65,321	77,088	(36,233)
36	<i>Cocurricular/Extracurricular Activities</i>	165,766	5,292	6,701	(153,773)
41	<i>General Administration</i>	177,320	--	7,168	(170,152)
51	<i>Plant Maintenance and Operations</i>	292,637	3,000	11,829	(277,808)
53	<i>Data Processing Services</i>	12,354	--	499	(11,855)
72	<i>Interest on Long-term Debt</i>	109,278	--	2,221	(107,057)
73	<i>Bond Issuance Costs and Fees</i>	19,981	--	--	(19,981)
91	<i>Contracted Instructional Services between Schools</i>	304,771	--	12,320	(292,451)
93	<i>Payments Related to Shared Services Arrangements</i>	163,137	--	6,594	(156,543)
99	<i>Other Intergovernmental Charges</i>	22,491	--	909	(21,582)
TG	Total Governmental Activities	<u>3,654,170</u>	<u>73,613</u>	<u>367,719</u>	<u>(3,212,838)</u>
TP	Total Primary Government	<u>\$ 3,654,170</u>	<u>\$ 73,613</u>	<u>\$ 367,719</u>	<u>(3,212,838)</u>
	<b>General Revenues:</b>				
MT	<i>Property Taxes, Levied for General Purposes</i>				2,173,810
DT	<i>Property Taxes, Levied for Debt Service</i>				209,150
IE	<i>Investment Earnings</i>				23,430
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				667,965
MI	<i>Miscellaneous</i>				14,944
	<b>Special and Extraordinary Items:</b>				
S1	<i>Special Item Inflow</i>				11,535
S2	<i>Special Item Outflow</i>				(11,154)
TR	Total General Revenues				<u>3,089,680</u>
CN	Change in Net Assets				(123,158)
NB	Net Assets - Beginning				3,423,338
NE	Net Assets - Ending				<u>\$ 3,300,180</u>

The accompanying notes are an integral part of this statement.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 725,745	\$ 121,918	\$ 25,570	\$ 873,233
1120	Current Investments	4,435	2,229	--	6,664
1225	Taxes Receivable, Net	134,929	12,973	--	147,902
1240	Due from Other Governments	44,138	--	4,938	49,076
1260	Due from Other Funds	1,985	--	--	1,985
1300	Inventories	3,397	--	695	4,092
1410	Deferred Expenditures	6,248	--	--	6,248
1000	Total Assets	<u>\$ 920,877</u>	<u>\$ 137,120</u>	<u>\$ 31,203</u>	<u>\$ 1,089,200</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 3,397	\$ --	\$ 696	\$ 4,093
2150	Payroll Deductions & Withholdings	49	--	--	49
2160	Accrued Wages Payable	85,453	--	5,901	91,354
2170	Due to Other Funds	--	--	1,985	1,985
2180	Due to Other Governments	21,778	--	--	21,778
2200	Accrued Expenditures	12,918	--	--	12,918
2300	Deferred Revenue	134,928	12,974	--	147,902
2000	Total Liabilities	<u>258,523</u>	<u>12,974</u>	<u>8,582</u>	<u>280,079</u>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	3,397	--	695	4,092
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	21,926	21,926
3480	Retirement of Long-Term Debt	--	124,146	--	124,146
Committed Fund Balances:					
3510	Construction	485,000	--	--	485,000
3530	Capital Expenditures for Equipment	252,000	--	--	252,000
3600	Unassigned	(78,043)	--	--	(78,043)
3000	Total Fund Balances	<u>662,354</u>	<u>124,146</u>	<u>22,621</u>	<u>809,121</u>
4000	Total Liabilities and Fund Balances	<u>\$ 920,877</u>	<u>\$ 137,120</u>	<u>\$ 31,203</u>	<u>\$ 1,089,200</u>

The accompanying notes are an integral part of this statement.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 AUGUST 31, 2012*

Total fund balances - governmental funds balance sheet	\$ 809,121
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	4,910,800
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	147,902
Payables for bond principal which are not due in the current period are not reported in the funds.	(2,060,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(54,673)
Payables for bond interest which are not due in the current period are not reported in the funds.	(2,952)
Payables for note interest which are not due in the current period are not reported in the funds.	(8,875)
Payables for notes which are not due in the current period are not reported in the funds.	(314,494)
Unamortized bond premium is not reported in the funds	(186,647)
Bond issuance costs are capitalized for the SNA but not in the funds.	60,000
Rounding difference	(2)
Net assets of governmental activities - Statement of Net Assets	<u>\$ 3,300,180</u>

The accompanying notes are an integral part of this statement.



**SLIDELL INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 2,174,697	\$ 208,204	\$ 65,486	\$ 2,448,387
5800 State Program Revenues	779,186	1,805	5,859	786,850
5900 Federal Program Revenues	18,264	--	230,570	248,834
5020 Total Revenues	<u>2,972,147</u>	<u>210,009</u>	<u>301,915</u>	<u>3,484,071</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	1,520,942	--	154,339	1,675,281
0012 Instructional Resources and Media Services	86,815	--	--	86,815
0013 Curriculum and Staff Development	718	--	--	718
0021 Instructional Leadership	--	--	4,474	4,474
0023 School Leadership	250,002	--	--	250,002
0031 Guidance, Counseling, & Evaluation Services	2,704	--	--	2,704
0033 Health Services	11,093	--	--	11,093
0034 Student Transportation	122,168	--	--	122,168
0035 Food Service	--	--	173,111	173,111
0036 Cocurricular/Extracurricular Activities	139,245	--	--	139,245
0041 General Administration	170,039	--	--	170,039
0051 Plant Maintenance and Operations	279,499	--	--	279,499
0053 Data Processing Services	11,959	--	--	11,959
0071 Principal on Long-term Debt	28,363	145,000	--	173,363
0072 Interest on Long-term Debt	1,418	106,859	--	108,277
0073 Bond Issuance Costs and Fees	--	79,981	--	79,981
0081 Capital Outlay	399,327	--	--	399,327
Contracted Instructional Services				
0091 Between Public Schools	304,771	--	--	304,771
0093 Payments to Shared Service Arrangements	163,137	--	--	163,137
0099 Other Intergovernmental Charges	22,491	--	--	22,491
6030 Total Expenditures	<u>3,514,691</u>	<u>331,840</u>	<u>331,924</u>	<u>4,178,455</u>
Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(542,544)</u>	<u>(121,831)</u>	<u>(30,009)</u>	<u>(694,384)</u>
Other Financing Sources and (Uses):				
7911 Capital-Related Debt Issued	--	2,135,000	--	2,135,000
7912 Sale of Real or Personal Property	3,776	--	--	3,776
7913 Issuance of Capital Leases	55,212	--	--	55,212
7914 Issuance of Non-Current Debt	314,122	--	--	314,122
7915 Transfers In	--	--	35,000	35,000
7916 Premium or Discount on Issuance of Bonds	--	191,433	--	191,433
8911 Transfers Out	(35,000)	--	--	(35,000)
8949 Other Uses	--	(2,211,154)	--	(2,211,154)
7080 Total Other Financing Sources and (Uses)	<u>338,110</u>	<u>115,279</u>	<u>35,000</u>	<u>488,389</u>
<b>SPECIAL ITEM:</b>				
7918 Special Item (Resource)	7,759	--	--	7,759
1200 Net Change in Fund Balances	<u>(196,675)</u>	<u>(6,552)</u>	<u>4,991</u>	<u>(198,236)</u>
0100 Fund Balances - Beginning	859,029	130,698	17,630	1,007,357
3000 Fund Balances - Ending	<u>\$ 662,354</u>	<u>\$ 124,146</u>	<u>\$ 22,621</u>	<u>\$ 809,121</u>

The accompanying notes are an integral part of this statement.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2012*

Net change in fund balances - total governmental funds	\$ (198,236)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	454,539
The depreciation of capital assets used in governmental activities is not reported in the funds.	(162,615)
The gain or loss on the sale of capital assets is not reported in the funds.	3,777
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(3,777)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	46,560
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,345,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	28,362
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	60,000
(Increase) decrease in accrued interest from beginning of period to end of period.	(5,787)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(314,122)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(2,135,000)
Bond premiums are reported in the funds but not in the SOA.	(186,647)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(55,212)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ (123,158)</u>

The accompanying notes are an integral part of this statement.

**SLIDELL INDEPENDENT SCHOOL DISTRICT***STATEMENT OF FIDUCIARY NET ASSETS**FIDUCIARY FUNDS**AUGUST 31, 2012*

Data Control Codes		Agency Fund
		Student Activity Fund
	<b>ASSETS:</b>	
1110	<i>Cash and Cash Equivalents</i>	\$ 7,360
1000	Total Assets	<u>7,360</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	7,360
2000	Total Liabilities	<u>7,360</u>
	<b>NET ASSETS</b>	
3000	Total Net Assets	\$ <u><u>--</u></u>

The accompanying notes are an integral part of this statement.

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# SLIDELL INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

### A. Summary of Significant Accounting Policies

The basic financial statements of Slidell Independent School District (the "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" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

#### 2. Basis of Presentation, Basis of Accounting

##### a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

**Debt Service Fund:** This is the District's fund that accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

In addition, the District reports the following fund types:

**Agency Funds:** These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and

# SLIDELL INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these 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 tax 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. 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. The balance of allowance for uncollectible tax receivable at August 31, 2012 was \$146,389 in the General Fund and \$15,778 in the Debt Service Fund.

b. 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.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2012*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as deferred expenditures.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed 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 being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and Improvements	20-60
Equipment	5-10

d. 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 which are not scheduled for collection within one year of year end.

e. 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 of the government-wide statement of net assets.

f. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

g. 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 insure accuracy in building a statewide database for policy development and funding plans.

h. 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 spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**SLIDELL INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

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 governing board. Committed amounts cannot be used for any other purpose unless the governing board 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 District. 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 governing board or by an official or body to which the governing board 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.

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.

By a majority vote in a scheduled meeting the Board of Trustees may commit fund balances and it may modify or rescind commitments. The Board may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

**B. Compliance and Accountability**

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

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

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable



**SLIDELL INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

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, 2012, the carrying amount of the District's governmental and fiduciary deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$879,469 and the bank balance was \$924,385 respectively. The District's cash deposits at August 31, 2012 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, 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 Public Funds Investment Act ("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, 2012 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Tex Pool	N/A	\$ 6,664
Total Investments		<u>\$ 6,664</u>

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.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

At August 31, 2012, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

<u>Investments:</u>	Credit Quality
Tex Pool	<u>Ratings*</u>
	AAAm

\*Ratings are provided by Standard & Poor's

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.

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.

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 any of the investment risks described above.

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 changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

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 Public Funds Investment Act (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's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012*

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 75,149	\$ 399,327	\$ --	\$ 474,476
Total capital assets not being depreciated	<u>75,149</u>	<u>399,327</u>	<u>--</u>	<u>474,476</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	5,605,441	--	--	5,605,441
Equipment and vehicles	874,589	--	48,379	826,210
Equipment purchased under capital lease	--	55,212	--	55,212
Total capital assets being depreciated	<u>6,480,030</u>	<u>55,212</u>	<u>48,379</u>	<u>6,486,863</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,350,889)	(109,370)	--	(1,460,259)
Equipment and vehicles	(585,414)	(51,273)	(48,379)	(588,308)
Equipment purchased under capital lease	--	(1,972)	--	(1,972)
Total accumulated depreciation	<u>(1,936,303)</u>	<u>(162,615)</u>	<u>(48,379)</u>	<u>(2,050,539)</u>
Total capital assets being depreciated, net	<u>4,543,727</u>	<u>(107,403)</u>	<u>--</u>	<u>4,436,324</u>
Governmental activities capital assets, net	<u>\$ 4,618,876</u>	<u>\$ 291,924</u>	<u>\$ --</u>	<u>\$ 4,910,800</u>

Depreciation was charged to functions as follows:

Instruction	\$ 61,506
Instructional Resources and Media Services	3,994
School Leadership	8,254
Guidance, Counseling, & Evaluation Services	89
Health Services	366
Student Transportation	35,540
Food Services	5,531
Extracurricular Activities	26,521
General Administration	7,281
Plant Maintenance and Operations	13,138
Data Processing Services	395
	<u>\$ 162,615</u>

**E. Interfund Balances and Activities**

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2012, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 1,985	Short-term loans
	Total	<u>\$ 1,985</u>	

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

# SLIDELL INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

### 2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2012, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Other Governmental Funds	\$ 35,000	Supplement other funds sources
	Total	\$ 35,000	

### F. Long-Term Obligations

#### General Obligation Bonds

The District issued general obligation bonds in prior years to provide for the acquisition and construction of major capital facilities. See Item F.3 below for information regarding advance refunding bonds issued. Effective interest rates range from 3.00 to 4.00%. Annual principal payments are made from the Debt Service Fund.

#### Loans

In October 2009, the District borrowed \$27,946 to finance the purchase of a vehicle. The loan is for two years, requires annual payments from the the General Fund of \$14,796 and bears interest of 5.00%. This loan was paid off in September 2011.

In January 2010, the District borrowed \$27,946 to finance the purchase of a vehicle. The loan is for two years, requires annual payments from the the General Fund of \$14,796 and bears interest of 5.00%. This loan was paid off in September 2011.

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

#### Leases

In June 2012, the District entered into a capital lease to purchase equipment. The lease is for five years, requires monthly payments from the General Fund of \$1,065 and bears interest of 5.71%.

### 1. Long-Term Obligation Activity

Changes in long-term obligations for the period ended August 31, 2012, 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	\$ 2,270,000	\$ 2,135,000	\$ 2,345,000	\$ 2,060,000	\$ 130,000
Notes	28,362	314,494	28,362	314,494	28,104
Capital leases	--	55,212	539	54,673	9,915
Total governmental activities	\$ 2,298,362	\$ 2,504,706	\$ 2,373,901	\$ 2,429,167	\$ 168,019

"Due in more than one year" in the Statement of Net Assets includes unamortized premium on bonds sold of \$186,647.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2012, are as follows:

Year Ending August 31,	Bonds Payable		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2013	\$ 130,000	\$ 67,150	\$ 28,104	\$ 12,192	\$ 237,446
2014	135,000	63,250	25,977	14,319	238,546
2015	140,000	59,200	27,276	13,021	239,497
2016	145,000	55,000	28,640	11,657	240,297
2017	150,000	50,650	30,043	10,253	240,946
2018-2022	825,000	182,750	174,454	27,028	1,209,232
2023-2027	270,000	86,400	--	--	356,400
2028-2032	265,000	27,200	--	--	292,200
Totals	<u>\$ 2,060,000</u>	<u>\$ 591,600</u>	<u>\$ 314,494</u>	<u>\$ 88,470</u>	<u>\$ 3,054,564</u>

3. Advance Refunding of Debt

On June 5, 2012, the District issued \$2.135 million in general obligation bonds with an average interest rate of 3.477 percent which was used to advance refund \$2.2 million of outstanding 1996 and 2001 Series bonds with an average interest rate of 5.17 percent. The bond issue yielded proceeds of \$2.326 million. Of the proceeds, \$2.246 million was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the \$2.2 million refunded bonds of the 1996 and 2001 Series bonds. As a result, the 1996 and 2001 Series are considered to be defeased and the liability for those bonds has been removed from the Government-Wide Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$46 thousand. The District advance refunded the 1996 and 2001 Series bonds to reduce its total debt service payments over the next 20 years by \$493 thousand and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ 395.7 thousand.

4. Capital Leases

Commitments under capitalized lease agreements for equipment provide for minimum future lease payments as of August 31, 2012, as follows:

<u>Year Ending August 31:</u>	
2013	\$ 12,780
2014	12,780
2015	12,780
2016	12,780
2017	11,715
Total Minimum Rentals	<u>62,835</u>
Less:	
Amount representing interest	(8,162)
Present value of minimum lease payments	<u>\$ 54,673</u>
 Rental Expenditures in 2012	 <u>\$ 1,065</u>

The effective interest rate on capital leases is 5.71%.

# SLIDELL INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

### 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. The District joined together with other school districts in the Texas Educational Insurance Association (TEIA), a public entity risk pool operating as a common risk management and insurance program for member school districts. The District pays a premium to TEIA for its workers' compensation insurance coverage. The Plan for Worker's Compensation Self Insurance Joint Fund of the TEIA requires a maximum self insurance of \$22,447 by the District and will insure through commercial companies for claims in excess of \$750 thousand for each insured event.

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.

A summary of worker's compensation insurance for the past two fiscal years follows:

	Beginning Year Liability	Current Estimate Changes	Claim Payments	Balance at Fiscal Year End
2011 \$	12,918 \$	3,772 \$	3,772 \$	12,918
2012	12,918	4,160	4,160	12,918

### H. Pension Plan

#### 1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

#### 2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the 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 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions, if as a result of a particular action, the time required to amortize TRS' 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. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011 and 2010, and a state contribution rate of 6.0% for fiscal year 2012 and 6.644% for fiscal years 2011 and 2010. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2012, 2011 and 2010 were \$113,648, \$123,280 and \$110,817, respectively. The District paid additional state contributions for the years

# SLIDELL INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

ending August 31, 2012, 2011 and 2010 in the amount of \$17,794, \$30,311 and \$28,251, respectively, for contributions made from federal and private grants and on portion of the employees' salaries that exceeded the statutory minimum.

### I. Health Care Coverage

During the year ended August 31, 2012, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS Active Care as required by Section 22.004, Texas Education Code.

The terms of coverage and premium costs are as provided by statute.

Latest financial statements for the TRS Active Care - Blue Cross-Blue Shield of Texas are available for the year ended December 31, 2011, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

### J. Retiree Health Care Plan

#### 1. TRS-Care

##### a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

##### b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010. For the years ended August 31, 2012, 2011 and 2010, the State's contributions to TRS-Care were \$16,948, \$19,121 and \$18,307, respectively, the active member contributions were \$11,016, \$12,429 and \$11,949, respectively, and the District's contributions were \$9,321, \$10,513 and \$10,111, respectively, which equaled the required contributions each year.

#### 2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1,

# SLIDELL INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2012, 2011 and 2010, the subsidy payments received by TRS-Care on behalf of the District were \$3,856, \$5,188 and \$4,545, respectively.

### 3. Early Retiree Reinsurance Program (ERRP)

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor.

This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended August 31, 2012, the amount received by TRS-Care on behalf of the District was \$4,252.

## K. 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 collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

### 2. Litigation

No reportable litigation was pending against the District at August 31, 2012.

## L. Shared Services Arrangements

### Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for special education instruction with the following school districts:

#### Member Districts

Alvord ISD

Boyd ISD

Bridgeport ISD

Chico ISD

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 fixed assets purchased by the fiscal agent, Bridgeport ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is not accumulating significant



## **SLIDELL INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2012*

financial resources that give rise to future benefit to the District. The fiscal agent manager is responsible for all financial activities of the SSA. The District's \$67,464 of SSA expenditures are accounted for in the General Fund in function 93.

#### Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for Energy for Schools, with several school districts. Coop member information is available for Energy for Schools at 281-647-7750. The District accounts only for its expenditures in this program in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Deer Park 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 a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA. The District's \$95,673 of Energy for Schools SSA expenditures are accounted for in the General Fund in function 93.

#### M. Special Items Inflows/Outflows

The special item inflow of \$11,535 shown on Exhibit B-1 is composed of \$7,759 from closing inactive special revenue funds into the General Fund and a gain of \$3,776 on the disposal of a capital asset.

The special item outflow of \$11,154 shown on Exhibit B-1 is for costs related to the advance refunding of bonds.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 2,232,264	\$ 2,232,264	\$ 2,174,697	\$ (57,567)
5800	State Program Revenues	760,345	760,345	779,186	18,841
5900	Federal Program Revenues	14,500	14,500	18,264	3,764
5020	Total Revenues	3,007,109	3,007,109	2,972,147	(34,962)
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	1,455,104	1,522,494	1,520,942	1,552
0012	Instructional Resources and Media Services	90,008	88,508	86,815	1,693
0013	Curriculum and Staff Development	6,600	2,100	718	1,382
	Total Instruction & Instr. Related Services	1,551,712	1,613,102	1,608,475	4,627
Instructional and School Leadership:					
0023	School Leadership	253,752	250,611	250,002	609
	Total Instructional & School Leadership	253,752	250,611	250,002	609
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	3,000	3,000	2,704	296
0033	Health Services	9,780	11,380	11,093	287
0034	Student (Pupil) Transportation	132,286	122,288	122,168	120
0036	Cocurricular/Extracurricular Activities	111,519	144,430	139,245	5,185
	Total Support Services - Student (Pupil)	256,585	281,098	275,210	5,888
Administrative Support Services:					
0041	General Administration	148,602	173,607	170,039	3,568
	Total Administrative Support Services	148,602	173,607	170,039	3,568
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	223,535	283,538	279,499	4,039
0053	Data Processing Services	11,960	11,960	11,959	1
	Total Support Services - Nonstudent Based	235,495	295,498	291,458	4,040
Debt Service:					
0071	Principal on Long-Term Debt	27,530	27,736	28,363	(627)
0072	Interest on Long-Term Debt	2,251	2,251	1,418	833
	Total Debt Service	29,781	29,987	29,781	206
Capital Outlay:					
0081	Capital Outlay	--	399,328	399,327	1
	Total Capital Outlay	--	399,328	399,327	1
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	323,500	329,955	304,771	25,184
0093	Payments to Fiscal Agent/Member Dist.-SSA	172,465	169,465	163,137	6,328
0099	Other Intergovernmental Charges	21,257	22,557	22,491	66
	Total Intergovernmental Charges	517,222	521,977	490,399	31,578
6030	Total Expenditures	2,993,149	3,565,208	3,514,691	50,517
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	13,960	(558,099)	(542,544)	15,555

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Other Financing Sources (Uses):				
7912	--	--	3,776	3,776
7913	--	55,212	55,212	--
7914	--	314,122	314,122	--
8911	--	(35,000)	(35,000)	--
7080	--	334,334	338,110	3,776
SPECIAL ITEM:				
7918	--	--	7,759	7,759
1200	13,960	(223,765)	(196,675)	27,090
0100	859,029	859,029	859,029	--
3000	\$ 872,989	\$ 635,264	\$ 662,354	\$ 27,090

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2012*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2003 and Prior Years	\$ Various	\$ Various	\$ Various
2004	1.3307	.1514	68,519,530
2005	1.50	.20	73,374,827
2006	1.3315	.1978	106,631,438
2007	1.2206	.15	126,089,330
2008	1.01	.12	167,057,114
2009	1.04	.12	187,026,046
2010	1.04	.10	186,915,168
2011	1.04	.10	198,230,148
2012 (School Year Under Audit)	1.04	.10	215,045,176

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/11	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/12
\$ 18,083	\$ --	\$ 121	\$ 14	\$ (6,792)	\$ 11,156
6,123	--	48	5	(452)	5,618
5,905	--	121	16	--	5,768
8,671	--	269	40	--	8,362
5,900	--	1,134	139	(21)	4,606
13,783	--	864	103	(17)	12,799
18,585	--	2,886	333	(930)	14,436
35,689	--	12,550	1,207	(967)	20,965
101,509	--	19,354	1,861	(1,837)	78,457
--	2,416,322	2,070,324	199,070	974	147,902
<u>\$ 214,248</u>	<u>\$ 2,416,322</u>	<u>\$ 2,107,671</u>	<u>\$ 202,788</u>	<u>\$ (10,042)</u>	<u>\$ 310,069</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT J-2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 68,250	\$ 68,250	\$ 65,486	\$ (2,764)
5800	State Program Revenues	3,350	3,350	3,187	(163)
5900	Federal Program Revenues	74,000	74,000	73,677	(323)
5020	Total Revenues	<u>145,600</u>	<u>145,600</u>	<u>142,350</u>	<u>(3,250)</u>
<b>EXPENDITURES:</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	178,806	181,508	173,111	8,397
	Total Support Services - Student (Pupil)	<u>178,806</u>	<u>181,508</u>	<u>173,111</u>	<u>8,397</u>
6030	Total Expenditures	<u>178,806</u>	<u>181,508</u>	<u>173,111</u>	<u>8,397</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,206)</u>	<u>(35,908)</u>	<u>(30,761)</u>	<u>5,147</u>
Other Financing Sources (Uses):					
7915	Transfers In	--	35,000	35,000	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>35,000</u>	<u>35,000</u>	<u>--</u>
1200	Net Change in Fund Balance	<u>(33,206)</u>	<u>(908)</u>	<u>4,239</u>	<u>5,147</u>
0100	Fund Balance - Beginning	10,373	10,373	10,373	--
3000	Fund Balance - Ending	<u>\$ (22,833)</u>	<u>\$ 9,465</u>	<u>\$ 14,612</u>	<u>\$ 5,147</u>

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 215,000	\$ 215,000	\$ 208,204	\$ (6,796)
5800	State Program Revenues	--	1,805	1,805	--
5020	Total Revenues	<u>215,000</u>	<u>216,805</u>	<u>210,009</u>	<u>(6,796)</u>
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	105,000	145,000	145,000	--
0072	Interest on Long-Term Debt	115,923	115,923	106,859	9,064
0073	Bond Issuance Costs and Fees	1,700	83,500	79,981	3,519
	Total Debt Service	<u>222,623</u>	<u>344,423</u>	<u>331,840</u>	<u>12,583</u>
6030	Total Expenditures	<u>222,623</u>	<u>344,423</u>	<u>331,840</u>	<u>12,583</u>
Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures	<u>(7,623)</u>	<u>(127,618)</u>	<u>(121,831)</u>	<u>5,787</u>
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued	--	2,135,000	2,135,000	--
7916	Premium or Discount on Issuance of Bonds	--	191,434	191,433	(1)
8949	Other Uses	--	(2,245,617)	(2,211,154)	34,463
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>80,817</u>	<u>115,279</u>	<u>34,462</u>
1200	Net Change in Fund Balance	<u>(7,623)</u>	<u>(46,801)</u>	<u>(6,552)</u>	<u>40,249</u>
0100	Fund Balance - Beginning	130,698	130,698	130,698	--
3000	Fund Balance - Ending	<u>\$ 123,075</u>	<u>\$ 83,897</u>	<u>\$ 124,146</u>	<u>\$ 40,249</u>

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**STEPHEN G. GILLAND, P.C.**

**CERTIFIED PUBLIC ACCOUNTANT**

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MEMBER OF  
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CERTIFIED PUBLIC ACCOUNTANTS

(940) 872-5157  
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January 23, 2013

## **Independent Auditor's Report**

### 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Slidell Independent School District as of and for the year ended August 31, 2012, which collectively comprise the Slidell Independent School District's basic financial statements and have issued our report thereon dated January 23, 2013. 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.

#### Internal Control Over Financial Reporting

Management of Slidell Independent School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Slidell Independent School District's internal control over financial reporting as a basis for designing our auditing procedures 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 Slidell Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Slidell Independent School District's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Slidell Independent School District's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Stephen G. Gilland, P.C." with a stylized flourish at the end.

Stephen G. Gilland, P.C.

**SLIDELL INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

District Contact: Greg Enis, Superintendent

**SLIDELL INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
NONE		

**SLIDELL INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

NONE

**SLIDELL INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2012*

<u>Data Control Codes</u>	<u>Responses</u>
SF2    Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4    Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5    Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9    Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10    What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$    --