

SILSBEE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022**

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CERTIFICATE OF BOARD

Silsbee Independent School District
Name of School District

Hardin
County

100-904
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, 2022, at a meeting of the Board of Trustees of such school district on the 13 day of December, 2022.



Signature of Board Secretary



Signature of Board Vice President

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

J. Pat O'Neill, III, CPA
Michael W. Kiefer, CPA
Troy W. Domingue, CPA



Stanley (Chip) Majors, Jr., CPA, CITP, CGMA
Jane P. Burns, CPA, CDFA
Jeremy R. Triska, CPA

December 13, 2022

INDEPENDENT AUDITOR'S REPORT

UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION

Board of Trustees
Silsbee Independent School District
Silsbee, Texas 77656

Members of the Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Silsbee Independent School District (the District), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and Required Supplementary Information, as listed in the table of contents (pages 51 through 59), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Supplementary Information (Required TEA Schedules on pages 60 through 64), and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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, Supplementary Information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wathen, DeShong & Juncker, L.L.P.

WATHEN, DeSHONG & JUNCKER, L.L.P.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Silsbee Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$11,135,599 at August 31, 2022.
- During the year, the District's expenses were \$4,893,759 less than the \$39,833,838 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$34,940,079.
- The General Fund reported a fund balance this year of \$12,616,911.

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 consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *custodian* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

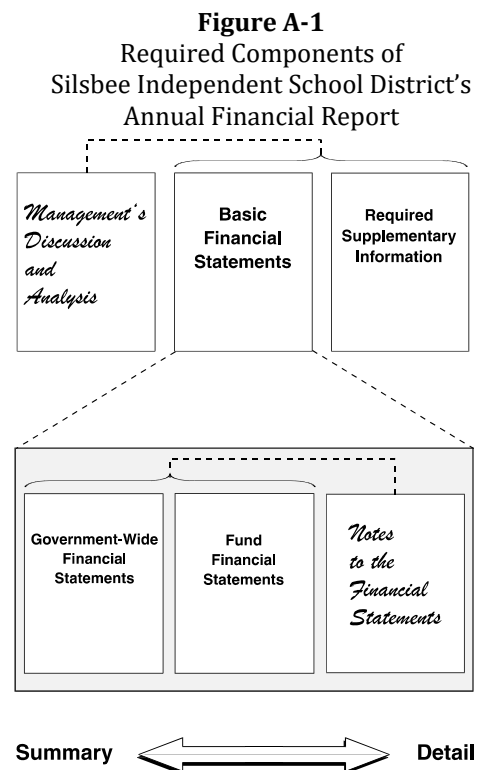


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District’s Government-wide and Fund Financial Statements

Type of Statements	Fund Statements		
	Government-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District’s government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or custodian for someone else’s resources
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short-term and long-term, the District’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes *all* of the government’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the year, with the difference reported as net position. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District’s *net position* and how it has changed. Net position – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health or *position*.

- Over time, increases or decreases in the District’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District’s tax base, changes in the District’s student population, the makeup of the student population in regards to funding for special programs, and non-funded federal and state mandates.
- As of the 2021-22 fall PEIMS submission, the District employed 418 full-time positions, of which 283 were classroom teaching and paraprofessional positions. Total student enrollment was 2,772, with 2,762 being in membership. The District’s student population consisted of 33.76% minority students, 17.86% special education students, and 66.59% economically disadvantaged students.
- As of the first day of school, 2022-23, student enrollment was 2,646. As of October 28, 2022, enrollment has increased to 2,771.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District’s basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's *combined* net position was \$11,135,599 at August 31, 2022. (See Table A-1).

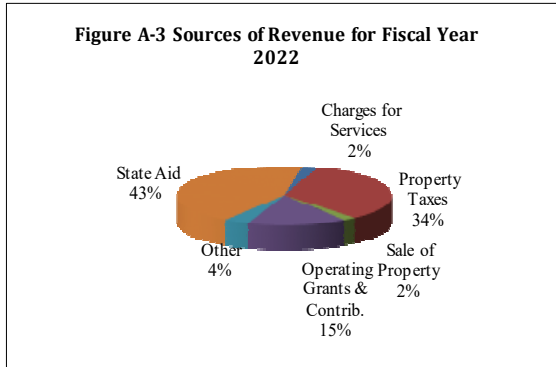
Table A-1
The District's Net Position

	Governmental Activities		Percentage Change
	2022	2021	
Current and Other Assets	\$ 23,237,443	\$ 21,336,178	8.9%
Capital and Non-Current Assets	36,619,174	35,875,452	2.1%
Total Assets	59,856,617	57,211,630	4.6%
Deferred Outflows of Resources	5,131,486	5,752,770	-10.8%
Current Liabilities	6,715,468	6,104,105	10.0%
Long Term Liabilities	36,970,283	42,804,860	-13.6%
Total Liabilities	43,685,751	48,908,965	-10.7%
Deferred Inflows of Resources	10,166,753	7,813,595	30.1%
Net Position:			
Invested in Capital Assets	9,634,772	6,405,592	50.4%
Restricted	3,417,775	2,763,407	23.7%
Unrestricted	(1,916,948)	(2,927,159)	-34.5%
Total Net Position	\$ 11,135,599	\$ 6,241,840	78.4%

The District's restricted net position consists of \$3,417,775 for debt service.

Changes in net position. The District's total revenues were \$39,833,838. A significant portion, 34%, of the District's revenue comes from taxes. (See Figure A-3). 43% comes from state aid – formula grants, while only 2% relates to charges for services.

The total cost of all programs and services was \$34,940,079; 72% of these costs are for instructional and student services.



Governmental Activities

Property tax rates were reduced from \$1.3883 to \$1.3231 per \$100 valuation. Of the \$1.3231, \$0.9881 is the Maintenance and Operations Rate, with \$0.3350 being the Interest and Sinking Rate. The total taxes levied increased by \$667,480 due to an increase in the appraised values. Average daily attendance decreased by 102 students from 2020/2021 to 2021/2022.

**Table A-2
Changes in the District's Net Position**

	Governmental Activities		Total % Change
	2022	2021	
Revenues:			
<u>Program Revenues</u>			
Charges for Services	\$ 900,697	\$ 651,197	38.3%
Operating Grants and Contributions	5,855,509	6,584,442	-11.1%
<u>General Revenues</u>			
Property Taxes	13,460,949	12,880,816	4.5%
Investment Earnings	104,431	15,228	585.8%
State Aid - formula	17,300,391	19,187,528	-9.8%
Other	1,423,060	1,169,125	21.7%
Sale of Property	788,801	-	n/a
Total Revenues	39,833,838	40,488,336	-1.6%
Expenses:			
Instruction and instructional related	18,298,561	18,931,752	-3.3%
Instructional leadership/school administration	2,532,076	2,696,147	-6.1%
Guidance, social work, health, transportation	3,002,773	3,065,347	-2.0%
Food services	1,599,180	1,445,000	10.7%
Extracurricular activities	2,159,560	1,725,408	25.2%
General Administration	1,363,010	1,453,594	-6.2%
Plant maintenance and security	4,347,697	5,741,882	-24.3%
Data processing services	1,008,431	1,102,450	-8.5%
Community Services	6,965	2,378	192.9%
Debt Service	621,826	568,869	9.3%
Capital Outlay	-	387,308	-100.0%
Total Expenses	34,940,079	37,120,135	-5.9%
Change in Net Position	4,893,759	3,368,201	45.3%
Beginning Net Position	6,241,840	3,186,887	95.9%
Prior Period Adjustment	-	(313,248)	-100.0%
Ending Net Position	\$ 11,135,599	\$ 6,241,840	78.4%

Table A-3 presents cost of each of the District’s largest functions as well as each function’s *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$34,940,079.
- The amount that our taxpayers paid for these activities through property taxes was \$13,460,949.
- Some of the cost was paid by those who directly benefited from the programs \$900,697, or
- By grants and contributions \$5,855,509.

**Table A-3
Net Cost of Selected District Functions**

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2022	2021		2022	2021	
Instruction	\$ 17,412,580	\$ 18,179,596	-4.2%	\$ 14,639,011	\$ 14,552,254	0.6%
School Leadership	2,099,738	2,274,650	-7.7%	1,887,449	2,061,376	-8.4%
Student Transportation	1,560,321	1,430,484	9.1%	1,306,736	1,124,088	16.2%
Food Services	1,599,180	1,445,000	10.7%	(354,919)	(143,080)	148.1%
Extracurricular Activities	2,159,560	1,725,408	25.2%	1,444,741	1,201,030	20.3%
General Administration	1,363,010	1,453,594	-6.2%	1,354,671	1,377,855	-1.7%
Facilities Maintenance and Operations	3,974,504	5,313,249	-25.2%	3,882,899	5,105,113	-23.9%

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$40,657,304, an increase of 0.5% from the preceding year. Local revenues increased by \$861,867 due primarily to an increase in property tax values and an increase in extracurricular activities. State revenues decreased by \$1,760,030 due primarily to a decrease in Foundation formula revenue. Federal revenues increased by \$1,082,452 due to an increase in SHARS Medicaid revenue, Food Service revenue, and ARP ESSER III revenue.

General Fund Budgetary Highlights

- The District had multiple revisions to its budget during the fiscal year. Actual expenditures were \$2,073,464 less than the final budget amounts. The most significant variances were Instruction under budget by \$900,855, Curriculum and Instructional Staff Development under budget by \$109,755, Facilities and Maintenance and Operations under budget by \$117,867, and Facilities Acquisition and Construction under budget by \$454,023. Actual revenues were \$224,192 below budgeted amounts due to State Program Revenue being under budget.
- The District has made significant effort over the past several years to bring the General Fund budgeted expenditures in line with supporting revenues. In order to maintain this balance, the District must continuously monitor its General Fund revenues and expenditures, revenues and expenditures in specific program areas, and District staffing levels.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had invested approximately \$36.6 million in capital assets, including land, equipment, buildings and vehicles. (See Table A-4). This amount represents a net increase of \$743,722 or 2.1% from last year.

Table A-4
District's Capital Assets

	Governmental Activities		% Change
	2022	2021	
Land	\$ 932,505	\$ 680,564	37.0%
Construction in Progress	2,383,655	-	n/a
Buildings and Improvements	60,403,428	60,717,769	-0.5%
Furniture and Equipment	8,256,761	8,536,170	-3.3%
Right to use - Equipment	355,349	-	n/a
Totals at Historical Cost	72,331,698	69,934,503	3.4%
Total Accumulated Depreciation	(35,712,524)	(34,059,051)	4.9%
Net Capital Assets	<u>\$ 36,619,174</u>	<u>\$ 35,875,452</u>	2.1%

Long-Term Debt

At the end of the fiscal year, the District had \$28.0 million in long-term debt outstanding as shown in Table A-5. The District's bonds presently carry a S&P Global rating of "Aaa" on its Permanent School Fund (PSF) guaranteed obligations, and a Moody's Investors Services rating of A1 on the General Obligation Unlimited Tax Bonds, and a rating of A1 on the Maintenance Tax Notes.

Table A-5
Long-Term Debt

	Governmental Activities		% Change
	2022	2021	
Bonds payable	\$ 24,089,997	\$ 26,414,997	-8.8%
Tax note	1,175,000	1,300,000	-9.6%
Premiums	1,500,766	1,694,799	-11.4%
Small district HVAC loan	33,330	60,064	-44.5%
2018 SECO loan agreement	1,024,000	1,185,769	-13.6%
Right to use lease obligations	185,309	-	n/a
Total long-term debt	<u>\$ 28,008,402</u>	<u>\$ 30,655,629</u>	-8.6%

More detailed information about the District's debt is presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Certified appraised value used for the 2023 (2022-2023) budget preparation will increase \$51,804,636, or 4.9% from 2022.
- General Operating Fund spending per student, exclusive of a major renovation program, decreases in the 2023 budget from \$11,906 to \$11,640. This is a 2.23% decrease from the preceding year.
- The District's 2023 refined average daily attendance is expected to be 2,566, which is slightly higher than the level of average daily attendance attained in 2022.

These indicators were considered when adopting the General Fund budget for 2023. Amounts available for appropriation in the General Fund budget are \$31.4 million which is an increase of 4.0% from the final 2022 actual revenues of \$30.2 million.

Operating expenditures are budgeted at \$30.8 million, a decrease of 3.1% from the final 2022 actual expenditures of \$31.8 million.

If these estimates are realized, the District's budgetary undesignated General Fund fund balance is expected to increase \$653,714 at the close of 2023.

The District has committed \$8,335,324 for major deferred maintenance and renovation programs as of the fiscal year ended August 31, 2022.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents 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 Department.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SILSBEE ISD
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 3,531,248
1120 Current Investments	13,985,762
1220 Property Taxes - Delinquent	3,035,901
1230 Allowance for Uncollectible Taxes	(758,975)
1240 Due from Other Governments	3,224,388
1290 Other Receivables, Net	149,908
1300 Inventories	69,211
Capital Assets:	
1510 Land	932,505
1520 Buildings, Net	30,443,925
1530 Furniture and Equipment, Net	2,677,653
1550 Right-to-Use Leased Assets, Net	181,436
1580 Construction in Progress	2,383,655
1000 Total Assets	59,856,617
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	742,349
1705 Deferred Outflow Related to TRS Pension	2,018,381
1706 Deferred Outflow Related to TRS OPEB	2,370,756
1700 Total Deferred Outflows of Resources	5,131,486
LIABILITIES	
2110 Accounts Payable	985,102
2150 Payroll Deductions and Withholdings	2,458
2160 Accrued Wages Payable	1,891,303
2180 Due to Other Governments	1,291,296
2200 Accrued Expenses	89,859
2300 Unearned Revenue	6,774
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	2,448,676
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	25,559,726
2540 Net Pension Liability (District's Share)	3,344,566
2545 Net OPEB Liability (District's Share)	8,065,991
2000 Total Liabilities	43,685,751
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	3,854,400
2606 Deferred Inflow Related to TRS OPEB	6,312,353
2600 Total Deferred Inflows of Resources	10,166,753
NET POSITION	
3200 Net Investment in Capital Assets	9,634,772
3850 Restricted for Debt Service	3,417,775
3900 Unrestricted	(1,916,948)
3000 Total Net Position	\$ 11,135,599

The notes to the financial statements are an integral part of this statement.

SILSBEE ISD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 17,412,580	\$ -	\$ 2,773,569	\$ (14,639,011)
12	Instructional Resources and Media Services	484,577	-	35,536	(449,041)
13	Curriculum and Instructional Staff Development	401,404	-	109,988	(291,416)
21	Instructional Leadership	432,338	-	17,610	(414,728)
23	School Leadership	2,099,738	-	212,289	(1,887,449)
31	Guidance, Counseling, and Evaluation Services	1,066,950	-	440,867	(626,083)
32	Social Work Services	61,516	-	37,659	(23,857)
33	Health Services	313,986	-	5,184	(308,802)
34	Student (Pupil) Transportation	1,560,321	-	253,585	(1,306,736)
35	Food Services	1,599,180	150,935	1,803,164	354,919
36	Extracurricular Activities	2,159,560	723,503	(8,684)	(1,444,741)
41	General Administration	1,363,010	-	8,339	(1,354,671)
51	Facilities Maintenance and Operations	3,974,504	26,259	65,346	(3,882,899)
52	Security and Monitoring Services	373,193	-	(425)	(373,618)
53	Data Processing Services	1,008,431	-	94,274	(914,157)
61	Community Services	6,965	-	7,208	243
72	Debt Service - Interest on Long-Term Debt	612,446	-	-	(612,446)
73	Debt Service - Bond Issuance Cost and Fees	9,380	-	-	(9,380)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 34,940,079	\$ 900,697	\$ 5,855,509	(28,183,873)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			10,051,467	
DT	Property Taxes, Levied for Debt Service			3,409,482	
SF	State Aid - Formula Grants			17,300,391	
GC	Grants and Contributions not Restricted			781,270	
IE	Investment Earnings			104,431	
MI	Miscellaneous Local and Intermediate Revenue			641,790	
SI	Special Item - Sale of Property			788,801	
TR	Total General Revenues and Special Items			33,077,632	
CN	Change in Net Position			4,893,759	
NB	Net Position - Beginning			6,241,840	
NE	Net Position - Ending			\$ 11,135,599	

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

SILSBEE ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 3,359,111	\$ -	\$ 172,137	\$ 3,531,248
1120 Investments - Current	11,186,702	2,799,060	-	13,985,762
1220 Property Taxes - Delinquent	2,416,897	619,004	-	3,035,901
1230 Allowance for Uncollectible Taxes	(604,224)	(154,751)	-	(758,975)
1240 Due from Other Governments	2,162,837	33,623	1,027,928	3,224,388
1290 Other Receivables	16,899	131,124	1,885	149,908
1300 Inventories	31,587	-	37,624	69,211
1000 Total Assets	<u>\$ 18,569,809</u>	<u>\$ 3,428,060</u>	<u>\$ 1,239,574</u>	<u>\$ 23,237,443</u>
LIABILITIES				
2110 Accounts Payable	\$ 873,033	\$ -	\$ 112,069	\$ 985,102
2150 Payroll Deductions and Withholdings Payable	2,458	-	-	2,458
2160 Accrued Wages Payable	1,887,090	-	4,213	1,891,303
2180 Due to Other Governments	1,281,011	10,285	-	1,291,296
2200 Accrued Expenditures	89,859	-	-	89,859
2300 Unearned Revenue	6,774	-	-	6,774
2000 Total Liabilities	<u>4,140,225</u>	<u>10,285</u>	<u>116,282</u>	<u>4,266,792</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	1,812,673	464,253	-	2,276,926
2600 Total Deferred Inflows of Resources	<u>1,812,673</u>	<u>464,253</u>	<u>-</u>	<u>2,276,926</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	31,587	-	37,624	69,211
Restricted Fund Balance:				
3480 Retirement of Long-Term Debt	-	2,953,522	-	2,953,522
Committed Fund Balance:				
3545 Other Committed Fund Balance	8,335,324	-	1,085,668	9,420,992
3600 Unassigned Fund Balance	4,250,000	-	-	4,250,000
3000 Total Fund Balances	<u>12,616,911</u>	<u>2,953,522</u>	<u>1,123,292</u>	<u>16,693,725</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 18,569,809</u>	<u>\$ 3,428,060</u>	<u>\$ 1,239,574</u>	<u>\$ 23,237,443</u>

The notes to the financial statements are an integral part of this statement.

SILSBEE ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	16,693,725
1 Capital assets used in governmental activities are not financial resources, and, therefore are not reported in governmental funds.		36,619,174
2 Property taxes receivable are not available to pay for current period expenditures and, therefore are deferred in the funds.		2,276,926
3 Bonds are not due and payable in the current period and, therefore, are not reported in the funds.		(25,264,997)
4 Other long-term liabilities which are not due and payable in the current period and, therefore, are not reported in the funds.		(1,500,766)
5 Finance contracts are not due and payable in the current period and, therefore, are not reported in the funds.		(1,242,639)
6 Deferred charge on refunding is reported as other sources in the funds.		742,349
7 Included in the items related to liabilities and deferred inflows is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$2,018,381, a deferred resource inflow in the amount of \$3,854,400 and a net pension liability in the amount of \$3,344,566. This resulted in a decrease in net position.		(5,180,585)
8 Included in the items related to liabilities and deferred inflows is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$2,370,756, a deferred resource inflow in the amount of \$6,312,353 and a net OPEB liability in the amount of \$8,065,991. This resulted in a decrease in net position.		(12,007,588)
19 Net Position of Governmental Activities	\$	11,135,599

The notes to the financial statements are an integral part of this statement.

SILSBEE ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 10,591,110	\$ 3,449,807	\$ 914,140	\$ 14,955,057
5800 State Program Revenues	18,747,161	121,643	353,509	19,222,313
5900 Federal Program Revenues	870,298	-	5,609,636	6,479,934
5020 Total Revenues	<u>30,208,569</u>	<u>3,571,450</u>	<u>6,877,285</u>	<u>40,657,304</u>
EXPENDITURES:				
Current:				
0011 Instruction	15,008,370	-	2,973,445	17,981,815
0012 Instructional Resources and Media Services	342,737	-	39,469	382,206
0013 Curriculum and Instructional Staff Development	292,933	-	113,163	406,096
0021 Instructional Leadership	445,207	-	22,231	467,438
0023 School Leadership	2,029,564	-	239,462	2,269,026
0031 Guidance, Counseling, and Evaluation Services	721,304	-	450,295	1,171,599
0032 Social Work Services	30,196	-	38,194	68,390
0033 Health Services	336,529	-	9,499	346,028
0034 Student (Pupil) Transportation	1,321,021	-	64,329	1,385,350
0035 Food Services	-	-	1,638,401	1,638,401
0036 Extracurricular Activities	1,393,919	-	612,408	2,006,327
0041 General Administration	1,420,436	-	17,810	1,438,246
0051 Facilities Maintenance and Operations	3,840,386	-	74,914	3,915,300
0052 Security and Monitoring Services	361,693	-	3,044	364,737
0053 Data Processing Services	972,265	-	104,889	1,077,154
0061 Community Services	-	-	7,208	7,208
Debt Service:				
0071 Principal on Long-Term Liabilities	483,543	2,324,999	-	2,808,542
0072 Interest on Long-Term Liabilities	74,785	639,194	-	713,979
0073 Bond Issuance Cost and Fees	3,980	5,400	-	9,380
Capital Outlay:				
0081 Facilities Acquisition and Construction	2,671,200	-	-	2,671,200
6030 Total Expenditures	<u>31,750,068</u>	<u>2,969,593</u>	<u>6,408,761</u>	<u>41,128,422</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,541,499)</u>	<u>601,857</u>	<u>468,524</u>	<u>(471,118)</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	869,000	-	-	869,000
7913 Right-to-Use Leases	355,349	-	-	355,349
7080 Total Other Financing Sources (Uses)	<u>1,224,349</u>	<u>-</u>	<u>-</u>	<u>1,224,349</u>
1200 Net Change in Fund Balances	(317,150)	601,857	468,524	753,231
0100 Fund Balance - September 1 (Beginning)	12,934,061	2,351,665	654,768	15,940,494
3000 Fund Balance - August 31 (Ending)	<u>\$ 12,616,911</u>	<u>\$ 2,953,522</u>	<u>\$ 1,123,292</u>	<u>\$ 16,693,725</u>

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	753,231
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation.</p>		
Capital outlays		388,373
Depreciation expense	\$3,042,087	
Book value of disposed assets	(2,573,515)	
	(80,199)	
<p>Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		152,810
<p>Prior year delinquent taxes collected in the year ended August 31, 2022</p>		
	\$100,299	
<p>Current year uncollected levy net of allowance for uncollectible portion</p>		
	52,511	
<p>The repayment of the principal of long-term debt and leases consumes the current financial resources of governmental funds. This transaction has no effect on net assets.</p>		
		2,815,139
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		94,936
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$642,332. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$560,457. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) decreased the change in net position by \$(205,734). The net result is an increase (decrease) in the change in net position.</p>		
		287,609
<p>GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$172,529. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$163,447. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased) decreased the change in net position by \$(392,579). The net result is an increase (decrease) in the change in net position.</p>		
		401,661
Change in Net Position of Governmental Activities		\$ 4,893,759

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

SILSBEE ISD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2022

	Private Purpose Trust Funds	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 23,719	\$ 40,500
Restricted Assets	<u>340,271</u>	<u>-</u>
Total Assets	<u>363,990</u>	<u>\$ 40,500</u>
NET POSITION		
Unrestricted Net Position	<u>363,990</u>	<u>40,500</u>
Total Net Position	<u><u>\$ 363,990</u></u>	<u><u>\$ 40,500</u></u>

The notes to the financial statements are an integral part of this statement.

SILSBEE ISD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Private Purpose Trust Funds	Custodial Fund
ADDITIONS:		
Enterprising Services Revenue	\$ -	\$ 85,153
Earnings from Temporary Deposits	82,023	-
Miscellaneous Additions	30,450	-
Total Additions	<u>112,473</u>	<u>85,153</u>
DEDUCTIONS:		
Professional and Contracted Services	34,086	-
Supplies and Materials	2,066	95,962
Total Deductions	<u>36,152</u>	<u>95,962</u>
Change in Fiduciary Net Position	76,321	(10,809)
Total Net Position - September 1 (Beginning)	<u>287,669</u>	<u>51,309</u>
Total Net Position - August 31 (Ending)	<u>\$ 363,990</u>	<u>\$ 40,500</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Silsbee Independent School District (the "District") is a public educational entity operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 56, and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of 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 these funding source 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 this reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges for services such as food service or extracurricular activities and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SILSBEE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grant revenues and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The **General Fund** is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund, and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board to implement its responsibilities.

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

Additionally, the District reports the following Fiduciary Fund types:

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

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments not reported in other fiduciary fund types. The District's private-purpose trust funds represent scholarship funds being held in trust for students.

Custodial Funds: These funds are used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

In accordance with the FASRG, the District has adopted and installed an accounting system, which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FASRG. Mandatory codes are utilized in the form provided in that section.

D. ASSETS, LIABILITIES, AND NET POSITION

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

2. Property taxes

Property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 25% of the outstanding property taxes at August 31, 2022.

3. Inventories

The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. The General Fund and The Food Service Special Revenue Fund reported inventories are offset by a nonspendable fund balance indicating that they are unavailable as current expendable financial resources.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

SILSBEE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

4. *Capital Assets (Continued)*

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	30
Equipment	5-18
Buses	10
Vehicles	10

5. *Compensated absences*

Vacations are to be taken within the same year they are earned. Any liability would be immaterial and none has been accrued in the accompanying financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Portions of the sick leave may accumulate but do not vest. Sick leave is paid only in the form of salary continuation while on medical leave. Silsbee Independent School District does not have a policy to pay any amounts when employees separate from service. Therefore, no liability for unused sick leave has been recorded in the accompanying financial statements.

6. *Leases*

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over its useful life.

The District used the interest rate charged by the lessor as the discount rate if available. When the interest rate charged by the lessor is not available, the District uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are the fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position (Exhibit A-1) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has two types of items that qualify for reporting in this category. Contributions made to the pension plan and the OPEB plan in the 2022 fiscal year are classified as deferred outflows of resources in the government-wide statement of net position.

In addition to liabilities, the statement of financial position (Exhibit A-1) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items; the first arises only under a modified accrual basis of accounting that qualifies for the reporting in this category. Accordingly, the item unavailable revenue – property taxes, is reported only in the governmental funds balance sheet (Exhibit C-1). This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second is the deferrals of pension expense that result from the implementation of GASB Statement 68 which is reported only in the government-wide statement of net position (Exhibit A-1). The third is the deferrals of OPEB expense that result from the implementation of GASB Statement 75, which is reported only in the government-wide statement of net position (Exhibit A-1).

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

9. Fund equity

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- *Assigned fund balance* – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. At August 31, 2022, the Silsbee Independent School District General Fund reported \$8,335,324 as committed for deferred maintenance, renovations and technology needs. At August 31, 2022, the District Special Revenue Funds reported \$704,536 as committed to campus level activities and \$381,132 as committed to food service activities.

10. 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.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

11. Fund Balance Flow Assumptions

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.

12. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

13. Pensions

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's 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.

14. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) 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.

15. Change in Accounting Principle

GASB Statement No. 87, *Leases*, was adopted effective September 1, 2021. GASB Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive not disclosures were required.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FASRG module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Food Service Special Revenue Fund. The remaining special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

B. REQUIRED INDIVIDUAL FUND DISCLOSURES

For the year ended August 31, 2022, no General Fund, Debt Service Fund or Food Service Special Revenue Fund functional expenditure categories exceeded budget and there were no fund balances in a deficit position.

C. DATA CONTROL CODES

Data control codes refer to the account code structure prescribed by the Texas Education Agency, Financial Accountability System Resource Guide.

D. HEALTH CARE

The District contributes to the State sponsored healthcare program \$200 per month per employee (in addition to the \$75 per month that is provided by the State of Texas). Employees, at their option, contribute for dependent coverage through payroll withholdings.

The District does not provide any post-retirement health benefits to its employees.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

E. RISK MANAGEMENT AND PARTICIPATION IN RISK POOLS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Most of these risks are protected by insurance. There were no significant reductions in coverage in the past fiscal year, and there were no settlements or significant losses exceeding insurance coverage or state and federal reimbursement awards for each of the past three fiscal years.

The District participates in the following risk pools:

During the year ended August 31, 2022, the District met its statutory workers' compensation obligations through participation, as a sponsor, in a Workers' Compensation Self-Insurance Joint Fund (the program, the plan). This program was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The program is authorized by Chapter 504 of the Texas Labor Code. All districts participating in the program as sponsors execute Interlocal Agreements that define the responsibilities of the plan sponsors and a third-party administrator. The program provides statutory workers' compensation benefits to its members and their injured employees.

The estimated liability for open claims is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability is the undiscounted estimate of the actuary. Changes in the balances of claims liabilities during the most recent two years are as follow:

	2022	2021
Claims liabilities (including incurred but not reported), beginning of year	\$ 26,653	\$ -
Incurred claims (net of adjustment of prior year allowances)	89,229	34,492
Claims paid	(26,023)	(7,839)
Claims liabilities (including incurred but not reported), end of year	\$ 89,859	\$ 26,653

Claims are paid by the third-party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through Midwest Employers Casualty Company, a commercial insurer licensed or eligible to do business in Texas.

During the year ended August 31, 2022, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

E. RISK MANAGEMENT AND PARTICIPATION IN RISK POOLS (CONTINUED)

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool. For the year ended August 31, 2022, the Fund anticipates that Silsbee ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

During the year ended August 31, 2022, the District participated in the Property Casualty Alliance of Texas's (PCAT) Property Casualty Program. The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves.

Based on information currently available for the year ended August 31, 2022, the District will have no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in July of the following year. The fund's audited financial statements as of August 31, 2021, are available at the PCAT offices and have been filed with the Texas Department of Insurance in Austin.

NOTE 3. BUDGETARY LEGAL COMPLIANCE

The Official Budget was prepared for adoption for the General Fund, Food Service Fund and Debt Service Fund prior to August 20, 2021 and was adopted by the Board on August 31, 2021. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the Board unless the intent is to increase the overall budget allocations. Control of appropriations by the Board is maintained within Fund Groups at the function code level and revenue object code level.

The Budget is formally adopted by the Board at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the Texas Education Agency (TEA) through the Public Education Information Management System.

Should any change in the approved budget be required, budget amendment requests are presented to the Board for consideration. Amendments are to be requested and approved before the fact and once approved are reflected in the official minutes. During the year, the budget was properly amended in accordance with the above procedures.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 4. DEPOSITS AND INVESTMENTS

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

1. Cash Deposits: At August 31, 2022, the carrying amount of the District's cash, savings and time deposits was \$3,585,561. The bank balance was \$4,326,046. During 2021-2022, the District's combined deposits were fully insured by federal depository insurance or securities pledged to the District and held by the depository's agent 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 programs, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools (9) guaranteed investment contracts and (10) commercial paper.

A private purpose trust fund, the earnings of which are restricted to scholarship awards, holds publicly traded common stock donated to the District by the initiator of the scholarship fund.

3. Deposit and Investment Risks:

Interest rate risk. In accordance with its investing policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to one year or less.

Credit risk. For fiscal year 2022, the District invested in TexPool and Lone Star Investment Pool. TexPool is duly chartered and administered by the State Comptroller's Office. As of August 31, 2022, the District's investments in TexPool were rated AAA by Standard & Poor's Investors Service. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC formerly the Texas Association of School Boards Financial Services. The District's investments in Lone Star Investment Pool were rated AAA by Standard & Poor's Investors Service.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

3. Deposit and Investment Risks (continued):

Concentration of credit risk. The District’s investment policy does not limit an investment in any one issuer. The District monitors the need to diversify investments on a regular basis.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of August 31, 2022, District deposits at the local depository were insured and collateralized with securities held by the depository’s agent and in the District’s name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk due to the fact that investments are insured or registered, or the investments are held by the District or its agent in the District’s name.

The District’s investments at August 31, 2022 are shown below:

	<u>Maturity</u>	<u>Governmental Funds Fair Value</u>	<u>Private Purpose Trust Funds Fair Value</u>
Lone Star Investment Pool		\$ 2,799,060	\$ -
TexPool		11,186,702	-
Donated Publicly Traded Common Stock		-	192,517
Bank Savings Accounts		-	9,017
Certificate of Deposit	8/3/2023	-	73,675
Certificate of Deposit	11/7/2022	-	55,062
Certificate of Deposit	8/3/2023	-	10,000
		<u>\$ 13,985,762</u>	<u>\$ 340,271</u>

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.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

3. Deposit and Investment Risks (continued):

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 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.

Fair values of TexPool are based on quoted market prices of the underlying assets as provided by the Fund Sponsor, The State of Texas. Fair values of Lone Star Investment Pool Liquidity Fund are based on quoted market prices of the underlying assets as provided by the Fund Sponsor, First Public, LLC. These investments are reported by the District at cost which approximates fair value. Governmental Accounting Standards Board Statement (GASB) No. 79, "Certain External Investment Pools and Pool Participants" allows the reporting of these investments at cost due to short-term maturities.

NOTE 5. PROPERTY TAXES

Property taxes are considered available when collected within the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll on August 1, 2021, upon which the levy for the 2021-2022 fiscal year was based, was \$1,034,051,017. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2022, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9881 and \$0.335 per \$100 valuation, respectively, for a total of \$1.3231 per \$100 valuation.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 5. PROPERTY TAXES (CONTINUED)

Current tax collections for the year ended August 31, 2022 were 95.3% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of August 31, 2022, property taxes receivable, net of estimated uncollectible taxes of \$604,224 and \$154,751, totaled \$1,812,673 and \$464,253 for the General and Debt Service Funds, respectively.

NOTE 6. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2022, are summarized below. All federal grants shown below are passed through the TEA or other pass-through entities and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>Local Governments</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 112,529	\$ 1,580,059	\$ 470,249	\$ 2,162,837
Special Revenue	-	31,440	996,488	1,027,928
Debt Service Fund	33,623	-	-	33,623
Total	<u>\$ 146,152</u>	<u>\$ 1,611,499</u>	<u>\$ 1,466,737</u>	<u>\$ 3,224,388</u>

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 7. CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2022 was as follows:

	Balance September 1, 2021	Additions	Deletions	Balance August 31, 2022
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 680,564	\$ 287,545	\$ (35,604)	\$ 932,505
Construction in Progress	-	2,383,655	-	2,383,655
Total capital assets not being depreciated	<u>680,564</u>	<u>2,671,200</u>	<u>(35,604)</u>	<u>3,316,160</u>
Capital assets, being depreciated				
Buildings and Improvements	60,717,769	-	(314,341)	60,403,428
Furniture and Equipment	8,536,170	370,887	(650,296)	8,256,761
Right to use - Equipment	-	355,349	-	355,349
Total capital assets being depreciated	<u>69,253,939</u>	<u>726,236</u>	<u>(964,637)</u>	<u>69,015,538</u>
Less accumulated depreciation for:				
Buildings and Improvements	(28,331,262)	(1,899,352)	271,111	(29,959,503)
Furniture and Equipment	(5,727,789)	(500,250)	648,931	(5,579,108)
Right to use - Equipment	-	(173,913)	-	(173,913)
Total accumulated depreciation	<u>(34,059,051)</u>	<u>(2,573,515)</u>	<u>920,042</u>	<u>(35,712,524)</u>
Total capital assets being depreciated, net	<u>35,194,888</u>	<u>(1,847,279)</u>	<u>(44,595)</u>	<u>33,303,014</u>
Governmental activities capital assets, net	<u>\$ 35,875,452</u>	<u>\$ 823,921</u>	<u>\$ (80,199)</u>	<u>\$ 36,619,174</u>

Depreciation expense was charged to functions of the District as follows:

Governmental activities:		
11	Instruction	\$ 1,410,865
12	Library & Media	131,652
13	Curriculum	29,594
21	Instructional Leadership	853
23	Campus Administration	47,378
34	Transportation	288,637
35	Food Services	122,414
36	Athletics & Co-Curricular	266,879
41	General Administration	1,686
51	Maintenance	222,034
52	Security and Monitoring Services	32,376
53	Data Processing	<u>19,147</u>
Total depreciation expense-governmental activities		<u>\$ 2,573,515</u>

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 7. CAPITAL ASSETS (CONTINUED)

Construction in progress consisted of the following at August 31, 2022:

Project	Cost to Date	Remaining Commitment
High school welding shop expansion	\$ 609,775	\$ 194,865
Football field turf	<u>1,773,880</u>	<u>282,589</u>
	<u>\$ 2,383,655</u>	<u>\$ 477,454</u>

NOTE 8. DEFINED BENEFIT PENSION PLAN

Plan Description. The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.texas.gov/pages/aboutpublications.aspx> or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698, or by calling (512) 542-6592.

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 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 date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic 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 the 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. Actuarial implications of the funding provided in the manner are determined by the system's actuary.

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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (Continued)

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.

Contribution Rates

	2021	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%
Silsbee ISD Current Fiscal Year Employer Contributions		\$ 642,332
Silsbee ISD Current Year Member Contributions		\$ 1,556,459
Silsbee ISD 2021 Measurement Year NECE On-Behalf Contributions		\$ 1,113,575

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, 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 including public 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 the new member’s first 90 days of employment.
- When any part or all of an employee’s salary is paid by federal funding sources or a privately sponsored source, from non-educational and general, or local funds.

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

- All public schools, must contribute 1.6 percent of the member’s salary beginning in fiscal year 2021, gradually increasing to 2 percent in the 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.

SILSBEE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions. The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95%**
Last year ending August 31 in Projection Period (100 Years)	2120
Inflation	2.3%
Salary Increases Including Inflation	3.05% to 9.05%
Ad hoc Post Employment Benefit Changes	None

***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"*

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020.

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. 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 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent 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 Systems target asset allocation as of August 31, 2021 are summarized on the following page:

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate (Continued)

Asset Allocation and Long-Term Expected Real Rate of Return

Asset Class ⁴	Target Allocation % ¹	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Real Return			
Real Assets	15.0%	4.5%	1.00%
Energy and Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
Risk Parity			
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0%	-0.5%	0.03%
Inflation Expectation	0.0%	0.0%	2.20%
Volatility Drag ³	0.0%	0.0%	-0.95%
Expected Return	100.0%		6.90%

¹ Target Allocations are based on the FY2020 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.

⁴ Absolute Return includes Credit Sensitive Investments.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than or 1% greater than the discount rate that was used (7.25%) in measuring the 2021 Net Pension Liability.

	1% Decrease in Discount Rate <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase in Discount Rate <u>(8.25%)</u>
Silsbee's proportionate share of the net pension liability:	<u>\$ 7,308,408</u>	<u>\$ 3,344,566</u>	<u>\$ 128,687</u>

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. At August 31, 2022, Silsbee Independent School District reported a liability of \$3,344,566 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 3,344,566
State's proportionate share that is associated with the District	<u>6,645,337</u>
Total	<u>\$ 9,989,903</u>

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0131332% which was an increase of 0.0001687% from its proportion measured as of August 31, 2020.

Change Since the Prior Actuarial Valuation

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

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

For the year ended August 31, 2022, the District recognized pension expense of \$381,290 and revenue of \$26,567 for support provided by the State.

At August 31, 2022, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,597	\$ 235,460
Changes in actuarial assumptions	1,182,239	515,355
Difference between projected and actual investment earnings	-	2,804,375
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	188,213	299,210
Total as of August 31, 2021 measurement date	1,376,049	3,854,400
Contributions paid to TRS subsequent to the measurement date	642,332	-
Total	\$ 2,018,381	\$ 3,854,400

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$560,457 will be recognized as a reduction of the net pension liability for the year ending August 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2023	\$ (416,149)
2024	(445,482)
2025	(719,058)
2026	(876,846)
2027	(18,239)
Thereafter	(2,577)

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022**

NOTE 9. OTHER POST-EMPLOYMENT BENEFIT PLANS

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 with 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.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the TRS web-site at <http://www.w.trs.texas.gov/pages/aboutpublications.aspx> ; by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701-2698; or by calling the TRS Communications Department at (512) 542-6592.

Benefits Provided. TRS provides basic health insurance coverage to retirees from public schools 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 postemployment benefit changes; including automatic COLAs.

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

TRS-Care Monthly Premium for Retirees

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999
* or surviving spouse		

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.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9. OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Contributions (Continued)

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 .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Silsbee ISD Current Fiscal Year Employer Contributions		\$ 172,529
Silsbee ISD Current Year Member Contributions		\$ 126,463
Silsbee ISD 2021 Measurement Year NECE On-Behalf Contributions		\$ 218,861

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When employers hire a TRS retiree, employers 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 \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9. OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Actuarial Assumptions (continued)

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.3%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

Discount rate. A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of .38% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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 (1.95%) in measuring the Net OPEB Liability.

	<u>1% Decrease in Discount Rate (0.95%)</u>	<u>Current Discount Rate (1.95%)</u>	<u>1% Increase in Discount Rate (2.95%)</u>
Silsbee's proportionate share of the Net OPEB liability:	<u>\$ 9,729,444</u>	<u>\$ 8,065,991</u>	<u>\$ 6,756,800</u>

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9. OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2022, the District reported a liability of \$8,065,991 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for 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:

District's proportionate share of the collective Net OPEB Liability	\$ 8,065,991	
State's proportionate share that is associated with the District	10,806,630	10,806,630
Total	\$ 18,872,621	\$ 18,872,621

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 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 the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective Net OPEB Liability was 0.02091018% which was a decrease of 0.0002350% from its proportion measured as of August 31, 2020.

The following schedule shows the impact of the NET OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rate assumed.

	1% Decrease	Current Single Healthcare Trend Rate	1% Increase
Silsbee's proportionate share of the Net OPEB liability:	\$ 6,533,185	\$ 8,065,991	\$ 10,122,635

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 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased 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

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9. OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued).

For the year ended August 31, 2022, the District recognized OPEB expense of (\$627,979) and revenue of (\$398,874) for support provided by the State.

At August 31, 2022, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 347,279	\$ 3,904,504
Changes in actuarial assumptions	893,403	1,705,808
Difference between projected and actual investment earnings	8,757	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	948,788	702,041
Total as of August 31, 2021 measurement date	2,198,227	6,312,353
Contributions paid to TRS subsequent to the measurement date	172,529	-
Total	\$ 2,370,756	\$ 6,312,353

Deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date of \$172,529 will be recognized as a reduction of the net OPEB liability for the year ending August 31, 2023. Other amounts reported as deferred outflow and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	OPEB Expense Amount
2023	\$ (809,751)
2024	(809,949)
2025	(809,897)
2026	(597,579)
2027	(310,135)
Thereafter	(776,815)

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9. OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Medicare Part D On-Behalf Payments. The Medicare Prescription Drug Act of 2003, which became 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 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. These on-behalf payments for Silsbee Independent School District for the years ended August 31, 2022, 2021 and 2020 were \$61,475, \$83,388, and \$79,599, respectively.

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement for a portion of the cost of health care benefits to retirees between the ages of 55-64 and their covered dependents. TRS-Care did not participate in this program for the year ended August 31, 2021.

During the fiscal year ended August 31, 2021 the District did not employ a previously retired public school employee for whom the District had a TRS-Care Premium payment responsibility.

NOTE 10. LONG-TERM DEBT

The District's long-term debt consists of general obligation bonds, unlimited tax bonds issued to provide funds for the construction of major capital facilities, limited maintenance tax notes, long term financing for HVAC equipment and buses, and a state energy conservation loan. General obligation bonds and unlimited tax bonds are direct obligations and pledge the full faith and credit of the District. The current requirements for general obligation bonds and unlimited tax bonds and related interest expenditures are accounted for in the Debt Service Fund. The current requirements for long term financing for the HVAC equipment and the buses, and the energy conservation loan principal and related interest expenditures are accounted for in the General Fund. Maintenance tax notes are secured by and payable from a pledge of ad valorem taxes in the General Fund.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
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NOTE 10. LONG-TERM DEBT (CONTINUED)

Changes in long-term debt

Long-term debt activity for the year ended August 31, 2022, was as follows:

Series	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2013 U/L Tax Building							
Bond	2.0-4.0%	\$ 9,480,000	\$ 2,415,000	\$ -	\$ (455,000)	\$ 1,960,000	\$ 465,000
Premium		517,808	129,451	-	(25,890)	103,561	39,869
2014A U/L Tax Building							
Bond	2.25-4.0%	9,690,000	3,735,000	-	(335,000)	3,400,000	340,000
Premium		246,692	98,680	-	(9,868)	88,812	15,985
2014Q U/L Tax Qualified							
Construction Bond	4.5%	6,180,000	6,180,000	-	-	6,180,000	-
Premium		117,049	73,929	-	(6,160)	67,769	6,161
2015 Limited Maintenance							
Tax Note	2.0-3.0%	2,010,000	1,300,000	-	(125,000)	1,175,000	125,000
Premium		76,995	46,197	-	(5,133)	41,064	8,989
2015 U/L Tax							
Building Bond	1.9-3.5%	3,950,000	3,950,000	-	-	3,950,000	170,000
Premium		300,411	274,741	-	(25,669)	249,072	25,670
2016 U/L Tax Refunding							
Bond	3.0%	6,645,000	2,020,000	-	(1,375,000)	645,000	645,000
Premium		416,940	138,980	-	(69,490)	69,490	69,490
2020 U/L Tax Refunding							
Bond	1.40-5.0%	8,339,997	8,114,997	-	(160,000)	7,954,997	95,000
Premium		984,644	932,821	-	(51,823)	880,998	73,122
Total bond and contractual obligation payable - principal			<u>29,409,796</u>	<u>-</u>	<u>(2,644,033)</u>	<u>26,765,763</u>	<u>2,079,286</u>
Small District HVAC Loan	0.25%	212,497	60,064	-	(26,734)	33,330	26,801
2018 SECO Loan Agreement	2.00%	1,614,347	1,185,769	-	(161,769)	1,024,000	165,029
Right to use lease obligations	3.00%	355,349	-	355,349	(170,040)	185,309	177,560
			<u>1,245,833</u>	<u>355,349</u>	<u>(358,543)</u>	<u>1,242,639</u>	<u>369,390</u>
Total governmental activities long-term debt			<u>\$ 30,655,629</u>	<u>\$ 355,349</u>	<u>\$ (3,002,576)</u>	<u>\$ 28,008,402</u>	<u>\$ 2,448,676</u>

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
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NOTE 10. LONG-TERM DEBT (CONTINUED)

Changes in long-term debt (continued)

Annual debt service requirements to maturity for bonded indebtedness and financing arrangements are as follows:

Year Ended August 31	Bonds		
	Principal	Interest	Total
2023	\$ 1,840,000	\$ 865,818	\$ 2,705,818
2024	1,185,000	809,193	1,994,193
2025	1,225,000	769,043	1,994,043
2026	1,265,000	726,181	1,991,181
2027	834,997	1,160,871	1,995,868
2028-2032	6,810,000	2,810,609	9,620,609
2033-2037	10,500,000	865,235	11,365,235
2038-2039	1,605,000	75,686	1,680,686
	<u>\$ 25,264,997</u>	<u>\$ 8,082,636</u>	<u>\$ 33,347,633</u>

Year Ended August 31	Financing Arrangements		
	Principal	Interest	Total
2023	\$ 191,830	\$ 19,655	\$ 211,485
2024	174,883	16,274	191,157
2025	171,746	12,878	184,624
2026	175,207	9,417	184,624
2027	178,738	5,886	184,624
2028	164,926	2,285	167,211
	<u>\$ 1,057,330</u>	<u>\$ 66,395</u>	<u>\$ 1,123,725</u>

Year Ended August 31	Right to Use Lease Obligations		
	Principal	Interest	Total
2023	\$ 177,560	\$ 4,439	\$ 181,999
2024	5,127	162	5,289
2025	2,622	23	2,645
	<u>\$ 185,309</u>	<u>\$ 4,624</u>	<u>\$ 189,933</u>

Year Ended August 31	Total		
	Principal	Interest	Total
2023	\$ 2,209,390	\$ 889,912	\$ 3,099,302
2024	1,365,010	825,629	2,190,639
2025	1,399,368	781,944	2,181,312
2026	1,440,207	735,598	2,175,805
2027	1,013,735	1,166,757	2,180,492
2028-2032	6,974,926	2,812,894	9,787,820
2033-2037	10,500,000	865,235	11,365,235
2038-2039	1,605,000	75,686	1,680,686
	<u>\$ 26,507,636</u>	<u>\$ 8,153,655</u>	<u>\$ 34,661,291</u>

As of August 31, 2022, the District did not have any authorized but unissued bonds.

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10. LONG-TERM DEBT (CONTINUED)

In the 2014-2015 fiscal year the District entered into a loan agreement with State Energy Conservation Office. The loan is not to exceed \$246,000 and was to be repaid at an interest rate of 0.25% over the term of 8 years. The loan was granted with a provision that the proceeds are used to purchase products that improve the District's energy efficiency. The District purchased goods and services in the amount of \$164,088 in the 2014-2015 fiscal year and \$48,409 in the 2015-2016 fiscal year.

In the 2017-2018 fiscal year the District entered into a loan agreement with State Energy Conservation Office. The loan, in the amount of \$1,614,347, is for the procurement of goods and services relating to energy efficiency updates to selected lighting and HVAC units by the District and shall be repaid at an interest rate of 2.0% over the term of 9.7 years. Proceeds of this loan are reported as other resources in the fund financial statements.

In October 2020, the District issued \$8,339,997 of unlimited tax refunding bonds (Series 2020). The proceeds of the refunding bonds were used to prefund call options on 12/01/2020, 8/15/2022, and 8/15/2023. This action retired \$8,340,000 of previously issued District bonds in order to lower its overall debt service requirements. The reacquisition price exceeded the net carrying value of the old debt by \$771,693. This balance is being amortized over the life of the new issue. The refunding resulted in an economic gain of \$783,003.

NOTE 11. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Property taxes	\$ 9,951,168	\$ -	\$ 3,356,971	\$ 13,308,139
Food sales	-	150,935	-	150,935
Investment income	75,816	-	28,615	104,431
Penalties, interest and other tax related income	237,133	-	64,095	301,228
Co-curricular student activities	77,390	646,113	-	723,503
Insurance recovery	82,064	-	-	82,064
Other	167,539	117,092	126	284,757
Total	\$ 10,591,110	\$ 914,140	\$ 3,449,807	\$ 14,955,057

SILSBEE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
AT AND FOR THE
YEAR ENDED AUGUST 31, 2022

NOTE 12. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	General Fund
Football season tickets	<u>\$ 6,774</u>

NOTE 13. INTERFUND TRANSFERS

There were no interfund transfers for the fiscal year ended August 31, 2022.

NOTE 14. LITIGATION AND CONTINGENCIES

The District is a party to various actual and threatened legal actions none of which is believed by the administration to have a material effect on the financial condition of the District. Accordingly, no provision for potential losses or legal expenses has been recorded in the accompanying financial statements.

The District participates in numerous state and Federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2022 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 financial statements for such contingencies.

REQUIRED SUPPLEMENTARY INFORMATION

SILSBEE ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 10,380,813	\$ 10,380,813	\$ 10,591,110	\$ 210,297
5800 State Program Revenues	19,341,948	19,341,948	18,747,161	(594,787)
5900 Federal Program Revenues	710,000	710,000	870,298	160,298
5020 Total Revenues	30,432,761	30,432,761	30,208,569	(224,192)
EXPENDITURES:				
Current:				
0011 Instruction	15,603,058	15,909,225	15,008,370	900,855
0012 Instructional Resources and Media Services	405,156	396,494	342,737	53,757
0013 Curriculum and Instructional Staff Development	403,644	402,688	292,933	109,755
0021 Instructional Leadership	422,136	463,523	445,207	18,316
0023 School Leadership	2,110,079	2,092,152	2,029,564	62,588
0031 Guidance, Counseling, and Evaluation Services	866,146	794,833	721,304	73,529
0032 Social Work Services	75,110	36,385	30,196	6,189
0033 Health Services	319,146	342,736	336,529	6,207
0034 Student (Pupil) Transportation	1,278,490	1,383,352	1,321,021	62,331
0036 Extracurricular Activities	1,348,389	1,456,299	1,393,919	62,380
0041 General Administration	1,471,939	1,460,011	1,420,436	39,575
0051 Facilities Maintenance and Operations	3,840,848	3,958,253	3,840,386	117,867
0052 Security and Monitoring Services	394,190	385,592	361,693	23,899
0053 Data Processing Services	1,143,529	1,040,807	972,265	68,542
Debt Service:				
0071 Principal on Long-Term Liabilities	313,735	483,775	483,543	232
0072 Interest on Long-Term Liabilities	62,951	82,684	74,785	7,899
0073 Bond Issuance Cost and Fees	9,500	9,500	3,980	5,520
Capital Outlay:				
0081 Facilities Acquisition and Construction	350,000	3,125,223	2,671,200	454,023
6030 Total Expenditures	30,418,046	33,823,532	31,750,068	2,073,464
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	14,715	(3,390,771)	(1,541,499)	1,849,272
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	869,000	869,000
7913 Right-to-Use Leases	-	360,923	355,349	(5,574)
7080 Total Other Financing Sources (Uses)	-	360,923	1,224,349	863,426
1200 Net Change in Fund Balances	14,715	(3,029,848)	(317,150)	2,712,698
0100 Fund Balance - September 1 (Beginning)	-	12,934,061	12,934,061	-
3000 Fund Balance - August 31 (Ending)	\$ 14,715	\$ 9,904,213	\$ 12,616,911	\$ 2,712,698

SILSBEE ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.013133219%	0.012964529%	0.013366888%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,344,566	\$ 6,943,537	\$ 6,948,523
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	6,645,337	14,238,006	13,155,660
Total	<u>\$ 9,989,903</u>	<u>\$ 21,181,543</u>	<u>\$ 20,104,183</u>
District's Covered Payroll	\$ 18,603,503	\$ 18,374,051	\$ 16,905,107
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	17.98%	37.79%	41.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.014264859%	0.013966733%	0.0131108%	0.0138453%	0.007438%
\$ 7,851,724	\$ 4,465,809	\$ 4,954,361	\$ 4,894,129	\$ 1,986,792
15,043,861	8,738,061	10,526,395	9,872,982	8,826,759
<u>\$ 22,895,585</u>	<u>\$ 13,203,870</u>	<u>\$ 15,480,756</u>	<u>\$ 14,767,111</u>	<u>\$ 10,813,551</u>
\$ 17,534,080	\$ 16,672,848	\$ 15,850,127	\$ 15,021,510	\$ 14,923,668
44.78%	26.78%	31.26%	32.58%	13.31%
73.74%	82.17%	78.00%	78.43%	83.25%

SILSBEE ISD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 642,332	\$ 560,457	\$ 534,925
Contribution in Relation to the Contractually Required Contribution	642,332	(560,457)	(534,925)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 19,455,729	\$ 18,603,503	\$ 18,374,051
Contributions as a Percentage of Covered Payroll	3.30%	3.01%	2.91%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

	2019	2018	2017	2016	2015
\$	467,857	\$ 480,169	\$ 457,714	\$ 416,561	\$ 409,966
	(467,857)	(480,169)	(457,714)	(416,561)	(409,966)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	16,905,107	\$ 17,534,080	\$ 16,672,848	\$ 15,850,127	\$ 15,021,510
	2.77%	2.74%	2.75%	2.63%	2.73%

SILSBEE ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.020910181%	0.021145161%	0.01985436%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 8,065,991	\$ 8,038,231	\$ 9,389,372
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	10,806,630	10,801,455	12,476,373
Total	<u>\$ 18,872,621</u>	<u>\$ 18,839,686</u>	<u>\$ 21,865,745</u>
District's Covered Payroll	\$ 18,603,503	\$ 18,374,051	\$ 16,905,107
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	43.36%	43.75%	55.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.021233384%	0.020312709%
\$ 10,602,023	\$ 8,833,235
14,886,578	12,713,156
<u>\$ 25,488,601</u>	<u>\$ 21,546,391</u>
\$ 17,534,080	\$ 16,672,848
60.47%	52.98%
1.57%	0.91%

SILSBEE ISD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 172,529	\$ 163,447	\$ 160,717
Contribution in Relation to the Contractually Required Contribution	172,529	163,447	(160,717)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 19,455,729	\$ 18,603,503	\$ 18,374,051
Contributions as a Percentage of Covered Payroll	0.89%	0.88%	0.87%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

<hr/>	
2019	2018
<hr/>	<hr/>
\$ 140,911	\$ 146,480
(140,911)	(146,480)
<hr/>	<hr/>
\$ -	\$ -
<hr/> <hr/>	<hr/> <hr/>
\$ 16,905,107	\$ 17,534,080
0.83%	0.84%

REQUIRED TEA SCHEDULES

SILSBEE ISD
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2022

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ 1,365,548,035
2014	1.170000	0.147800	743,526,635
2015	1.170000	0.350000	770,649,532
2016	1.170000	0.370000	750,266,982
2017	1.170000	0.370000	756,833,571
2018	1.170000	0.350000	774,402,139
2019	1.170000	0.320000	844,790,691
2020	1.068400	0.320000	900,449,023
2021	1.053300	0.335000	937,409,000
2022 (School year under audit)	0.988100	0.335000	1,034,051,017
1000 TOTALS			

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 749,620	\$ -	\$ 31,273	\$ 3,867	\$ (34,288)	\$ 680,192
137,079	-	8,198	1,036	(1)	127,844
177,128	-	15,491	4,634	(1)	157,002
190,812	-	11,732	3,710	-	175,370
208,638	-	18,030	5,702	-	184,907
246,279	-	26,088	7,804	(41)	212,346
272,366	-	28,142	7,697	(271)	236,256
336,030	-	41,670	12,481	(4,987)	276,892
514,202	-	119,680	38,064	(14,291)	342,167
-	13,681,529	9,650,865	3,271,976	(115,763)	642,925
<u>\$ 2,832,154</u>	<u>\$ 13,681,529</u>	<u>\$ 9,951,168</u>	<u>\$ 3,356,971</u>	<u>\$ (169,644)</u>	<u>\$ 3,035,901</u>

SILSBEE ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 208,000	\$ 208,000	\$ 268,027	\$ 60,027
5800 State Program Revenues	-	-	8,409	8,409
5900 Federal Program Revenues	1,435,000	1,435,000	1,794,755	359,755
5020 Total Revenues	1,643,000	1,643,000	2,071,191	428,191
EXPENDITURES:				
Current:				
0035 Food Services	1,761,078	1,794,933	1,638,401	156,532
6030 Total Expenditures	1,761,078	1,794,933	1,638,401	156,532
1200 Net Change in Fund Balances	(118,078)	(151,933)	432,790	584,723
0100 Fund Balance - September 1 (Beginning)	-	309,370	309,370	-
3000 Fund Balance - August 31 (Ending)	\$ (118,078)	\$ 157,437	\$ 742,160	\$ 584,723

SILSBEE ISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,427,198	\$ 3,427,198	\$ 3,449,807	\$ 22,609
5800 State Program Revenues	-	-	121,643	121,643
5020 Total Revenues	3,427,198	3,427,198	3,571,450	144,252
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	2,325,000	2,325,000	2,324,999	1
0072 Interest on Long-Term Liabilities	901,443	901,443	639,194	262,249
0073 Bond Issuance Cost and Fees	10,000	10,000	5,400	4,600
6030 Total Expenditures	3,236,443	3,236,443	2,969,593	266,850
1200 Net Change in Fund Balances	190,755	190,755	601,857	411,102
0100 Fund Balance - September 1 (Beginning)	-	2,351,665	2,351,665	-
3000 Fund Balance - August 31 (Ending)	\$ 190,755	\$ 2,542,420	\$ 2,953,522	\$ 411,102

SILSBEE ISD
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	2,517,651
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	2,186,717
<hr/>		

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	32,918
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	57,571
<hr/>		

FEDERAL AWARDS SECTION

J. Pat O'Neill, III, CPA
Michael W. Kiefer, CPA
Troy W. Domingue, CPA



Stanley (Chip) Majors, Jr., CPA, CITP, CGMA
Jane P. Burns, CPA, CDFA
Jeremy R. Triska, CPA

December 13, 2022

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
Silsbee Independent School District
Silsbee, Texas 77656

Members of the Board:

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 Silsbee Independent School District (the District), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 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. *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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wathen, DeShong & Juncker, L.L.P.

WATHEN, DeSHONG & JUNCKER, L.L.P.
Certified Public Accountants

J. Pat O'Neill, III, CPA
Michael W. Kiefer, CPA
Troy W. Domingue, CPA



Stanley (Chip) Majors, Jr., CPA.CITP, CGMA
Jane P. Burns, CPA, CDFA
Jeremy R. Triska, CPA

December 13, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

Board of Trustees
Silsbee Independent School District
Silsbee, Texas 77656

Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Silsbee Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wathen, DeShong & Juncker, L.L.P.

WATHEN, DeSHONG & JUNCKER, L.L.P.

Certified Public Accountants

SILSBEE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? _____ yes no
- Significant deficiency identified? _____ yes none reported

Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ yes no
- Significant deficiency identified? _____ yes none reported

Type of auditor’s report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR)200.516(a)? _____ yes no

Identification of major programs:

Federal Assistance Listing Numbers	Name of Federal Program or Cluster
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes _____ no

SILSBEE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2022

Section II - Financial Statement Findings

-- NONE NOTED --

Section III - Federal Award Findings

-- NONE NOTED --

SILSBEE INDEPENDENT SCHOOL DISTRICT

**STATUS OF PRIOR YEAR'S FINDINGS
YEAR ENDED AUGUST 31, 2022**

-- NONE NOTED --

SILSBEE ISD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	2261010110904	\$ 602,497
*IDEA - Part B, Formula	84.027A	226600011009046600	753,471
*IDEA, Part B, Formula - American Rescue Act (ARP)	84.027X	225350011009045000	124,678
Total Assistance Listing Number 84.027			878,149
*IDEA - Part B, Preschool	84.173A	226610011009046610	42,894
*IDEA, Part B, Preschool- American Rescue Act (ARP)	84.173X	225360011009045000	6,317
Total Assistance Listing Number 84.173			49,211
Total Special Education Cluster (IDEA)			927,360
Carl D. Perkins Basic Formula	84.048A	22420006100904	41,825
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	22694501100904	119,900
Title IV, Part A, Subpart I	84.424A	22680101100904	18,226
CRRSA ESSER II	84.425D	21521001100904	988,313
ARP ESSER III	84.425U	21528001100904	1,116,760
Total Assistance Listing Number 84.425			2,105,073
Total Passed Through Texas Education Agency			3,814,881
TOTAL U.S. DEPARTMENT OF EDUCATION			3,814,881
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900216	23,694
Total Passed Through Texas Health and Human Services Commission			23,694
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			23,694
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402201	316,651
*National School Lunch Program	10.555	71302201	1,326,578
Total Child Nutrition Cluster			1,643,229
Commodity Supplemental Program	10.565		151,526
Total Passed Through the Texas Department of Agriculture			1,794,755
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,794,755
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,633,330
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

SILSBEE INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2022**

1. The accompanying Schedule Of Expenditures Of Federal Awards (Schedule) includes the federal grant activity of Silsbee Independent School District (the District) under programs of the Federal government for the year ended August 31, 2022. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
3. The District utilizes the fund types specified in the Texas Education Agency’s Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
4. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

5. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date or as specified in a program regulation, in accordance with provisions in Office of Management and Budget (OMB) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* – Section 200.343 Closeout.
6. Silsbee Independent School District does not record indirect costs for any of its Federal Programs.
7. A reconciliation of Federal Revenue reported on Exhibit C-3 to Federal Revenue reported on the Schedule of Expenditures of Federal Awards (Exhibit K-1) follows:

Federal Revenue Reported on Exhibit K-1	\$ 5,633,330
SHARS Medicaid Revenue	539,498
Medicaid Revenue passed through TMHP	<u>307,106</u>
 Federal Revenue Reported on Exhibit C-3	 <u><u>\$ 6,479,934</u></u>

SCHOOLS FIRST QUESTIONNAIRE

Silsbee ISD

Fiscal Year 2022

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?	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? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	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 in effect at the 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.	0