

FERRIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2021

Ferris Independent School District
Annual Financial Report
For The Year Ended August 31, 2021

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Introductory Section

CERTIFICATE OF BOARD

Ferris Independent School District
Name of School District

Ellis
County

070-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2021, at a meeting of the board of trustees of such school district on the 25th day of January, 2022.


Signature of Board Secretary


Signature of Board President

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA & CFE**

Independent Auditors' Report

To the Board of Trustees
Ferris Independent School District
P. O. Box 459
Ferris, Texas 75125

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ferris Independent School District ("the District") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ferris Independent School District as of August 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2021, Ferris Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2021, Ferris Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ferris Independent School District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

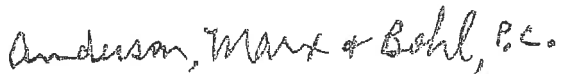
The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022 on our consideration of Ferris Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Ferris Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Anderson, Marx & Bohl, P.C.

Corsicana, TX
January 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Ferris Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

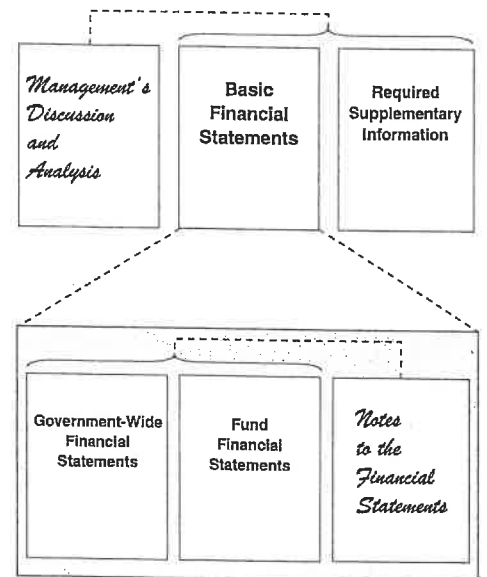
- The District's total combined net position on financial statement exhibit A-1 was \$17,453,755 on August 31, 2021.
- During the year, the District's primary government expenses on financial statement exhibit B-1 were \$783,559 more than the \$36,295,645 generated in taxes and other revenues for governmental and business-type activities.
- The total cost of the District's programs on financial statement exhibit C-2 increased by \$1,460,988. This was primarily caused by an increase in instruction costs.
- The general fund reported a general fund balance this year on financial statement exhibit C-1 of \$13,429,100. The District began the current year with a fund balance in the amount of \$13,394,211.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- 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 agent* for the benefit of others, to whom the resources in question belong.
- *Business-type activities and proprietary fund* statements provide information about for-profit activities.

Figure A-1, Required Components of the District's Annual Financial Report



Summary ↔ Detail

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.

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 and liabilities. 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, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental and Business-type 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 the following 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 at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. 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.
- *Proprietary funds*—The District accounts for food service as a profit center and workman's compensation insurance is accounted for as an internal service fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$17.45 million on August 31, 2021. (See Table A-1).

Table A-1
Ferris Independent School District's Net Position
(In million dollars)

	<u>2021</u>	<u>2020</u>	<u>Total Percentage Change 2021-2020</u>
Current assets:			
Cash and cash equivalents	0.5	1.1	-55
Investments	16.8	15.3	10
Due from other governments	1.7	1.4	21
Due from other funds	.0	.0	**
Other receivables	.4	.4	0
Inventories – supplies and materials	.1	.1	0
Total current assets:	<u>19.5</u>	<u>18.3</u>	7
Noncurrent assets:			
Land, furniture and equipment	82.9	83.9	-1
Less accumulated depreciation	<u>(29.8)</u>	<u>(29.0)</u>	-3
Total noncurrent assets	<u>53.1</u>	<u>54.9</u>	-3
Total Assets	<u>72.6</u>	<u>73.2</u>	-1
Deferred Outflows of Resources	<u>6.1</u>	<u>6.2</u>	-2
Current liabilities:			
Accounts payable and accrued liabilities	2.4	1.9	26
Claims payable	.0	.0	**
Due to other governments	.9	.0	**
Due to other funds	.0	.0	**
Unearned revenue	.1	.1	0
Total current liabilities	<u>3.4</u>	<u>2.0</u>	70
Long-term liabilities:			
Noncurrent liabilities due in one year	2.0	1.1	82
Noncurrent liabilities due more than 1 yr	30.3	32.5	-7
Net pension liability	7.5	7.1	6
Net OPEB liability	8.4	10.0	-16
Total Liabilities	<u>51.6</u>	<u>52.7</u>	-2
Deferred Inflows of Resources	<u>9.7</u>	<u>8.5</u>	14
Net Position:			
Net investment in capital assets	20.3	21.2	-4
Restricted	1.5	1.7	-12
Unrestricted	<u>(4.4)</u>	<u>(4.7)</u>	6
Total Net Position	<u>17.4</u>	<u>18.2</u>	-4

The District has \$1,547,154 of restricted net position in governmental and business-type activities that represents proceeds from state and federal programs of \$621,652, debt service of \$744,993, campus activities of \$58,586, and \$121,923 nonspendable for inventories. The \$(4,415,819) of unrestricted net position represents a deficit of resources to be available in all activities to fund the programs of the District next year.

Changes in net position. The District's total revenues in governmental activities were \$34,880,492. A significant portion, 22 percent, of the District's revenue comes from taxes. (See Table A-2.) 59 percent comes from state aid – formula grants, while less than 1 percent relates to charges for services.

The total cost of all governmental programs and services was \$35,802,801; 82 percent of these costs are for governmental activities associated with instructional and student services.

Governmental Activities

Property tax rates decreased. However, due to increased values, tax revenues increased to \$7,812,609.

Business Type Activities

The District accounts for its food service as a business type activity. During the year, this activity had revenue of \$1,415,153, and after deducting expenses of \$1,276,403, had a net income of \$138,750. The activity had net assets of \$805,166 at August 31, 2021.

Table A-2
Changes in Ferris Independent School District's Net Position
(In million dollars)

	<u>2021</u>	<u>2020</u>	<u>% Ch</u>
Program Revenues:			
Charges for Services	.2	.3	-33
Operating Grants and Contributions	7.6	6.9	10
Capital Grants and Contributions	.0	.0	**
General Revenues			
Property Taxes	7.8	7.4	5
State Aid – Formula	20.7	23.4	-12
Investment Earnings	.0	.2	**
Other	.0	.3	**
Total Revenues	<u>36.3</u>	<u>38.5</u>	-6
Instruction	20.8	19.4	7
Instructional Resources and Media Services	.4	.4	0
Curriculum Dev. And Instructional Staff Dev.	1.4	1.6	-13
Instructional Leadership	.7	.9	-22
School Leadership	1.8	1.5	20
Guidance, Counseling and Evaluation Services	1.5	1.5	0
Social Work Services	.0	.0	**
Health Services	.4	.4	0
Student (Pupil) Transportation	.7	.7	0
Food Services	1.3	1.6	-19
Curricular/Extracurricular Activities	1.2	1.2	0
General Administration	1.2	1.4	-14
Plant Maintenance & Oper.	2.9	3.0	-3
Security & Monitoring Svcs.	.5	.5	0
Data Processing Services	.6	.6	0
Community Services	.0	.0	**
Debt Services	1.6	1.9	-16
Facilities Acquisition and Construction	.0	.0	**
Other Governmental Charges	.1	.1	0
Increment Costs Associated Chapter 41 (WADA)	.0	.0	**
Payments to Fiscal Agent/Member Dist. - SSA	.0	.0	**
Public Education Grant Progr.	.0	.0	**
Payments to Juvenile Justice Alternative Ed. Program	.0	.0	**
Payments to Charter Schools	.0	.0	**
Total Expenses	<u>37.1</u>	<u>36.7</u>	1
Excess (Deficiency) Before Other Resources,			
Uses & Transfers	(.8)	1.8	-144
Other Resources (Uses)	.0	.0	**
Transfers In (Out)	.0	.0	**
Increase (Decrease) in Net Position	<u>(.8)</u>	<u>1.8</u>	-144

Table A-3 presents the 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 \$35.8 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$7.8 million.
- Some of the cost was paid by those who directly benefited from the programs \$.15 million, or
- By grants and contributions \$7.5 million.

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
Instruction	20.8	19.4	7	16.4	16.5	-1
School administration	1.2	1.4	-14	1.1	1.3	-15
Plant Maintenance & Operations	2.9	3.0	-3	2.7	2.9	-7
Debt Service – Interest & Fiscal Charges	1.6	1.9	-16	.8	.1	700

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$34.5 million, while the previous year it was \$35.7 million. The increase in local revenues is due to increased valuations. The decrease in state revenues is a result of student population changes and changes in state funding formulas. The change in federal revenues is due to grant funding formulas distributed through other agencies.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget one time. Even with this adjustment, actual expenditures were \$1,443,131 below final budget amounts.

On the other hand, resources available were \$1,408,242 below the final budgeted amount.

- Enrollment changes from when the budget was adopted resulted in state funding being \$1,492,887 below what was anticipated in the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had invested \$82,893,828 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of \$681,338 or less than 1% percent from last year. This includes Governmental type assets and business type assets.

Table A-4
District's Capital Assets
(In millions of dollars)

	<u>2021</u>	<u>2020</u>	Total Percentage Change <u>2021-2020</u>
Land	.652	.652	0
Construction in progress	0.000	0.000	**
Buildings and improvements	74.395	74.559	0
Vehicles	4.025	4.745	-15
Equipment	3.822	3.619	6
Leased equipment	.000	.000	**
Totals at historical cost	82.894	83.575	-1
Total accumulated depreciation	(29.800)	(28.681)	-4
Net capital assets	53.094	54.894	-3

The District's fiscal year 2022 capital budget projects spending reflect no major spending. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$48.271 million in bonds, notes, net pension and OPEB liability, and compensated absences outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
District's Long-Term Debt
(In millions of dollars)

	Governmental Activities		Total Percentage Change
	<u>2021</u>	<u>2020</u>	<u>2021-2020</u>
Leases payable	.000	.000	**
Bonds payable	29.694	30.762	-3
Compensated absences	.580	.614	-6
Notes payable	.649	.708	-8
Net pension liability	7.539	7.069	7
Net OPEB liability	8.440	10.030	-16
Net premium on debt	1.369	1.479	-7
Total long-term debt	<u>48.271</u>	<u>50.662</u>	-5

In September 2021, the District entered into a lease agreement in the amount of \$497,093 for five buses. The District will make five annual installments of \$107,577 each during the term of the lease.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2022 budget preparation is \$594,193,576, an increase of \$42,481,885, or 8% from 2021.
- General operating fund spending per student decreases in the 2022 budget from \$12,718 to \$11,868. This is a 7% decrease.
- The District's 2022 refined average daily attendance is expected to be 2,472, indicating a 6% increase from the previous year.

These indicators were considered when adopting the general fund budget for 2022. Amounts available for appropriation in the general fund budget are \$29,338,309, a decrease of 1 percent from the final 2021 budget.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2022. However, the COVID-19 pandemic continues to negatively impact economic activity nationwide. The economic effects are still unknown but could potentially affect future revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ferris Independent School District's Business Services Department at P. O. Box 459, Ferris, Texas 75125 or phone number 972-544-3858.

Basic Financial Statements

FERRIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 400,188	\$ 68,231	\$ 468,419
1120 <i>Current Investments</i>	15,452,099	1,335,838	16,787,937
1225 <i>Property Taxes Receivable (Net)</i>	437,648	--	437,648
1240 <i>Due from Other Governments</i>	1,609,100	121,930	1,731,030
1260 <i>Internal Balances</i>	794,601	(794,601)	--
1290 <i>Other Receivables (Net)</i>	3,577	--	3,577
1300 <i>Inventories</i>	85,291	36,632	121,923
Capital Assets:			
1510 <i>Land</i>	652,223	--	652,223
1520 <i>Buildings and Improvements, Net</i>	48,792,781	--	48,792,781
1530 <i>Furniture and Equipment, Net</i>	3,568,192	81,000	3,649,192
1000 Total Assets	71,795,700	849,030	72,644,730
DEFERRED OUTFLOWS OF RESOURCES:			
<i>Deferred Outflow Related to Pensions</i>	3,082,057	--	3,082,057
<i>Deferred Outflow Related to OPEB</i>	3,021,682	--	3,021,682
1700 Total Deferred Outflows of Resources	6,103,739	--	6,103,739
LIABILITIES:			
2110 <i>Accounts Payable</i>	308,611	2,325	310,936
2140 <i>Interest Payable</i>	39,765	--	39,765
2165 <i>Accrued Liabilities</i>	2,048,555	41,539	2,090,094
2177 <i>Due to Fiduciary</i>	4,034	--	4,034
2180 <i>Due to Other Governments</i>	858,803	--	858,803
2300 <i>Unearned Revenue</i>	58,838	--	58,838
Noncurrent Liabilities:			
2501 <i>Due Within One Year</i>	1,955,000	--	1,955,000
2502 <i>Due in More Than One Year</i>	30,336,636	--	30,336,636
2540 <i>Net Pension Liability</i>	7,538,746	--	7,538,746
2545 <i>Net OPEB Liability</i>	8,440,547	--	8,440,547
2000 Total Liabilities	51,589,535	43,864	51,633,399
DEFERRED INFLOWS OF RESOURCES:			
<i>Deferred Revenue-Bond Gain on Refunding</i>	1,412,409	--	1,412,409
<i>Deferred Inflow Related to Pensions</i>	1,367,191	--	1,367,191
<i>Deferred Inflow Related to OPEB</i>	6,881,715	--	6,881,715
2600 Total Deferred Inflows of Resources	9,661,315	--	9,661,315
NET POSITION:			
3200 Net Investment in Capital Assets	20,241,420	81,000	20,322,420
Restricted For:			
3820 <i>State and Federal Programs</i>	--	621,652	621,652
3850 <i>Debt Service</i>	744,993	--	744,993
3870 <i>Campus Activities</i>	58,586	--	58,586
3890 <i>Other Purposes - Nonspendable</i>	85,291	36,632	121,923
3900 <i>Unrestricted</i>	(4,481,701)	65,882	(4,415,819)
3000 Total Net Position	\$ 16,648,589	\$ 805,166	\$ 17,453,755

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

	1	3	4
		Program Revenues	
Data Control Codes	Functions/Programs	Charges for Services	Operating Grants and Contributions
	Expenses		
	Governmental Activities:		
11	Instruction	\$ 87,803	\$ 4,402,103
12	Instructional Resources and Media Services	--	25,387
13	Curriculum and Staff Development	10,939	132,984
21	Instructional Leadership	--	40,702
23	School Leadership	8,291	125,788
31	Guidance, Counseling, and Evaluation Services	--	130,375
33	Health Services	--	18,498
34	Student Transportation	--	42,610
35	Food Service	--	12,956
36	Cocurricular/Extracurricular Activities	33,942	55,816
41	General Administration	--	80,575
51	Facilities Maintenance and Operations	11,337	176,987
52	Security and Monitoring Services	--	36,578
53	Data Processing Services	--	36,830
61	Community Services	--	--
72	Interest on Long-term Debt	--	857,343
73	Bond Issuance Costs and Fees	--	--
99	Other Intergovernmental Charges	--	--
TG	Total Governmental Activities	152,312	6,175,532
	Business-type Activities:		
05	Food Services	32,614	1,370,478
01	Beverage Services	4,490	--
TB	Total Business-type Activities	37,104	1,370,478
TP	Total Primary Government	\$ 189,416	\$ 7,546,010
	General Revenues:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
IE	Investment Earnings		
GC	Grants and Contributions Not Restricted to Specific Programs		
MI	Extraordinary Gain Related to Property Damage		
	Loss on Disposal of Assets		
TR	Total General Revenues		
CN	Change in Net Position		
NB	Net Position - Beginning		
NE	Net Position - Ending		

The accompanying notes are an integral part of this statement.

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8

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (16,361,397)		\$ (16,361,397)
(341,178)		(341,178)
(1,263,467)		(1,263,467)
(618,618)		(618,618)
(1,679,906)		(1,679,906)
(1,338,690)		(1,338,690)
(346,154)		(346,154)
(639,426)		(639,426)
(16,128)		(16,128)
(1,155,725)		(1,155,725)
(1,126,977)		(1,126,977)
(2,691,564)		(2,691,564)
(493,708)		(493,708)
(573,617)		(573,617)
(367)		(367)
(763,735)		(763,735)
(12,305)		(12,305)
(51,995)		(51,995)
<u>(29,474,957)</u>		<u>(29,474,957)</u>
--	\$ 128,125	128,125
--	3,054	3,054
--	<u>131,179</u>	<u>131,179</u>
<u>(29,474,957)</u>	<u>131,179</u>	<u>(29,343,778)</u>
5,864,416	--	5,864,416
1,948,193	--	1,948,193
11,457	7,571	19,028
20,734,437	--	20,734,437
28,283	--	28,283
(34,138)	--	(34,138)
<u>28,552,648</u>	<u>7,571</u>	<u>28,560,219</u>
(922,309)	138,750	(783,559)
17,570,898	666,416	18,237,314
<u>\$ 16,648,589</u>	<u>\$ 805,166</u>	<u>\$ 17,453,755</u>

FERRIS INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2021

Data Control Codes	10		98	
	General Fund	ESSER Fund II of the CRRSA Act	Other Governmental Funds	Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 178,363	\$ --	\$ 211,561	\$ 389,924
1120 Current Investments	13,396,920	--	2,054,925	15,451,845
1225 Taxes Receivable, Net	338,507	--	99,141	437,648
1240 Due from Other Governments	--	746,976	862,124	1,609,100
1260 Due from Other Funds	2,515,118	--	--	2,515,118
1290 Other Receivables	3,477	--	100	3,577
1300 Inventories	85,291	--	--	85,291
1000 Total Assets	<u>\$ 16,517,676</u>	<u>\$ 746,976</u>	<u>\$ 3,227,851</u>	<u>\$ 20,492,503</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 98,975	\$ --	\$ 25,397	\$ 124,372
2150 Payroll Deductions and Withholdings	95,813	--	--	95,813
2160 Accrued Wages Payable	1,814,207	--	138,535	1,952,742
2170 Due to Other Funds	145,636	746,976	962,069	1,854,681
2170 Due to Fiduciary Funds	4,034	--	--	4,034
2180 Due to Other Governments	591,404	--	267,399	858,803
2300 Unearned Revenue	--	--	58,838	58,838
2000 Total Liabilities	<u>2,750,069</u>	<u>746,976</u>	<u>1,452,238</u>	<u>4,949,283</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred Revenue - Property Taxes	338,507	--	99,141	437,648
2600 Total Deferred Inflows of Resources	<u>338,507</u>	<u>--</u>	<u>99,141</u>	<u>437,648</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	85,291	--	--	85,291
Restricted Fund Balances:				
3470 Capital Acquisitions and Contractual Obligations	--	--	972,034	972,034
3480 Retirement of Long-Term Debt	--	--	645,852	645,852
3490 Other Restrictions of Fund Bal - Campus Activity	--	--	58,586	58,586
Assigned Fund Balances:				
3590 Other Assigned Fund Balance - Improvements	4,980,000	--	--	4,980,000
3600 Unassigned	8,363,809	--	--	8,363,809
3000 Total Fund Balances	<u>13,429,100</u>	<u>--</u>	<u>1,676,472</u>	<u>15,105,572</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 16,517,676</u>	<u>\$ 746,976</u>	<u>\$ 3,227,851</u>	<u>\$ 20,492,503</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2021*

Total fund balances - governmental funds balance sheet	\$ 15,105,572
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	53,013,196
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	437,648
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	(39,557)
Payables for bond principal which are not due in the current period are not reported in the funds.	(29,027,859)
Payables for interest which are not due in the current period are not reported in the funds.	(39,765)
Payables for notes which are not due in the current period are not reported in the funds.	(649,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(579,761)
Deferred gain on bond refunding is not reported in the funds.	(1,412,409)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(7,538,746)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,367,191)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	3,082,057
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(666,179)
Bond premiums are amortized in the SNA but not in the funds.	(1,368,837)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(8,440,547)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(6,881,715)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	3,021,682
Net position of governmental activities - Statement of Net Position	\$ <u>16,648,589</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10		98	
	General Fund	ESSER Fund II of the CRRSA Act	Other Governmental Funds	Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 5,934,687	\$ --	\$ 1,958,647	\$ 7,893,334
5800 <i>State Program Revenues</i>	21,832,349	--	1,052,619	22,884,968
5900 <i>Federal Program Revenues</i>	428,705	746,976	2,539,932	3,715,613
5020 <i>Total Revenues</i>	<u>28,195,741</u>	<u>746,976</u>	<u>5,551,198</u>	<u>34,493,915</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	16,071,730	639,253	2,564,947	19,275,930
0012 <i>Instructional Resources and Media Services</i>	337,843	--	--	337,843
0013 <i>Curriculum and Staff Development</i>	1,175,206	6,000	116,343	1,297,549
0021 <i>Instructional Leadership</i>	603,883	2,500	--	606,383
0023 <i>School Leadership</i>	1,654,859	--	13,958	1,668,817
0031 <i>Guidance, Counseling, and Evaluation Services</i>	1,280,848	1,250	76,144	1,358,242
0033 <i>Health Services</i>	338,337	--	--	338,337
0034 <i>Student Transportation</i>	625,288	4,898	4,823	635,009
0035 <i>Food Service</i>	144	12,314	--	12,458
0036 <i>Cocurricular/Extracurricular Activities</i>	1,156,932	--	9,173	1,166,105
0041 <i>General Administration</i>	1,137,914	10,029	--	1,147,943
0051 <i>Facilities Maintenance and Operations</i>	2,718,756	66,274	--	2,785,030
0052 <i>Security and Monitoring Services</i>	490,355	--	--	490,355
0053 <i>Data Processing Services</i>	563,042	4,458	--	567,500
0061 <i>Community Services</i>	346	--	--	346
0071 <i>Principal on Long-term Debt</i>	59,000	--	1,035,414	1,094,414
0072 <i>Interest on Long-term Debt</i>	--	--	1,995,236	1,995,236
0073 <i>Bond Issuance Costs and Fees</i>	11,455	--	850	12,305
0099 <i>Other Intergovernmental Charges</i>	51,995	--	--	51,995
6030 <i>Total Expenditures</i>	<u>28,277,933</u>	<u>746,976</u>	<u>5,816,888</u>	<u>34,841,797</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	(82,192)	--	(265,690)	(347,882)
Other Financing Sources and (Uses):				
7912 <i>Sale of Real or Personal Property</i>	88,798	--	--	88,798
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>88,798</u>	<u>--</u>	<u>--</u>	<u>88,798</u>
EXTRAORDINARY ITEM:				
7919 <i>Extraordinary Insurance Recovery Proceeds</i>	28,283	--	--	28,283
1200 <i>Net Change in Fund Balances</i>	34,889	--	(265,690)	(230,801)
0100 <i>Fund Balances - Beginning</i>	13,394,211	--	1,942,162	15,336,373
3000 <i>Fund Balances - Ending</i>	<u>\$ 13,429,100</u>	<u>\$ --</u>	<u>\$ 1,676,472</u>	<u>\$ 15,105,572</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

Net change in fund balances - total governmental funds	\$ (230,801)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	223,437
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,890,415)
The gain or loss on the sale of capital assets is not reported in the funds.	(34,138)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(88,798)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	83,045
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,035,414
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	59,000
Bond issuance premiums and similar items are amortized in the SOA but not in the funds.	109,971
(Increase) decrease in accrued interest from beginning of period to end of period.	264,187
The net revenue (expense) of internal service funds is reported with governmental activities.	(58,916)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	34,429
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows.	(543,577)
Implementing GASB 75 required certain expenditures to be de-expended and recorded as deferred resource outflows.	114,853
Change in net position of governmental activities - Statement of Activities	\$ (922,309)

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****PROPRIETARY FUNDS****AUGUST 31, 2021**

Data Control Codes	Enterprise Fund National Breakfast/Lunch Program	Nonmajor Enterprise Fund Beverage Services	Total Enterprise Funds	Nonmajor Internal Service Fund Insurance Fund
ASSETS:				
Current Assets:				
1110 <i>Cash and Cash Equivalents</i>	\$ 1,130	\$ 67,101	\$ 68,231	\$ 10,264
1120 <i>Investments</i>	1,335,838	--	1,335,838	254
<i>Receivables:</i>				
1240 <i>Due from Other Governments</i>	121,930	--	121,930	--
1260 <i>Due from Other Funds</i>	--	--	--	134,164
1310 <i>Inventories, at Cost</i>	36,632	--	36,632	--
Total Current Assets	1,495,530	67,101	1,562,631	144,682
Noncurrent Assets:				
Capital Assets:				
1530 <i>Furniture and Equipment</i>	292,559	--	292,559	--
1570 <i>Accumulated Depreciation</i>	(211,559)	--	(211,559)	--
Total Noncurrent Assets	81,000	--	81,000	--
1000 Total Assets	1,576,530	67,101	1,643,631	144,682
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	1,106	1,219	2,325	184,239
2160 <i>Accrued Wages Payable</i>	41,539	--	41,539	--
2170 <i>Due to Other Funds</i>	794,601	--	794,601	--
Total Current Liabilities	837,246	1,219	838,465	184,239
2000 Total Liabilities	837,246	1,219	838,465	184,239
NET POSITION:				
3200 <i>Net Investment in Capital Assets</i>	81,000	--	81,000	--
<i>Restricted</i>				
3820 <i>State and Federal Programs</i>	621,652	--	621,652	--
<i>Other Purposes:</i>				
3890 <i>Nonspendable</i>	36,632	--	36,632	--
3900 <i>Unrestricted</i>	--	65,882	65,882	(39,557)
3000 Total Net Position	\$ 739,284	\$ 65,882	\$ 805,166	\$ (39,557)

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		Enterprise Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Nonmajor Internal Service Fund
		National Breakfast/Lunch Program	Beverage Services		Insurance Fund
OPERATING REVENUES:					
5700	Local and Intermediate Sources	\$ 40,185	\$ 4,490	\$ 44,675	\$ 108,910
5800	State Program Revenues	52,851	--	52,851	--
5900	Federal Program Revenues	188,964	--	188,964	--
5020	Total Revenues	282,000	4,490	286,490	108,910
OPERATING EXPENSES:					
6100	Payroll Costs	701,140	--	701,140	167,826
6200	Professional and Contracted Services	26,633	--	26,633	--
6300	Supplies and Materials	536,360	--	536,360	--
6400	Other Operating Costs	10,834	1,436	12,270	--
6030	Total Expenses	1,274,967	1,436	1,276,403	167,826
	Operating Income (Loss)	(992,967)	3,054	(989,913)	(58,916)
NON-OPERATING REVENUES (EXPENSES):					
7952	National School Breakfast Program	262,648	--	262,648	--
7953	National School Lunch Program	795,620	--	795,620	--
7954	USDA Donated Commodities	70,395	--	70,395	--
8030	Total Non-operating Revenues (Expenses)	1,128,663	--	1,128,663	--
1300	Change in Net Position	135,696	3,054	138,750	(58,916)
0100	Total Net Position - Beginning	603,588	62,828	666,416	19,359
3300	Total Net Position - Ending	\$ 739,284	\$ 65,882	\$ 805,166	\$ (39,557)

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Enterprise Fund National Breakfast/Lunch Program	Nonmajor Enterprise Fund Beverage Services	Total Enterprise Funds	Nonmajor Internal Service Fund Insurance Fund
Cash Flows from Operating Activities:				
<i>Cash Received from Customers</i>	\$ 40,186	\$ 4,490	\$ 44,676	\$ 2
<i>Cash Received from Grants</i>	1,248,547	--	1,248,547	--
<i>Cash Receipts (Payments) for Quasi-external</i>	--	--	--	108,908
<i>Cash Payments to Employees for Services</i>	(695,530)	--	(695,530)	(111,248)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(576,044)	(1,436)	(577,480)	--
Net Cash Provided (Used) by Operating Activities	17,159	3,054	20,213	(2,338)
Cash Flows from Non-capital Financing Activities:				
<i>Increase (decrease) in Amounts Due to Other Funds</i>	(16,163)	--	(16,163)	(38,908)
Net Cash Provided (Used) by Non-capital Financing Activities	(16,163)	--	(16,163)	(38,908)
Cash Flows from Capital and Related Financing Activities:				
<i>Purchase of Fixed Assets</i>	--	--	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	--	--	--	--
Cash Flows from Investing Activities:				
<i>Investment (Purchases) Sales</i>	(1,546)	--	(1,546)	5,279
Net Cash Provided (Used) for Investing Activities	(1,546)	--	(1,546)	5,279
Net Increase (Decrease) in Cash and Cash Equivalents	(550)	3,054	2,504	(35,967)
Cash and Cash Equivalents at Beginning of Year	1,680	64,047	65,727	46,231
Cash and Cash Equivalents at End of Year	\$ 1,130	\$ 67,101	\$ 68,231	\$ 10,264
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Net Income (Loss)	\$ 135,696	\$ 3,054	\$ 138,750	\$ (58,916)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
<i>Depreciation</i>	10,354	--	10,354	--
Change in Assets and Liabilities:				
<i>(Increase) Decrease in Accounts Receivable</i>	(121,930)	--	(121,930)	--
<i>(Increase) Decrease in Prepaid Expenditures</i>	(17,836)	--	(17,836)	23,941
<i>Increase (Decrease) in Accounts Payable</i>	330	--	330	--
<i>Increase (Decrease) in Accrued Wages Payable</i>	10,545	--	10,545	32,637
Total Adjustments	(118,537)	--	(118,537)	56,578
Net Cash Provided (Used) by Operating Activities	\$ 17,159	\$ 3,054	\$ 20,213	\$ (2,338)

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2021**

		Custodial Funds
Data Control Codes		Student Activity
ASSETS:		
1110	Cash and Cash Equivalents	\$ 170,522
1260	Due from Other Funds	4,034
1290	Other Receivables	1,927
1000	Total Assets	176,483
LIABILITIES:		
2000	Total Liabilities	--
NET POSITION:		
3800	Restricted for Individuals, Organizations and Other Governments	176,483
3000	Total Net Position	\$ 176,483

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Custodial Funds	Student Activity
ADDITIONS:		
Student Group Fundraising Activities	\$ 136,999	
Total Additions	<u>136,999</u>	
DEDUCTIONS:		
Benefits to Student Groups	122,562	
Total Deductions	<u>122,562</u>	
Change in Fiduciary Net Position	14,437	
Net Position-Beginning of the Year	--	
Prior Period Adjustment	162,046	
Net Position-End of the Year	<u>\$ 176,483</u>	

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

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ESSER Fund II of the CRRSA Act: This fund controls the transactions related to grant revenues associated with the CRRSA Act.

The District reports the following major enterprise funds:

National Breakfast/Lunch Program: This program accounts for all revenue and expenses associated with food service.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

FERRIS INDEPENDENT SCHOOL DISTRICT
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3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. An allowance for uncollectible accounts in the amount of \$77,231 is reflected in the financial statements as of August 31, 2021.

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

c. Inventories and Prepaid Items

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

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

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	6
Office Equipment	7
Computer Equipment	5

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements of Net Position and governmental funds balance sheet) 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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In addition to liabilities, the statements of financial position 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

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

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave in a lump case payment to such employee or his/her estate. Individuals employed less than 15 years are not eligible to receive the lump sum payments.

h. Interfund Activity

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

i. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

j. Data Control Codes

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

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

l. 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 and proprietary 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 net position to have been depleted before unrestricted net position is applied.

m. 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.

4. 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' 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.

FERRIS INDEPENDENT SCHOOL DISTRICT
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5. 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.

6. Implementation of New Standards

GASB Statement No. 84, Fiduciary Activities

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement also establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

GASB Statement No. 92, Omnibus 2020

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

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NOTES TO THE FINANCIAL STATEMENTS

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The District has adopted paragraphs 4 and 5 of GASB Statement No. 97. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

7. Future Implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Internal Service Fund	\$ 39,557	The District will correct this deficit in the next fiscal year.

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C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2021, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$638,941 and the bank balance was \$1,190,103. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

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

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star - First Public	N/A	\$ 11,379,766
TexPool	N/A	366,379
Texas Term	N/A	1,834,813
Logic	N/A	3,206,979
Total Investments		<u>\$ 16,787,937</u>

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3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2021, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, have no credit risk.

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

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Public Funds Investment Pools

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

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

LOGIC

The District invests in the Local Government Investment Cooperative (LOGIC), which is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC's governing body is a five-member board of directors comprised of employees, officers or elected officials of participant government entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory board members represent the co-administrators of LOGIC. The co-administrators of the day to day administration of LOGIC are First Southwest Company and J. P. Morgan Investment Management, Inc. LOGIC is rated at a AAA or equivalent rating from at least one nationally recognized rating agency and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC seeks to maintain a net asset value of \$1.00 per unit and is designed to be used for investment of funds which may be needed at any time.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government Overnight, Corporate Overnight and Corporate Overnight Plus maintain a net asset value of one dollar.

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TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAA by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

TexasTERM

organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is administered by PFM Asset Management LLC, which also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares. Investment options include TexasDAILY, a money market portfolio, is rated AAAM by Standard & Poor's, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured CD's from banks throughout the United States.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 652,223	\$ --	\$ --	\$ 652,223
Total capital assets not being depreciated	652,223	--	--	652,223
<i>Capital assets being depreciated:</i>				
Buildings and improvements	74,558,766	13,500	177,300	74,394,966
Equipment	3,326,885	209,937	7,700	3,529,122
Vehicles	4,744,733	--	719,775	4,024,958
Total capital assets being depreciated	82,630,384	223,437	904,775	81,949,046
Less accumulated depreciation for:				
Buildings and improvements	(24,116,965)	(1,574,335)	(89,115)	(25,602,185)
Equipment	(1,371,099)	(198,440)	(7,700)	(1,561,839)
Vehicles	(2,991,432)	(117,640)	(685,023)	(2,424,049)
Total accumulated depreciation	(28,479,496)	(1,890,415)	(781,838)	(29,588,073)
Total capital assets being depreciated, net	54,150,888	(1,666,978)	122,937	52,360,973
Governmental activities capital assets, net	\$ 54,803,111	\$ (1,666,978)	\$ 122,937	\$ 53,013,196

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	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 292,559	\$ --	\$ --	\$ 292,559
Total capital assets being depreciated	292,559	--	--	292,559
Less accumulated depreciation for:				
Equipment	(201,205)	(10,354)	--	(211,559)
Total accumulated depreciation	(201,205)	(10,354)	--	(211,559)
Total capital assets being depreciated, net	91,354	(10,354)	--	81,000
Business-type activities capital assets, net	\$ 91,354	\$ (10,354)	\$ --	\$ 81,000

All business-type activities depreciation was charged to food services. Depreciation for governmental activities was charged to functions as follows:

Instruction	\$ 1,152,070
Instructional Resources and Media Services	20,330
Curriculum and Staff Development	78,080
Instructional Leadership	36,489
School Leadership	100,421
Guidance, Counseling, & Evaluation Services	81,732
Health Services	20,359
Student Transportation	38,212
Food Services	750
Extracurricular Activities	69,358
General Administration	69,078
Plant Maintenance and Operations	159,859
Security and Monitoring Services	29,507
Data Processing Services	34,149
Community Services	21
	<u>\$ 1,890,415</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2021, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	General Fund	\$ 11,472	Short-term loans
General Fund	Other Governmental Funds	962,069	Short-term loans
General Fund	ESSER Fund II of CRRSA Act	746,976	Short-term loans
General Fund	National Breakfast/Lunch Program	794,601	Short-term loans
Nonmajor Internal Service Fund	General Fund	134,164	Short-term loans
Custodial Fund	General Fund	4,034	Short-term loans
	Total	<u>\$ 2,653,316</u>	

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

2. Transfers To and From Other Funds

There were no transfers for the year ended August 31, 2021.

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

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 11,183,059	\$ --	\$ (635,000)	\$ 10,548,059	\$ 665,000
Capital Appreciation Bonds	18,880,214	--	(400,414)	18,479,800	1,230,000
Notes	708,000	--	(59,000)	649,000	60,000
Compensated absences *	614,190	--	(34,429)	579,761	--
Accreted CAB interest	698,755	787,010	(819,586)	666,179	--
Net Premium	1,478,808	--	(109,971)	1,368,837	--
Net Pension Liability*	7,069,076	1,050,444	(580,774)	7,538,746	--
Net OPEB Liability*	10,029,850	(1,420,541)	(168,762)	8,440,547	--
Total governmental activities	\$ 50,661,952	\$ 416,913	\$ (2,807,936)	\$ 48,270,929	\$ 1,955,000

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund
Net Pension Liability	Governmental	General Fund
Net OPEB Liability	Governmental	General Fund

General Obligation Bonds

General obligation school building bonds payable at August 31, 2021, with their outstanding balance are comprised of the following individual issues.

The District issued \$9,280,000 of Schoolhouse Series 2013 Refunding Bonds during the year ended August 31, 2013 for the purposes of refinancing. Interest rates vary from 2.0% to 4.5% with installments varying from \$60,000 to \$745,000. The total balance on this issue at August 31, 2021 is \$7,300,000. The bonds mature in 2034.

The District issued \$2,903,059 of Unlimited Tax School Building & Refunding Bonds, Series 2015 during the year ended August 31, 2015 for the purposes of refinancing \$1,590,000 of Series 2004 & 2005 along with \$1,500,000 proceeds. Interest rate of 2.0% with installments varying from \$140,000 to \$640,000. The total balance on this issue at August 31, 2021 is \$1,108,059. A portion of this issue is a CAB and \$1,081,941 must be accreted over the life of the issue. The accretion payable of \$378,679 is included above. The bonds mature in 2035. There is an unamortized gain on this issue of \$121,392 after \$9,407 was amortized this year.

The District issued \$4,633,280 of Schoolhouse Series 2017 Refunding Bonds during the year ended August 31, 2017 for the purposes of refinancing. Interest rates vary from 2.0% to 4.5% with installments varying from \$185,991 to \$940,000. The total balance on this issue at August 31, 2021 is \$4,364,800 with \$0 classified as Capital Appreciation as final CAB portion paid this year and all accreted interest paid this year. Also, there was a gain on refinancing of \$1,969,298 of which \$196,930 was amortized this year leaving a balance of \$984,588.

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

The District issued \$15,245,000 of Unlimited Schoolhouse Unlimited Building & Refunding Series 2018 during the year ended August 31, 2018 for the purposes of providing cash proceeds of \$7,000,000 and refinancing \$9,020,000 of bond series 2011. These bonds carry interest rates of 2.5% to 4.125% with installments varying from \$430,000 to \$1,805,000. The total balance on this issue at August 31, 2021 is \$14,115,000. The entire series is considered a capital appreciation series, requiring total interest accreted of \$1,100,000 over 16 years. Interest accreted at August 31, 2021 is \$287,500. Also, there was a premium on this issue of \$1,710,355 of which \$106,597 was amortized this year leaving a balance of \$1,282,767.

The District issued \$2,170,000 of Schoolhouse Series 2020 Refunding Bonds during the year ended August 31, 2020 for the purposes of refinancing the 2010 Bonds. Interest rates vary from 3.0% to 4.0% with installments varying from \$30,000 to \$230,000. The total balance on this issue at August 31, 2021 is \$2,140,000. The bonds mature in 2034. The District recorded a gain on refinancing of \$330,000 and after an amortization of \$23,571 this year leaves a balance of \$306,429 at August 31, 2021. The District recorded a premium of \$89,144 and after an amortization of \$3,074 leaves a balance of \$86,070 at August 31, 2021.

Notes

During 2016, the District issued \$900,000 of Taxable Series 2016 QECB Notes for purposes of capital improvements. The notes carry an interest rate of 1.618% and are repayable in installments of \$32,000 to \$71,000. The balance at August 31, 2021 is \$649,000 and it matures in 2031. This note is not considered a direct borrowing.

2. Debt Service Requirements

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

Year Ending 2021,	Governmental Activities				
	Bonds		Notes		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,895,000	\$ 1,140,800	\$ 60,000	\$ 10,501	\$ 3,106,301
2023	1,995,000	1,067,600	61,000	9,530	3,133,130
2024	2,045,000	995,275	62,000	8,543	3,110,818
2025	2,175,000	920,300	63,000	7,540	3,165,840
2026	2,270,000	841,125	64,500	6,521	3,182,146
2027-2031	11,705,000	2,781,400	338,500	11,195	14,556,940
2032-2036	7,995,000	546,788	--	--	8,541,788
Totals	\$ 30,080,000	\$ 8,293,288	\$ 649,000	\$ 53,830	\$ 39,076,118

The above repayment schedule is provided by Bond Counsel to the District. This schedule is based on payments of accreted interest being treated as principal payments in future years. As of August 31, 2021 included in this schedule is CAB interest of \$1,052,141 on 2017 Issue, 2018 Issue and 2015 Issue which when added to the bond total long-term obligation on Note F item 1, yields a total of \$30,080,000.

The accreted interest of \$666,179 and Net Premium of \$1,368,837 in Note F item 1 are not included in the Bond Counsel debt service schedule above. The premium is amortized \$109,971 yearly until satisfied.

Year Ending August 31,	Governmental Activities-Compensated Absences		
	Principal	Interest	Total
2022	\$ --	\$ --	\$ --
2023	25,000	--	25,000
2024	25,000	--	25,000
2025	25,000	--	25,000
2026-2030	504,761	--	504,761
Totals	\$ 579,761	\$ --	\$ 579,761

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

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, selecting About TRS or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 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 in (1) 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 are determined by the System's actuary.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for the gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

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

	<u>Contribution Rates</u>	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
District's 2021 Employer Contributions	\$ 664,629	
District's 2021 Member Contributions	\$ 1,548,152	
2020 NECE On-Behalf Contributions (state)	\$ 1,124,002	

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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5. Actuarial Assumptions

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

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%
Last year ending August 31 in Projection Period	2119
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions, please see the actuarial valuation report dated November 14, 2019.

6. 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 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 are summarized below:

FERRIS INDEPENDENT SCHOOL DISTRICT
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Asset Class	Target Allocation *	Long-Term Expected Arithmetic Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	(0.70)%	(0.05)%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources & Infrastructure	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	1.50%	(0.03)%
Asset Allocation Leverage	(6.00%)	1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ***	-		(0.67)%
Total	100.0%		7.33%

* Target allocations are based on the FY2020 policy model.
** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020)
*** The volatility drag results from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using a discount rate of 7.25 percent, and what the net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	\$ 11,624,611	\$ 7,538,746	\$ 4,219,070

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

At August 31, 2021, the District reported a liability of \$7,538,746 for its proportionate share of the TRS 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	\$ 7,538,746
State's proportionate share that is associated with District	14,590,143
Total	<u>\$ 22,128,889</u>

FERRIS INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED AUGUST 31, 2021

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0140758642 percent which was an increase (decrease) of .0004770753 percent from its proportion measured as of August 31, 2019.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2021, the District recognized pension expense of \$2,963,076 and revenue of \$1,754,870 for support provided by the State.

At August 31, 2021, the District reported its proportionate share of the TRS 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	\$ 13,765	\$ 210,386
Changes in actuarial assumptions	1,749,257	743,772
Difference between projected and actual investment earnings	152,616	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	501,790	413,033
Contributions paid to TRS subsequent to the measurement date	664,629	--
Total	\$ 3,082,057	\$ 1,367,191

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

Year ended August 31,	Pension Expense Amount
2022	\$ 339,378
2023	\$ 362,977
2024	\$ 318,565
2025	\$ 87,985
2026	\$ (66,781)
Thereafter	\$ 8,113

FERRIS INDEPENDENT SCHOOL DISTRICT
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I. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan 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.

2. 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 Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698.

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

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

4. Contributions

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

FERRIS INDEPENDENT SCHOOL DISTRICT
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Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent 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 or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates	
	Rate
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding *	1.25%
Total	
* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.	

District's 2021 Employer Contributions	\$ 179,053
District's 2021 Member Contributions	\$ 130,690
2020 NECE On-Behalf Contributions (state)	\$ 226,773

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 hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020. The actuarial valuation 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. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

FERRIS INDEPENDENT SCHOOL DISTRICT
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The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. 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 (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.50% to 4.25%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 45% participation after age 65.
Ad Hoc Post-Employment Benefit Changes	None

6. Discount Rate

A single discount rate of 2.33 percent was used to measure the total OPEB liability. This was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District's proportionate share of net OPEB liability	\$ 10,128,638	\$ 8,440,547	\$ 7,107,198

FERRIS INDEPENDENT SCHOOL DISTRICT

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

At August 31, 2021, the District reported a liability of \$8,440,547 for its proportionate share of the TRS' 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	\$ 8,440,547
State's proportionate share that is associated with the District	\$ 11,342,072
Total	\$ 19,782,619

The Net OPEB liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020 the District's proportion of the collective net OPEB liability was 0.0222034851%, which was an increase (decrease) of 0.0009947939% from its proportion measured as of August 31, 2019.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of net OPEB liability	\$ 6,894,846	\$ 8,440,547	\$ 10,499,203

9. Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

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

At August 31, 2021, the District reported its proportionate share of the TRS' 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 economic experience	\$ 441,944	\$ 3,862,826
Changes in actuarial assumptions	520,606	2,317,818
Differences between projected and actual investment earnings	2,743	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,877,336	701,071
Contributions paid to TRS subsequent to the measurement date	179,053	--
Total	\$ 3,021,682	\$ 6,881,715

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

Year ended August 31,	OPEB Expense Amount
2022	\$ (681,421)
2023	\$ (681,788)
2024	\$ (681,998)
2025	\$ (681,943)
2026	\$ (456,493)
Thereafter	\$ (855,443)

For the year ended August 31, 2021, the District recognized OPEB expense of \$(14,555) and revenue of \$(78,755) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2021, 2020 and 2019 the subsidy payments received by TRS-Care on behalf of the District were \$88,999, \$81,549 and \$65,359.

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

J. Employee Health Care Coverage

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$250 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2021, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the TRS Active Care are available for the year ended December 31, 2020, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

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

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for Title I, Title II, Eisenhower Math and Science Act, Title VI Block Grant and Title IV Safe and Drug Free School with the following school districts:

Member Districts _____

46 Other Districts _____

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Region 10 nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Subsequent Events

In September 2021, the District entered into a lease agreement with Empire Finance, LLC in the amount of \$497,093. The lease is for five buses and the District will make five annual installments in the amount of \$107,577 each during the term of the lease.

N. Prior Period Adjustment

Based on GASB No. 84, \$162,046 was reclassified from the prior year fiduciary fund liability Due to Student Groups, to Restricted Fund Balance in the Student Activity Fund.

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

O. Self-Funded Workman's Compensation Insurance

During the year ended August 31, 2021, the District was a member of a worker's compensation self-insurance joint fund plan (the Plan). All premiums were paid to a third party administrator acting on behalf of the Plan. The Plan was authorized pursuant to Texas Revised Civil Statutes Annotated Art. 8309h and Texas Government Code Ch. 791 (the Interlocal Cooperation Act), which was documented by contractual agreement. The proportionate contributions of all members were combined into the Plan. Each member agreed to make its proportionate contribution available to all other members for the payment of worker's compensation benefits and the administration of the Plan. A member's proportionate contributions may be used for the payment of benefits and the administration of claims of that member's employees or another member's employees. Excess worker's compensation insurance is carried by Safety National Casualty Corporation. The specific retention is \$225,000, aggregate limit \$5,000,000. Liabilities are reported when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. This liability of \$184,239 is reflected in the internal service fund.

Statement of Change in Liability

	2021	2020
Unpaid claims at September 1	\$ 151,602	\$ 167,436
Claims and adjustments during the year	73,936	23,698
Payments of claims during the year	(41,299)	(39,532)
Total unpaid claims at August 31	\$ 184,239	\$ 151,602

P. Accumulated Unpaid Sick Leave Benefits

An employee with a minimum total of 15 years employment with the District, including at least ten consecutive years of service prior to retirement, and who meets the retirement policies of the Texas Teacher Retirement system shall be reimbursed for unused sick leave upon retirement. This amount, \$579,761, at August 31, 2021 is reflected in the Government Wide Statement of Net Assets and will be paid with future resources.

	2021	\$	2020
Vested sick at September 1	\$ 614,190		337,298
Additions during the year	30,508		276,892
Amounts paid during the year	(64,937)		--
Balance at August 31	\$ 579,761	\$	614,190

Other District employees not reflected above accumulate sick leave benefits at the rate of 5 days per year with no accumulation limit.

The District has non-vested sick leave benefits at August 31, 2021 which are not recorded on the financial statements in the amount of \$1,054,993. These benefits are recorded as expenditures as used.

Q. COVID - 19

The COVID-19 pandemic continues to negatively impact economic activity nationwide. The overall economic effects are still unknown but could potentially have a material effect on the District in the future.

R. Extraordinary Item

During the prior fiscal year, the District sustained damage in a tornado. Insurance recovery proceeds in the amount of \$28,283 were received by the District in the current year to compensate for losses sustained. These proceeds were reported on Exhibit C-2 to the financial statements. There were no capital assets considered impaired during the current year, leaving a gain of \$28,283 reported on Exhibit B-1.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

FERRIS INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT G-1
Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 5,919,619	\$ 5,933,299	\$ 5,934,687	\$ 1,388
5800	State Program Revenues	22,736,475	23,325,236	21,832,349	(1,492,887)
5900	Federal Program Revenues	250,000	345,448	428,705	83,257
5020	Total Revenues	28,906,094	29,603,983	28,195,741	(1,408,242)
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	Instruction	16,980,130	16,980,130	16,071,730	908,400
0012	Instructional Resources and Media Services	391,986	351,986	337,843	14,143
0013	Curriculum and Staff Development	1,274,357	1,194,357	1,175,206	19,151
	Total Instruction and Instr. Related Services	18,646,473	18,526,473	17,584,779	941,694
	Instructional and School Leadership:				
0021	Instructional Leadership	738,876	638,876	603,883	34,993
0023	School Leadership	1,484,189	1,684,189	1,654,859	29,330
	Total Instructional and School Leadership	2,223,065	2,323,065	2,258,742	64,323
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	1,048,867	1,328,867	1,280,848	48,019
0033	Health Services	371,313	341,313	338,337	2,976
0034	Student (Pupil) Transportation	700,213	645,213	625,288	19,925
0035	Food Services	1,573	1,573	144	1,429
0036	Cocurricular/Extracurricular Activities	1,019,080	1,229,080	1,156,932	72,148
	Total Support Services - Student (Pupil)	3,141,046	3,546,046	3,401,549	144,497
	Administrative Support Services:				
0041	General Administration	1,083,067	1,153,037	1,137,914	15,123
	Total Administrative Support Services	1,083,067	1,153,037	1,137,914	15,123
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	2,691,428	2,916,428	2,718,756	197,672
0052	Security and Monitoring Services	458,624	518,624	490,355	28,269
0053	Data Processing Services	485,891	570,891	563,042	7,849
	Total Support Services - Nonstudent Based	3,635,943	4,005,943	3,772,153	233,790
	Ancillary Services:				
0061	Community Services	1,500	1,500	346	1,154
	Total Ancillary Services	1,500	1,500	346	1,154
	Debt Service:				
0071	Principal on Long-Term Debt	84,605	84,605	59,000	25,605
0073	Bond Issuance Costs and Fees	15,395	15,395	11,455	3,940
	Total Debt Service	100,000	100,000	70,455	29,545
0099	Other Intergovernmental Charges	75,000	65,000	51,995	13,005
	Total Intergovernmental Charges	75,000	65,000	51,995	13,005
6030	Total Expenditures	28,906,094	29,721,064	28,277,933	1,443,131
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(117,081)	(82,192)	34,889

FERRIS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	Other Financing Sources (Uses):				
7912	<i>Sale of Real or Personal Property</i>	--	117,081	88,798	(28,283)
7080	Total Other Financing Sources and (Uses)	--	117,081	88,798	(28,283)
	EXTRAORDINARY ITEM:				
7919	<i>Extraordinary Insurance Recovery Proceeds</i>	--	--	28,283	28,283
1200	Net Change in Fund Balance	--	--	34,889	34,889
0100	Fund Balance - Beginning	13,394,211	13,394,211	13,394,211	--
3000	Fund Balance - Ending	\$ 13,394,211	\$ 13,394,211	\$ 13,429,100	\$ 34,889

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT OF TEXAS
LAST TEN FISCAL YEARS *

		Measurement Year Ended August 31,									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.014%		0.014%	0.014%	0.015%	0.015%	0.015%	0.009%	--	--	--
District's proportionate share of the net pension liability (asset)	\$	7,538,746	\$ 7,069,076	\$ 8,165,403	\$ 4,678,091	\$ 5,770,430	\$ 5,322,308	\$ 2,467,624	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District		14,590,143	13,349,622	14,233,987	8,167,160	8,638,035	8,373,279	7,457,820	--	--	--
Total	\$	<u>22,128,889</u>	<u>\$ 20,418,698</u>	<u>\$ 22,399,390</u>	<u>\$ 12,845,251</u>	<u>\$ 14,408,465</u>	<u>\$ 13,695,587</u>	<u>\$ 9,925,444</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$	19,186,204	\$ 17,110,611	\$ 16,886,356	\$ 16,414,962	\$ 14,927,253	\$ 14,220,295	\$ 13,724,582	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.29%		41.31%	48.35%	28.50%	38.66%	37.43%	17.98%	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	75.54%		75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year Ended August 31,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 664,629	\$ 556,409	\$ 475,974	\$ 507,752	\$ 473,299	\$ 485,126	\$ 245,497	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(664,629)	(556,409)	(475,974)	(507,752)	(473,299)	(485,126)	(245,497)	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 20,105,859	\$ 19,186,204	\$ 17,110,611	\$ 16,888,356	\$ 16,414,962	\$ 14,927,253	\$ 14,220,295	\$ --	\$ --	\$ --
Contributions as a percentage of covered payroll	3.31%	2.90%	2.78%	3.01%	2.88%	3.25%	1.73%	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM ACTIVE CARE
LAST TEN FISCAL YEARS *

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	Measurement Year Ended August 31,									
District's proportion of the collective net OPEB liability	0.022%	0.021%	0.023%	0.019%	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 8,440,547	\$ 10,029,850	\$ 11,312,057	\$ 8,457,091	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	\$ 11,342,072	\$ 13,327,427	\$ 14,705,052	\$ 12,768,992	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total	\$ 19,782,619	\$ 23,357,277	\$ 26,017,109	\$ 21,226,083	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 19,186,204	\$ 17,110,611	\$ 16,888,356	\$ 16,414,962	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	58.62%	58.62%	66.98%	51.52%	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM ACTIVE CARE
LAST TEN FISCAL YEARS *

		Fiscal Year Ended August 31,									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily or contractually required District contribution	\$	179,053	\$ 163,835	\$ 150,523	\$ 156,916	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution		179,053	163,835	150,523	156,916	--	--	--	--	--	--
Contribution deficiency (excess)	\$	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$	20,105,859	\$ 19,186,204	\$ 17,110,611	\$ 16,888,356	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered payroll		0.89%	0.85%	0.88%	0.93%	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

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

Budget

The official budget was prepared for adoption for General Fund, National School Breakfast and Lunch Program, Debt Service Fund and Capital Projects Fund. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21st of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

See footnote H for changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

See footnote H for changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

See footnote I for changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes of assumptions

See footnote I for changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

FERRIS INDEPENDENT SCHOOL DISTRICT
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT H-1

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ --	\$ 993	\$ 993
5020	Total Revenues	<u>--</u>	<u>993</u>	<u>993</u>
	EXPENDITURES:			
	Capital Outlay:			
0081	<i>Capital Outlay</i>	551,497	--	551,497
	Total Capital Outlay	<u>551,497</u>	<u>--</u>	<u>551,497</u>
6030	Total Expenditures	<u>551,497</u>	<u>--</u>	<u>551,497</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(551,497)	993	552,490
1200	Net Change in Fund Balance	<u>(551,497)</u>	<u>993</u>	<u>552,490</u>
0100	Fund Balance - Beginning	971,041	971,041	--
3000	Fund Balance - Ending	<u>\$ 419,544</u>	<u>\$ 972,034</u>	<u>\$ 552,490</u>

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

EXHIBIT H-2

Data Control Codes	1 Budget	2 Actual	3 Variance Positive (Negative)
OPERATING REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 64,810	\$ 40,185	\$ (24,625)
5800 <i>State Program Revenues</i>	49,654	52,851	3,197
5900 <i>Federal Program Revenues</i>	--	188,964	188,964
5020 <i>Total Revenues</i>	<u>114,464</u>	<u>282,000</u>	<u>167,536</u>
OPERATING EXPENSES:			
6100 <i>Payroll Costs</i>	788,129	701,140	86,989
6200 <i>Professional and Contracted Services</i>	39,048	26,633	12,415
6300 <i>Supplies and Materials</i>	941,073	536,360	404,713
6400 <i>Other Operating Costs</i>	27,840	10,834	17,006
6600 <i>Capital Outlay - Land, Buildings and Equipment</i>	6,374	--	6,374
6030 <i>Total Expenses</i>	<u>1,802,464</u>	<u>1,274,967</u>	<u>527,497</u>
Operating Income (Loss)	<u>(1,688,000)</u>	<u>(992,967)</u>	<u>695,033</u>
NON-OPERATING REVENUES (EXPENSES):			
7952 <i>National School Breakfast Program</i>	370,000	262,648	(107,352)
7953 <i>National School Lunch Program</i>	1,175,000	795,620	(379,380)
7954 <i>USDA Donated Commodities</i>	138,000	70,395	(67,605)
7955 <i>Earnings from Temp. Deposits and Investments</i>	5,000	--	(5,000)
8030 <i>Total Non-operating Revenues (Expenses)</i>	<u>1,688,000</u>	<u>1,128,663</u>	<u>(559,337)</u>
1300 <i>Change in Net Position</i>	--	135,696	135,696
0100 <i>Total Net Position - Beginning</i>	603,588	603,588	--
3300 <i>Total Net Position - Ending</i>	<u>\$ 603,588</u>	<u>\$ 739,284</u>	<u>\$ 135,696</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2012 and Prior Years	\$	Various	\$	Various	\$	Various
2013		1.04		.2663		307,398,301
2014		1.04		.27		309,935,115
2015		1.04		.285		314,473,283
2016		1.04		.315		308,934,142
2017		1.17		.185		319,917,850
2018		1.17		.2173		355,164,925
2019		1.17		.3473		404,301,314
2020		1.0684		.3789		504,071,234
2021 (School Year Under Audit)		.9854		.3284		581,424,874
1000 Totals						

EXHIBIT J-1

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
\$ 47,939	\$ --	\$ 5,091	\$ 394	\$ 564	\$ 43,018
7,083	--	1,493	382	18	5,226
9,888	--	9,296	2,414	8,824	7,002
14,379	--	8,406	2,304	7,979	11,648
14,364	--	7,777	2,355	7,024	11,256
21,516	--	11,700	1,850	7,388	15,354
27,242	--	17,326	3,218	12,941	19,639
47,000	--	13,193	3,916	196	30,087
227,768	--	99,079	35,139	(12,537)	81,013
--	7,638,760	5,511,373	1,836,751	-	290,636
<u>\$ 417,179</u>	<u>\$ 7,638,760</u>	<u>\$ 5,684,734</u>	<u>\$ 1,888,723</u>	<u>\$ 32,397</u>	<u>\$ 514,879</u>

FERRIS INDEPENDENT SCHOOL DISTRICT**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)****GENERAL FUND****AS OF AUGUST 31, 2021****EXHIBIT J-2**

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2021 (Exhibit C-1 object 3000 for the General Fund only)	\$ 13,429,100
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	85,291
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	--
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	4,980,000
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	4,900,000
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	9,965,291
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 3,463,809

The excess will be used to fund future capital improvements.

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

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 1,875,950	\$ 1,927,853	\$ 51,903
5800 <i>State Program Revenues</i>	1,157,200	857,343	(299,857)
5020 <i>Total Revenues</i>	<u>3,033,150</u>	<u>2,785,196</u>	<u>(247,954)</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	1,035,414	1,035,414	--
0072 <i>Interest on Long-Term Debt</i>	1,995,236	1,995,236	--
0073 <i>Bond Issuance Costs and Fees</i>	2,500	850	1,650
<i>Total Debt Service</i>	<u>3,033,150</u>	<u>3,031,500</u>	<u>1,650</u>
6030 <i>Total Expenditures</i>	<u>3,033,150</u>	<u>3,031,500</u>	<u>1,650</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	--	(246,304)	(246,304)
1200 <i>Net Change in Fund Balance</i>	--	(246,304)	(246,304)
0100 <i>Fund Balance - Beginning</i>	892,156	892,156	--
3000 <i>Fund Balance - Ending</i>	<u>\$ 892,156</u>	<u>\$ 645,852</u>	<u>\$ (246,304)</u>

ANDERSON, MARX & BOHL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA & CFE

Independent Auditors' 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
Ferris Independent School District
P. O. Box 459
Ferris, Texas 75125

Members of the Board of Trustees:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ferris Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Ferris Independent School District's basic financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ferris Independent School 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 Ferris Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ferris Independent School 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ferris Independent School 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.

Respectfully submitted,

Anderson, Marx & Bohl, P.C.

Anderson, Marx & Bohl, P.C.

Corsicana, TX
January 18, 2022

ANDERSON, MARX & BOHL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA & CFE

Independent Auditors' Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Ferris Independent School District
P. O. Box 459
Ferris, Texas 75125

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Ferris Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Ferris Independent School District's major federal programs for the year ended August 31, 2021. Ferris Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ferris Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Ferris Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Ferris Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Ferris Independent School 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, 2021.

Report on Internal Control Over Compliance

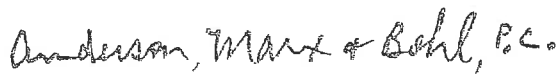
Management of the Ferris Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Ferris Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ferris Independent School District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Respectfully submitted,



Anderson, Marx & Bohl, P.C.

Corsicana, TX
January 18, 2022

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

Type of auditors' report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: August 2021

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010a	Title I Part A
84.425	Elementary & Secondary School Emergency Relief Fund (ESSER)

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings
NONE NOTED

C. Federal Award Findings and Questioned Costs
NONE NOTED

FERRIS INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2021

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

FERRIS INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2021

None noted so none required.

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)		(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Direct Program:				
Summer Food Service Program	10.559	070-905	\$ --	\$ 188,964
Passed Through State Department of Education:				
School Breakfast Program	10.553	070-905	--	262,648
National School Lunch Program	10.555	070-905	--	795,620
National School Lunch Program (Non-cash)	10.555	070-905	--	70,395
Total CFDA Number 10.555			--	866,015
Total Passed Through State Department of Education			--	1,128,663
Total U. S. Department of Agriculture			--	1,317,627
Total Child Nutrition Cluster			--	1,317,627
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA-B Formula	84.027a	20660001070905	--	165,175
IDEA-Part B, Formula	84.027a	21660001070905	--	559,539
IDEA-Part B, Formula	84.027a	22660001070905	--	77,911
Total CFDA Number 84.027a			--	802,625
IDEA-Part B, Preschool	84.173a	20661001070905	--	14,322
IDEA-Part B, Preschool	84.173a	21661001070905	--	15,468
IDEA-Part B, Preschool	84.173a	22661001070905	--	2,053
Total CFDA Number 84.173a			--	31,843
Total Passed Through State Department of Education			--	834,468
Total U. S. Department of Education			--	834,468
Total Special Education (IDEA) Cluster			--	834,468
OTHER PROGRAMS:				
<u>U. S. Department of the Treasury</u>				
Passed Through State Department of Education:				
Covid-19 TDEM Coronavirus Relief Fund	21.019	070-905	--	46,649
Total U. S. Department of the Treasury			--	46,649
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010a	20610101057950	--	179,627
ESEA Title I Part A - Improving Basic Programs	84.010a	21610101057950	--	473,430
ESEA Title I Part A - Improving Basic Programs	84.010a	22610101057950	--	115,860
Total CFDA Number 84.010a			--	768,917

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT K-1
Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
<i>Career and Technical Education - Basic Grant</i>	84.048	2142000607090	\$ -- \$ 30,085
<i>Title III Part A English Language Acquisition and Language Enhanc</i>	84.365a	20671003057950	-- 34,258
<i>Title III, Part A-English Language Acquisition and Language Enhanc</i>	84.365a	21671003057950	-- 46,072
<i>Title III, Part A-English Language Acquisition and Language Enhanc</i>	84.365a	22671003057950	-- 4,541
Total CFDA Number 84.365a			-- 84,871
<i>Title II, Part A - Educator Assessments</i>	84.367a	69451971	750
<i>ESEA Title II, Part A - Teacher & Principal Training & Recruiting</i>	84.367a	21694501057950	-- 20,587
<i>ESEA Title II, Part A - Teacher & Principal Training & Recruiting</i>	84.367a	216945797110008	-- 20,000
<i>ESEA Title II, Part A - Teacher & Principal Training & Recruiting</i>	84.367a	22694501057950	-- 79,227
Total CFDA Number 84.367a			-- 120,564
<i>Title I School Improvement Program (SIP) Academy Grant</i>	84.377a	17610740070905	-- 17,989
<i>Title IV, Part A</i>	84.424a	20680101057950	-- 6,865
<i>Title IV Part A</i>	84.424a	21680101057950	-- 31,570
Total CFDA Number 84.424a			-- 38,435
<i>COVID-19 CARES Act Coronavirus Relief Fund (CFR) - ESSER</i>	84.425d	20521001070905	-- 36,578
<i>COVID-19 ESSER-Prior Purchase Reimbursement Program (PPRI)</i>	84.425d	52102135	-- 46,530
<i>COVID-19 CARES Act Coronavirus Relief Fund (CRF) - ESSER</i>	84.425d	20521001070905	-- 283,592
<i>COVID-19 ESSER Fund II of the CRRSA Act</i>	84.425D	21521001070905	-- 746,976
<i>COVID-19 ESSER Fund III of the American Rescue Plan Act of 20</i>	84.425D	21528001070905	-- 361,160
Total CFDA Number 84.425d			-- 1,474,836
Total Passed Through State Department of Education			-- 2,535,697
Total U. S. Department of Education			-- 2,535,697
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -- \$ 4,734,441

The accompanying notes are an integral part of this schedule.

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Ferris Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Ferris Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation of federal awards:

Exhibit C-2 federal amounts	\$	3,715,613
Total Child Nutrition Cluster reported on Exhibit D-2		1,128,663
Federal Program Revenues reported on Exhibit D-2		188,964
Less: Student Health and Related Services (Not applicable for SEFA)		(298,799)
Total expenditures of federal awards	\$	<u>4,734,441</u>

FERRIS INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2021**

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 666,179