

FORNEY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED JUNE 30, 2021

FORNEY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF BOARD	3	
Independent Auditors' Report	5	
Management's Discussion and Analysis	7	
<u>Basic Financial Statements</u>		
Government Wide Statements:		
Statement of Net Position	18	A-1
Statement of Activities	19	B-1
Governmental Fund Financial Statements:		
Balance Sheet	20	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances	24	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26	C-4
Custodial Fund Financial Statements:		
Statement of Custodial Net Position	28	E-1
Statement of Changes in Custodial Fund Net Position	29	E-2
Notes to the Financial Statements	31	
<u>Required Supplementary Information</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund	63	G-1
Notes to Required Supplementary Information - Budget Information	65	
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas	66	G-2
Schedule of District's Contributions for Pensions - Teacher Retirement System of Texas	68	G-3
Schedule of the District's Proportionate Share of the Net OPEB Liability - Teacher Retirement System of Texas	70	G-4
Schedule of District's Contributions for Other Post Employment Benefits - Teacher Retirement System of Texas	71	G-5
Notes to Required Supplementary Information - Pension and OPEB Information	72	
<u>Combining Statements</u>		
Nonmajor Governmental Funds:		
Combining Balance Sheet	74	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	78	H-2
<u>Required TEA Schedules</u>		
Schedule of Delinquent Taxes	82	J-1
Budgetary Comparison Schedule - Child Nutrition Program	84	J-2
Budgetary Comparison Schedule - Debt Service Fund	85	J-3

FORNEY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<u>Federal Awards Section</u>		
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 <i>Government Auditing Standards</i>	89	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	91	
Schedule of Findings and Questioned Costs	93	
Schedule of Status of Prior Findings	94	
Corrective Action Plan	96	
Schedule of Expenditures of Federal Awards	96	K-1
Notes on Accounting Policies for Federal Awards	98	

CERTIFICATE OF BOARD

Forney Independent School District
Name of School District

Kaufman
County

129-902
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 June 30, 2021, at a meeting of the Board of Trustees of such school district on the 7th day of October, 2021.


Signature of Board Secretary


Signature of Board President

This page left blank intentionally.

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

Independent Auditors' Report

To the Board of Trustees
Forney Independent School District
Forney, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forney Independent School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* 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 entity'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, each major fund, and the aggregate remaining fund information of Forney Independent School District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 7 through 15, the *budgetary comparison information* on pages 63 through 65, and the *pension and OPEB schedules* on pages 66 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Forney Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements and the required TEA schedules listed in the table of contents are presented for purposes of additional analysis and are 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 the Uniform Guidance, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules, 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 combining and individual nonmajor fund financial statements, the required TEA schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of Forney Independent School District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Forney Independent School District's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay, PC
Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

September 28, 2021

**FORNEY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

As management of Forney Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2021.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by (\$90,441,423) (*deficit net position*).
- The District's total net position increased by \$10,069,353 during the current fiscal year from the result of current year operations.
- As of June 30, 2021, the District's governmental funds reported combined ending fund balances of \$135,291,309 an increase of \$13,060,748 compared to the prior year. The increase in governmental fund balances was due primarily to an increase in the capital projects fund balance of \$4,064,888, an increase in the Debt Service Fund of \$2,800,610, and an increase in the General Fund balance of \$6,160,490.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$31,827,213 or 30.2 percent of total general fund expenditures.
- The District's total bonded debt (par value) increased, net, by \$108.4 million during the current fiscal year as a result of new bond issues.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Capital Outlay, Payments Related to Shared Services Arrangements, and Other Intergovernmental Charges. The government-wide financial statements can be found on pages 18 through 19 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and custodial funds.

Governmental Funds

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

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

The District maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and Child Nutrition Fund special revenue fund.

The basic governmental fund financial statements can be found on pages 20 through 26 of this report.

Custodial Funds

Custodial funds are used to account for resources held for the benefit of students. Custodial funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The funds are custodial in nature.

The basic custodial fund financial statements can be found on pages 28 through 29 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 61 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. In addition, four schedules of required supplementary information are presented containing information on the District's participation in the Teacher Retirement System of Texas pension plan and other post-employment benefit (OPEB) plan (TRS-Cares). The required supplementary information can be found on pages 66 through 72.

Other Information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information and can be found on pages 74 through 80 of this report.

Government-wide Financial Analysis

As noted earlier, net position (deficit) may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$90,441,423) at the close of the fiscal year.

The District's net investments in capital assets (e.g. land, buildings and improvements, and furniture and equipment) less any outstanding related debt used to acquire those assets, amounted to (\$67,566,282). The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets cannot be used to liquidate these liabilities.

	Governmental Activities	
	2021	2020
Current and other assets	\$ 166,151,707	\$ 143,946,645
Capital and non-current assets	372,767,797	257,110,302
Total Assets	538,919,504	401,056,947
Deferred charge on bond refundings	10,185,799	10,907,176
Deferred outflows - pension	11,577,134	15,549,923
Deferred outflows - OPEB	9,717,044	7,465,265
Total Deferred Outflows of Resources	31,479,977	33,922,364
Current liabilities	32,458,897	24,703,626
Long-term liabilities	604,993,574	491,927,886
Total Liabilities	637,452,471	516,631,512
Deferred inflows - pension	3,881,034	5,727,166
Deferred inflows - OPEB	19,507,399	13,304,424
Total Deferred Inflows of Resources	23,388,433	19,031,590
Net Position:		
Net investments in capital assets	\$ (67,566,282)	\$ (66,900,869)
Restricted	22,846,248	20,956,503
Unrestricted	(45,721,389)	(54,739,425)
Total Net Position	\$ (90,441,423)	\$ (100,683,791)

At the end of the current fiscal year, the District reports deficit balances in net investment in capital assets and in unrestricted net position, while reporting a positive balance in restricted net position. The District's net position increased by \$10,069,353 during the current fiscal year.

		Governmental Activities	
		2021	2020
Program Revenues			
Charges for services	\$	1,538,992	\$ 3,048,217
Operating grants		15,560,317	12,072,136
General Revenues			
Property taxes		76,443,971	69,372,385
State Aid - Formula Grants		57,139,164	49,632,628
Grants and contributions not restricted		131,340	378,964
Interest earnings		244,520	1,219,743
Other		791,655	647,863
Total Revenues		151,849,959	136,371,936
Expenses			
Instruction		69,037,427	61,798,802
Instructional resources and media services		985,227	906,101
Curriculum and staff development		2,749,547	2,754,673
Instructional leadership		1,729,027	1,605,097
School leadership		7,007,615	6,144,879
Guidance, counseling, and evaluation services		5,628,838	4,700,086
Health services		1,647,798	1,385,523
Student transportation		3,549,560	3,447,791
Food service		4,518,991	4,498,819
Extracurricular activities		3,806,302	3,602,482
General administration		3,463,457	3,523,440
Facilities maintenance and operations		10,929,082	10,073,080
Security and monitoring services		1,653,622	1,289,421
Data processing services		2,502,929	2,400,459
Community services		120,503	112,759
Interest on long-term debt		18,098,649	16,579,521
Bond issuance costs and fees		1,302,791	731,148
Capital outlay		2,112,079	1,117,502
Payments related to shared services arrangements		123,165	104,500
Other intergovernmental charges		813,997	752,701
Total Expenses		141,780,606	127,528,784
Increase (Decrease) in Net Position		10,069,353	8,843,152
Beginning Net Position		(100,683,791)	(109,526,943)
Prior period adjustment		173,015	-
Ending Net Position	\$	(90,441,423)	\$ (100,683,791)

Governmental Activities

Governmental activities increased the District's net position by \$10,069,353. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent \$149,143,452 of total revenues. The remaining \$2,706,507 is generated from charges for services, investment earnings, and miscellaneous revenues.

	<u>Total Revenues</u>	<u>% of Total Revenues</u>
Property taxes	\$ 76,443,971	50%
State aid - formula grants	57,139,164	38%
Operating grants and contributions	15,560,317	10%
Charges for services	1,538,992	1%
Other revenue	1,167,515	1%
Total Revenues	<u><u>\$ 151,849,959</u></u>	<u><u>100%</u></u>

The primary functional expenses of the District are instruction, facilities maintenance and operations, and interest on long term debt, which represent 69 percent of total expenses. The remaining individual functional categories of expenses are each less than 5 percent of total expenses.

	<u>Total Expenses</u>	<u>% of Total Expenses</u>
Instruction	\$ 69,037,427	49%
Facilities maintenance and operations	10,929,082	8%
Interest on long-term debt	18,098,649	13%
Other expenses	43,715,448	30%
Total Expenses	<u><u>\$ 141,780,606</u></u>	<u><u>100%</u></u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses funds accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$135,291,309, an increase of \$13,060,748 compared to the prior fiscal year. The increase in ending governmental fund balances is primarily due to increases in the general fund, the capital projects fund and the debt service fund fund balances.

The *general fund* is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$31,827,213, while total fund balance was \$52,874,439. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30.2 percent of total general fund expenditures, while total fund balance represents 50.2 percent of that same amount. The fund balance of the District's general fund increased by \$6,160,490 during the current fiscal year. The increase in fund balance was due to, recognition of prior year state revenue, and increased tax collections resulting from higher taxable values and increased state aid resulting from increased enrollment. Approximately \$10.7 million of fund balance is earmarked for projects approved during the current fiscal year, but not completed until the 2021-2022 fiscal year.

The *debt service fund* has a total fund balance of \$28,129,689, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year of \$2,800,610 was in line with budgeted expectations. The School Board of Trustees goal was to have debt service fund balance equal to the upcoming August bond payment. The August 2021 bond payment was \$14,539,459.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	Budget	
	Original	Final Amended
Total revenues	\$ 110,080,717	\$ 110,483,780
Total expenditures	(109,750,840)	(119,978,531)
Other sources (uses)	-	(200,000)
Net change in fund balance	\$ 329,877	\$ (9,694,751)

The review of the amended budget versus actual for the general fund reflected that revenues were very close to budgetary estimates and expenditures were less than budgetary estimates, primarily in instruction, facilities maintenance and operation, and facilities acquisition and construction.

Capital Assets and Long-term Liabilities

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2021 includes land, buildings and improvements and furniture and equipment. The investment in capital assets as of June 30, 2021 was \$372,767,797. The following table summarizes the investment in capital assets as of June 30, 2021 and 2020.

	2021	2020
Land	\$ 8,748,292	\$ 8,748,292
Construction in progress	129,907,780	23,551,271
Building and improvements	337,663,903	321,051,819
Furniture and equipment	20,290,446	17,976,631
Total	496,610,421	371,328,013
Accumulated depreciation	(123,842,624)	(114,217,711)
Net capital assets	\$ 372,767,797	\$ 257,110,302

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Liabilities

At the end of the current fiscal year, the District had \$604,993,574 in bonds and other long-term debt (including accreted interest on bonds) versus \$491,927,886 in the prior year, an increase of \$113,065,688. The District issued school building bonds and refunding bonds during the year. The District's general obligation bond rating is "AAA" according to national rating agencies. This is the result of guarantees of the Texas Permanent School Fund. Standard & Poor's and Moody's Investors Service issued the following underlying ratings of the District's general obligation bonds:

Standard & Poor's	A+
Moody's Investor Service	A1

Changes in long-term debt for the year ended June 30, 2021 are as follows:

	Balance 7/1/2020	Additions	Retired/ Refunded	Balance 6/30/2021	Due Within One Year
General Obligation Bonds	\$ 344,862,513	\$ 136,255,000	\$27,888,332	\$ 453,229,181	\$ 5,668,767
Premiums/discounts	32,177,601	10,763,163	2,081,234	40,859,530	1,885,416
Accreted Interest -					
Capital Appreciation Bonds	46,166,186	5,014,611	3,071,137	48,109,660	2,597,917
Capital Leases	792,385	-	383,323	409,062	341,062
Loans Payable	10,928,590	-	1,559,590	9,369,000	912,000
Net Pension Liability	26,248,659	128,358	-	26,377,017	-
Net OPEB Liability	30,751,952	-	4,111,828	26,640,124	-
	<u>\$ 491,927,886</u>	<u>\$ 152,161,132</u>	<u>\$39,095,444</u>	<u>\$ 604,993,574</u>	<u>\$11,405,162</u>

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The District is approximately 18 miles east of Dallas, with access to the greater Dallas-Fort Worth metropolitan area using U.S. Highway 80 or Interstate 20. Access to the Dallas-Fort Worth area has been driving both enrollment and tax base growth, as substantial residential development activities continue within the District's boundaries. The District works with a demographer who provides quarterly updates. According to the demographer, the District had 700 new home starts in 2016. New home start averaged 1250 per year from 2017 through 2019. In 2020 starts increased to 1900 and are expected to remain at this level for the next 3 to 5 years. Along with residential growth, the district has seen retail and commercial development as well. Goodyear recently completed construction of a distribution center, and Amazon has also constructed a one million square-foot distribution facility. All of this building activity, along with escalating value of existing property, has increased property value 18% over the prior year. The District's average annual property value growth rate was 16% in the four previous years.

The State of Texas funds public schools using a wealth equalization formula that is based on property value and average daily student attendance. Therefore, increases or decreases in average daily attendance can lead to corresponding increases or decreases in the amount of state revenue a district receives. Student enrollment during the 2021 fiscal year was 12,800. Enrollment is expected be 14,100 in 2022, or 10% more than the prior year. Over the next 10 years, student enrollment is expected to grow an average of 6.5% per year.

The following are highlights of the 2022 budget:

- Total revenue in the General Fund is budgeted to increase 10.9%.
- Total expenditures in the General Fund are budgeted to increase 10.9% after removing the effect of one-time capital improvement expenditures totaling \$9.0 million from the prior year.
- Taxable property value used to prepare the 2022 budget was up \$1.0 billion, or 18%. Of this amount, \$483 million was for new property added to the tax roll for the first time.
- The maintenance and operations tax rate will be \$0.8720 per \$100 valuation, or a reduction of \$0.0027. The debt service rate will remain \$0.50 per \$100 valuation.

The above factors were taken into consideration when adopting the budget for 2022. Total General Fund revenue is expected to increase \$12.0 million. These funds will be used to give a 3% pay increase to District staff. The budget also included funding for 187 new personnel units, and \$2.8 million for capital improvements.

Requests for Information

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

600 South Bois d'Arc Street
Forney, TX 75126
Telephone: (469) 762-4100

This page left blank intentionally.

BASIC FINANCIAL STATEMENTS

FORNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 145,882,666
1220 Property Taxes - Delinquent	1,937,049
1230 Allowance for Uncollectible Taxes	(353,442)
1240 Due from Other Governments	18,223,751
1290 Other Receivables, Net	103,470
1410 Prepayments	358,213
Capital Assets:	
1510 Land	8,748,292
1520 Buildings, Net	225,807,071
1530 Furniture and Equipment, Net	8,304,654
1580 Construction in Progress	129,907,780
1000 Total Assets	<u>538,919,504</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge on Bond Refundings	10,185,799
1705 Deferred Resource Outflows Related to TRS Pension	11,577,134
1706 Deferred Resource Outflows Related to TRS OPEB	9,717,044
1700 Total Deferred Outflows of Resources	<u>31,479,977</u>
LIABILITIES	
2110 Accounts Payable	16,794,425
2140 Accrued Interest Payable	5,840,247
2160 Accrued Wages Payable	9,374,167
2200 Accrued Expenses	223,402
2300 Unearned Revenue	226,656
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	11,405,162
Due in More than One Year:	
2502 Bonds, Notes, Leases, etc.	540,571,271
2540 Net Pension Liability (District's Share)	26,377,017
2545 Net OPEB Liability (District's Share)	26,640,124
2000 Total Liabilities	<u>637,452,471</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Resource Inflows Related to TRS Pension	3,881,034
2606 Deferred Resource Inflows Related to TRS OPEB	19,507,399
2600 Total Deferred Inflows of Resources	<u>23,388,433</u>
NET POSITION	
3200 Net Investment in Capital Assets	(67,566,282)
Restricted:	
3820 Restricted for Federal and State Programs	3,661
3850 Restricted for Debt Service	22,842,587
3900 Unrestricted	(45,721,389)
3000 Total Net Position	<u>\$ (90,441,423)</u>

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

FORNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-1

Data Control Codes	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	1	3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 69,037,427	\$ 59,053	\$ 7,884,084	\$ (61,094,290)
12 Instructional Resources and Media Services	985,227	50,140	56,786	(878,301)
13 Curriculum and Instructional Staff Development	2,749,547	1,406	122,789	(2,625,352)
21 Instructional Leadership	1,729,027	-	243,119	(1,485,908)
23 School Leadership	7,007,615	129,186	342,919	(6,535,510)
31 Guidance, Counseling, and Evaluation Services	5,628,838	79,359	1,060,280	(4,489,199)
33 Health Services	1,647,798	2,474	112,275	(1,533,049)
34 Student (Pupil) Transportation	3,549,560	300	672,523	(2,876,737)
35 Food Services	4,518,991	522,924	3,427,669	(568,398)
36 Extracurricular Activities	3,806,302	405,401	148,392	(3,252,509)
41 General Administration	3,463,457	-	138,690	(3,324,767)
51 Facilities Maintenance and Operations	10,929,082	288,749	509,406	(10,130,927)
52 Security and Monitoring Services	1,653,622	-	226,652	(1,426,970)
53 Data Processing Services	2,502,929	-	94,954	(2,407,975)
61 Community Services	120,503	-	6,164	(114,339)
72 Debt Service - Interest on Long-Term Debt	18,098,649	-	390,450	(17,708,199)
73 Debt Service - Bond Issuance Cost and Fees	1,302,791	-	-	(1,302,791)
81 Capital Outlay	2,112,079	-	-	(2,112,079)
93 Payments Related to Shared Services Arrangements	123,165	-	123,165	-
99 Other Intergovernmental Charges	813,997	-	-	(813,997)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 141,780,606	\$ 1,538,992	\$ 15,560,317	(124,681,297)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			48,673,714
DT	Property Taxes, Levied for Debt Service			27,770,257
SF	State Aid - Formula Grants			57,139,164
GC	Grants and Contributions not Restricted			131,340
IE	Investment Earnings			244,520
MI	Miscellaneous Local and Intermediate Revenue			791,655
TR	Total General Revenues			134,750,650
CN	Change in Net Position			10,069,353
NB	Net Position - Beginning			(100,683,791)
PA	Prior Period Adjustment			173,015
NE	Net Position - Ending			\$ (90,441,423)

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

FORNEY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 47,751,704	\$ 28,129,689	\$ 68,764,355
1220 Property Taxes - Delinquent	1,273,169	663,880	-
1230 Allowance for Uncollectible Taxes	(242,707)	(110,735)	-
1240 Due from Other Governments	13,784,355	-	-
1260 Due from Other Funds	1,324,225	-	-
1290 Other Receivables	98,470	-	5,000
1410 Prepayments	321,481	-	-
1000 Total Assets	<u>\$ 64,310,697</u>	<u>\$ 28,682,834</u>	<u>\$ 68,769,355</u>
LIABILITIES			
2110 Accounts Payable	\$ 1,326,711	\$ -	\$ 15,422,460
2160 Accrued Wages Payable	8,855,683	-	-
2170 Due to Other Funds	-	-	-
2200 Accrued Expenditures	223,402	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>10,405,796</u>	<u>-</u>	<u>15,422,460</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,030,462	553,145	-
2600 Total Deferred Inflows of Resources	<u>1,030,462</u>	<u>553,145</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	321,481	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	2,400,854	-	53,346,895
3480 Retirement of Long-Term Debt	-	28,129,689	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	7,574,842	-	-
3565 Retirement of Long-term Debt	10,000,000	-	-
3590 Other Assigned Fund Balance	750,049	-	-
3600 Unassigned Fund Balance	31,827,213	-	-
3000 Total Fund Balances	<u>52,874,439</u>	<u>28,129,689</u>	<u>53,346,895</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 64,310,697</u>	<u>\$ 28,682,834</u>	<u>\$ 68,769,355</u>

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

		Total	
Other		Governmental	
Funds		Funds	
\$	1,236,918	\$	145,882,666
	-		1,937,049
	-		(353,442)
	1,781,255		15,565,610
	-		1,324,225
	-		103,470
	36,732		358,213
\$	3,054,905	\$	164,817,791
\$	45,254	\$	16,794,425
	518,484		9,374,167
	1,324,225		1,324,225
	-		223,402
	226,656		226,656
	2,114,619		27,942,875
	-		1,583,607
	-		1,583,607
	7,218		328,699
	3,661		3,661
	-		55,747,749
	-		28,129,689
	929,407		929,407
	-		7,574,842
	-		10,000,000
	-		750,049
	-		31,827,213
	940,286		135,291,309
\$	3,054,905	\$	164,817,791

This page left blank intentionally.

FORNEY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 135,291,309
1 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	496,610,421
2 Accumulated depreciation is not reported in the fund financial statements.	(123,842,624)
3 Bonds payable, capital leases payable, and loans payable, are not reported in the fund financial statements.	(463,007,243)
4 Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.	(48,109,660)
5 Bond premiums on outstanding bonds payable are not reported in the fund financial statements.	(40,859,530)
6 Revenue from property taxes reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.	1,583,607
7 Revenue from the State Foundation Program not recognized in the fund financial statements is accrued and recognized in the government-wide financial statements.	2,658,141
8 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.	(5,840,247)
9 The deferred charge on bond refundings is not recorded in the fund financial statements, but is shown as a deferred outflow of resources in the government-wide financial statements.	10,185,799
10 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$26,377,017, Deferred Inflows of Resources related to TRS in the amount of \$3,881,034, and Deferred Outflows of Resources related to TRS Pension in the amount of \$11,577,134. This results in a net decrease in Net Position in the amount of \$18,680,917.	(18,680,917)
11 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$26,640,124, a Deferred Resource Inflow related to TRS OPEB in the amount of \$19,507,399, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$9,717,044. This results in a net decrease in Net Position in the amount of \$36,430,479.	(36,430,479)
19 Net Position of Governmental Activities	\$ (90,441,423)

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

FORNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 50,026,994	\$ 27,789,585	\$ 94,208
5800 State Program Revenues	60,748,571	390,450	-
5900 Federal Program Revenues	665,288	-	-
5020 Total Revenues	111,440,853	28,180,035	94,208
EXPENDITURES:			
Current:			
0011 Instruction	57,868,027	-	-
0012 Instructional Resources and Media Services	824,060	-	-
0013 Curriculum and Instructional Staff Development	2,469,494	-	-
0021 Instructional Leadership	1,392,337	-	-
0023 School Leadership	6,172,901	-	-
0031 Guidance, Counseling, and Evaluation Services	4,165,285	-	-
0033 Health Services	1,439,510	-	-
0034 Student (Pupil) Transportation	4,235,322	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	3,258,356	-	-
0041 General Administration	3,123,842	-	-
0051 Facilities Maintenance and Operations	10,532,688	-	-
0052 Security and Monitoring Services	1,527,445	-	-
0053 Data Processing Services	2,391,203	-	-
0061 Community Services	108,292	-	-
Debt Service:			
0071 Principal on Long-Term Debt	1,942,913	9,153,332	-
0072 Interest on Long-Term Debt	291,436	16,235,984	-
0073 Bond Issuance Cost and Fees	-	175,976	1,126,815
Capital Outlay:			
0081 Facilities Acquisition and Construction	2,773,624	-	122,929,320
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0099 Other Intergovernmental Charges	813,997	-	-
6030 Total Expenditures	105,330,732	25,565,292	124,056,135
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	6,110,121	2,614,743	(123,961,927)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	15,465,000	120,790,000
7912 Sale of Real and Personal Property	205,899	-	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	3,526,348	7,236,815
8911 Transfers Out (Use)	(155,530)	-	-
8949 Other (Uses)	-	(18,805,481)	-
7080 Total Other Financing Sources (Uses)	50,369	185,867	128,026,815
1200 Net Change in Fund Balances	6,160,490	2,800,610	4,064,888
0100 Fund Balance - July 1 (Beginning)	46,713,949	25,329,079	49,282,007
1300 Prior Period Adjustment	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ 52,874,439	\$ 28,129,689	\$ 53,346,895

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

	Other Funds	Total Governmental Funds
\$	1,044,580	\$ 78,955,367
	2,226,462	63,365,483
	7,063,754	7,729,042
	10,334,796	150,049,892

4,379,593	62,247,620
63,340	887,400
8,161	2,477,655
164,328	1,556,665
129,186	6,302,087
910,507	5,075,792
45,851	1,485,361
300	4,235,622
4,117,634	4,117,634
197,495	3,455,851
-	3,123,842
121,863	10,654,551
180,143	1,707,588
14,000	2,405,203
-	108,292

-	11,096,245
-	16,527,420
-	1,302,791

-	125,702,944
---	-------------

123,165	123,165
-	813,997

10,455,566	265,407,725
------------	-------------

(120,770)	(115,357,833)
-----------	---------------

-	136,255,000
-	205,899
155,530	155,530
-	10,763,163
-	(155,530)
-	(18,805,481)

155,530	128,418,581
---------	-------------

34,760	13,060,748
--------	------------

732,511	122,057,546
---------	-------------

173,015	173,015
---------	---------

\$	940,286	\$	135,291,309
----	---------	----	-------------

FORNEY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 13,060,748
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of reclassifying the current year capital asset additions increases government-wide net position.	125,814,486
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease government-wide net position.	(10,156,991)
Current year long-term debt principal payments on capital leases, bonds payable, and loans payable are expenditures in the fund financial statements, but are shown as reductions of long-term debt in the government-wide financial statements.	11,096,245
The current year increase in accreted interest payable on capital appreciation bonds is not recorded in the fund financial statements. The net effect of the current year's change in accreted interest payable on capital appreciation bonds is to decrease government-wide net position.	(1,943,474)
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements.	1,933,499
Current year amortization of the deferred charge on bond refundings is not reflected in the fund financial statements, but is shown as a reduction of the deferred charge in the government-wide financial statements.	(644,123)
Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements.	(917,131)
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible amounts in the government-wide financial statements.	(37,483)
Revenue from the State Foundation Program received more than 60 days after the fiscal year-end is not recognized in the fund financial statements, but is recognized in the government-wide financial statements.	2,170,642
Current year issuances of capital related bonds are shown as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(120,790,000)
The premiums on the current year issuances of capital related bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(7,236,815)
Current year issuances of refunding bonds are shown as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(15,465,000)

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

FORNEY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-4

The premiums on the current year issuances of refunding bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(3,526,348)
The current year payment to the escrow agent for defeased debt is an other financing use in the fund financial statements, but is reported as a reduction in long-term debt in the government-wide financial statements.	18,805,481
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/2020 caused the change in the ending net position to increase by \$373,946. These contributions were replaced with the District's adjustment to pension expense for the year of \$2,628,961, which caused a decrease in the change in net position. The net effect of all of these is to decrease the change in net position by \$2,255,015.	(2,255,015)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2020 but during the current fiscal year caused the ending net position to increase in the amount of \$102,399. These contributions were replaced with the District's OPEB expense for the year, which was \$58,233 benefit and also caused an increase in net position. The impact of both of these is to increase the change in net position by \$160,632.	160,632
Change in Net Position of Governmental Activities	<u><u>\$ 10,069,353</u></u>

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

FORNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CUSTODIAL NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 63,325
Total Assets	<u>63,325</u>
NET POSITION	
Unrestricted Net Position	<u>63,325</u>
Total Net Position	<u>\$ 63,325</u>

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

FORNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN CUSTODIAL FUND NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	\$ 85,290
Total Additions	<u>85,290</u>
DEDUCTIONS:	
Expenses of Student Groups	<u>100,575</u>
Total Deductions	<u>100,575</u>
Change in Fiduciary Net Position	(15,285)
Total Net Position - July 1 (Beginning)	<u>78,610</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 63,325</u></u>

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

This page left blank intentionally.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Forney Independent School District's (the "District") combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees is elected by the public. The trustees as a body corporate have 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 (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Forney Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. The District had no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused debt service fund balances are transferred to the General Fund after all of the related debt obligations have been met.
3. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Custodial Funds** - These funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The government-wide statements and fiduciary fund financial statements (except agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 60 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

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.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pool are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

D. BUDGETARY CONTROL

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

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal period beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

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

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

June 30, 2021	
<u>Fund Balance</u>	
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ -
Nonappropriated Budget Funds	<u>940,286</u>
All Special Revenue Funds	<u>\$940,286</u>

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. The District had no material encumbrances outstanding at June 30, 2021.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

F. INVENTORIES AND PREPAID ITEMS

The purchase method is used to account for inventories of paper and other supplies. Under this method, these items are charged to expenditures when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

G. INTERFUND ACTIVITY

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

H. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	15-50 Years
Vehicles	5-10 Years
Equipment	3-15 Years

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at June 30, 2021 was \$10,185,799.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 6.7 years.

A deferred outflow for pension expense results from payments made to the TRS pension plan by the District after the plan's measurement date. The amount of deferred outflows reported in the governmental activities for deferred pension expenses at June 30, 2021 was \$11,577,134.

Deferred outflows of resources for OPEB- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 8.6 years. The amount of deferred outflows reported in the governmental activities for deferred OPEB expenses at June 30, 2021 was \$9,717,044.

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at June 30, 2021 was \$1,583,607.

Deferred inflows of resources for pension - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period. In fiscal year 2021, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$3,881,034.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (8.6 years for the 2020 measurement year). In fiscal year 2021, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$19,507,399.

J. CASH EQUIVALENTS

Investments are considered to be cash equivalents if they are highly liquid and have a maturity of three months or less when purchased.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

K. NET POSITION

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are recorded and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

M. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 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.

N. USE OF ESTIMATES

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

NOTE 2. FUND BALANCES

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

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Unspent bond proceeds and unspent proceeds of maintenance tax notes are restricted for future capital acquisition. The fund balance of certain grant programs is restricted for those grant programs.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. The Board of Trustees have committed resources as of June 30, 2021 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance of the General Fund as of June 30, 2021 for funding of projects and construction approved by the Board.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

The details of the fund balances are included in the Governmental Funds Balance Sheet and are described below:

General Fund

The General Fund has unassigned fund balance of \$31,827,213 at June 30, 2021. Prepaid items of \$321,481 are considered nonspendable fund balance. Unspent maintenance tax note proceeds of \$2,400,854 are restricted for future capital acquisition. The District has assigned \$18,324,891 of fund balance for various projects that have been approved but not completed and for future debt reduction.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Debt Service Fund

The Debt Service Fund has restricted funds of \$28,129,689 at June 30, 2021 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

Capital Projects Fund

The Capital Projects Fund has \$53,346,895 of fund balance at June 30, 2021 restricted for future construction and renovation projects.

Other Funds

The fund balance of \$933,950 of the Campus Activity Fund (a special revenue fund) is partially shown as nonspendable (\$4,543) for prepaid items and the remainder of \$929,407 is shown as committed due to Board policy committing those funds to campus activities. The Special Revenue Funds include \$3,661 of fund balance restricted for Federal or State grant programs and \$2,675 of nonspendable for prepaid items.

NOTE 3. 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 June 30, 2021, the carrying amount of the District's deposit checking accounts and interest-bearing demand accounts was \$4,507,916 and the bank balance was \$9,937,913. The District's cash deposits at June 30, 2021 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. During the year ended June 30, 2021, District deposits were fully collateralized throughout the year.

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, the District's cash deposits (including certificates of deposit) totaled \$9,937,913. This entire amount was either collateralized with securities held by the District's agent or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk as of June 30, 2021.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2021, the District held investments in three public funds investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for all investment pools at year-end was AAAM (Standard & Poor's).
- d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for each investment pool is less than 90 days.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2021, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. The District's investments in public funds investment pools are not subject to the concentration risk.

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.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The District's investments at June 30, 2021, are shown below:

	Fair Market Value	Weighted Average Maturity (Days)
Governmental Activities		
Cash and deposits	\$ 4,444,792	N/A
<i>Investments</i>		
Local Government Investments Pools		
LOGIC	3,024,229	53
Texas Class	137,061,733	52
TexPool	1,351,912	29
Total Investments	141,437,874	
Total Governmental Activities	145,882,666	
Custodial Funds		
Cash and Deposits	63,325	N/A
Total Custodial Funds	63,325	
Total	\$ 145,945,991	

The amount of interest earned on the District's investments for the fiscal year ended June 30, 2021, was \$244,520.

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District's investments in public funds investment pools are not required to be measured at fair value but are measured at amortized cost.

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 1	Additions/ Completions	Retirement/ Adjustments	Balance June 30
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 8,748,292	\$ -	\$ -	\$ 8,748,292
Construction in progress	23,551,271	121,614,854	(15,258,345)	129,907,780
Total capital assets not being depreciated	<u>32,299,563</u>	<u>121,614,854</u>	<u>(15,258,345)</u>	<u>138,656,072</u>
Capital assets, being depreciated				
Buildings and improvements	321,051,819	16,612,084	-	337,663,903
Assets under capital lease	1,550,066	-	-	1,550,066
Vehicles	6,481,349	1,369,354	(532,078)	7,318,625
Furniture and equipment	9,945,216	1,476,539	-	11,421,755
Total capital assets being depreciated	<u>339,028,450</u>	<u>19,457,977</u>	<u>(532,078)</u>	<u>357,954,349</u>
Less accumulated depreciation for:				
Buildings and improvements	(103,251,545)	(8,605,287)	-	(111,856,832)
Assets under capital lease	(1,192,188)	(168,970)	-	(1,361,158)
Vehicles	(4,576,236)	(511,495)	532,078	(4,555,653)
Furniture and equipment	(5,197,742)	(871,239)	-	(6,068,981)
Total accumulated depreciation	<u>(114,217,711)</u>	<u>(10,156,991)</u>	<u>532,078</u>	<u>(123,842,624)</u>
Total capital assets, being depreciated, net	<u>224,810,739</u>	<u>9,300,986</u>	<u>-</u>	<u>234,111,725</u>
Governmental activities capital assets, net	<u>\$257,110,302</u>	<u>\$130,915,840</u>	<u>\$(15,258,345)</u>	<u>\$372,767,797</u>

Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$ 5,868,506
Instructional Resources & Media Services	83,753
Curriculum & Staff Development	233,842
Instructional Leadership	146,919
School Leadership	594,794
Guidance, Counseling & Evaluation Services	479,055
Health Services	140,189
Student Transportation	302,393
Food Services	386,857
Cocurricular/Extracurricular Activities	324,749
General Administration	294,830
Plant Maintenance and Operations	935,968
Security & Monitoring Services	141,315
Data Processing Services	213,600
Community Services	10,221
Total depreciation expense-Governmental activities	<u>\$10,156,991</u>

NOTE 5. LONG-TERM LIABILITIES

Long-term liabilities includes par bonds, capital appreciation (deep discount) serial bonds, capital leases payable, and loans payable. All long-term debt represents transactions in the District's governmental activities.

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

CAPITAL LEASES PAYABLE

The District is obligated under five capital leases to pay for the purchase of school buses and technology. The following schedule lists the property leased:

Capital Lease Details	Interest Rate	Date of Agreement	Original Property Value	Property Purchased
City Bank	3.250%	4/25/2014	\$ 280,032	Buses
Key Government Finance	2.325%	4/17/2015	1,628,972	Technology
Key Government Finance	2.960%	5/30/2017	699,000	Technology
Cisco Capital	0.000%	7/1/2019	133,240	Technology
			<u>\$ 2,741,244</u>	

Future lease payment requirements under the noncancellable capital leases are as follows:

2022	\$350,560
2023	34,674
2024	35,569
2025	-
Thereafter	<u>-</u>
Total future minimum lease payments	420,803
Less amount representing interest	<u>(11,741)</u>
Present value of net minimum lease payments	<u>\$409,062</u>

LOANS PAYABLE

The District is obligated under four loans payable as follows:

	Interest Rate	Date of Loan	Final Maturity Date	Original Amount	Balance July 1, 2020	Increases	Payments	Balance June 30, 2021	Due in One Year	Purpose
Skyward Software	0.000%	12/10/2015	7/1/2020	\$ 202,178	\$ 37,590	\$ -	\$ 37,590	\$ -	\$ -	Software
Public Property Finance Contract, Series 2015	3.050%	9/9/2015	4/1/2030	4,634,000	3,652,000	-	278,000	3,374,000	299,000	Energy Management
Public Property Finance Contract, Series 2019	2.140%	6/13/2019	2/15/2021	1,322,000	663,000	-	663,000	-	-	Technology/Chrombooks
Maintenance Tax Notes Series 2020	2.020%	2/6/2020	10/1/2029	6,576,000	6,576,000	-	581,000	5,995,000	613,000	Maintenance & Renovations
				<u>\$12,734,178</u>	<u>\$10,928,590</u>	<u>\$ -</u>	<u>\$1,559,590</u>	<u>\$ 9,369,000</u>	<u>\$ 912,000</u>	

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Future loans payable debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2022	\$ 912,000	\$ 217,815	\$ 1,129,815
2023	946,000	196,182	1,142,182
2024	981,000	166,644	1,147,644
2025	1,017,000	150,174	1,167,174
2026	1,047,000	125,741	1,172,741
2027-2030	<u>4,466,000</u>	<u>243,763</u>	<u>4,709,763</u>
	<u>\$9,369,000</u>	<u>\$1,100,319</u>	<u>\$10,469,319</u>

BONDS PAYABLE

The District has the following bonds payable outstanding as of June 30, 2021:

Description	Interest Rate Payable	Original Issuance Amount	Amounts Outstanding 6/30/21
Bonded Indebtedness:			
Unlimited Tax School Building and Refunding Bonds, Series 2000	6.760%	13,329,945	\$ 2,122,174
Unlimited Tax School Building Bonds, Series 2009	3.000-4.375%	3,000,000	435,000
Unlimited Tax School Building Bonds, Series 2010	3.000-5.500%	14,999,965	1,476,419
Unlimited Tax School Building and Refunding Bonds, Series 2011	2.000-5.810%	18,809,003	13,759,806
Unlimited Tax School Building Bonds, Series 2011A	3.125-4.000%	12,220,000	11,385,000
Unlimited Tax Refunding Bonds, Series 2012	4.750-5.820%	3,924,461	3,924,461
Unlimited Tax Refunding Bonds, Series 2013	2.400-2.800%	5,420,000	5,420,000
Unlimited Tax Refunding Bonds, Series 2013A	6.130-6.280%	2,485,901	2,485,901
Unlimited Tax Refunding Bonds, Series 2013B	7.000-7.100%	624,973	624,973
Unlimited Tax Refunding Bonds, Series 2014A	7.100-8.000%	1,545,662	1,545,662
Unlimited Tax Refunding Bonds, Series 2014	6.250-7.000%	15,767,323	15,767,323
Unlimited Tax Refunding Bonds, Series 2015	2.000-5.000%	103,095,000	88,735,000
Unlimited Tax Refunding Bonds, Series 2016	2.000-5.000%	14,485,000	11,015,000
Unlimited Tax Refunding Bonds, Series 2017	2.350-5.000%	41,103,183	41,103,183
Unlimited Tax School Building and Refunding Bonds, Series 2018	1.740-5.000%	35,758,029	32,954,279
Unlimited Tax School Building Bonds, Series 2019	1.650-5.000%	19,800,000	19,020,000
Unlimited Tax School Building Bonds, Series 2020	3.000-5.000%	65,200,000	65,200,000
Unlimited Tax School Building and Refunding Bonds, Series 2020A	2.000-5.000%	34,995,000	34,995,000
Unlimited Tax School Building Bonds, Series 2021A	2.000-3.000%	101,260,000	<u>101,260,000</u>
Total Bonded Indebtedness			<u>\$453,229,181</u>

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Bonds payable debt service requirements to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2022	\$ 5,668,767	\$ 18,332,378	\$ 24,001,145
2023	6,030,728	18,513,397	24,544,125
2024	5,993,079	18,500,434	24,493,513
2025	7,977,601	18,525,468	26,503,069
2026	9,881,454	17,018,121	26,899,575
2027-2031	67,972,392	71,920,208	139,892,600
2032-2036	119,367,296	54,898,041	174,265,337
2037-2041	97,139,688	72,240,687	169,380,375
2042-2046	67,170,506	84,608,044	151,778,550
2047-2051	63,623,153	63,040,822	126,663,975
2052-2054	2,404,517	36,290,483	38,695,000
	<u>\$453,229,181</u>	<u>\$473,888,083</u>	<u>\$927,117,264</u>

A portion of the bonds sold in schoolhouse building series as well as several refunding series included capital appreciation bonds commonly referred to as “premium compound interest bonds”. The District annually records the appreciation of bond principal for the accreted value of the bonds through maturity of the issue. The interest of these bond series will be paid upon maturity. The following table summarizes the key features of the individual bonds, by issue:

Series	Par Amount	Accreted Interest at Issue	Accreted Interest Since Issue	Total Accreted Value	Maturity Amount	Maturity Dates
2000	\$ 2,122,175	\$ 141,155	\$ 6,528,205	\$ 8,791,535	\$ 10,115,000	2022-2026
2010	1,476,418	602,786	1,220,409	3,299,613	4,305,000	2022-2027
2011	11,454,806	-	7,755,568	19,210,374	33,070,000	2022-2042
2012	3,924,461	3,843,075	4,497,531	12,265,067	28,500,000	2033-2040
2013A	2,485,901	1,744,939	2,610,864	6,841,704	23,235,000	2039-2044
2013B	624,973	87,142	528,958	1,241,073	4,960,000	2039-2044
2014	15,767,323	2,545,518	12,742,355	31,055,196	160,305,000	2040-2054
2014A	1,545,662	259,073	1,291,663	3,096,398	19,615,000	2040-2054
2017	1,853,183	-	217,574	2,070,757	2,540,000	2027-2031
2018	4,279	1,394,939	97,906	1,497,124	1,520,000	2022-2023
Total	<u>\$41,259,181</u>	<u>\$ 10,618,627</u>	<u>\$ 37,491,033</u>	<u>\$ 89,368,841</u>	<u>\$288,165,000</u>	

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Changes in the long-term liabilities of the District for the year ended June 30, 2021 were as follows:

Description	Balance 7/1/2020	Additions	Retired/ Refunded	Balance 6/30/2021	Due Within One Year
Bonded Indebtedness:					
General Obligation Bonds	\$ 344,862,513	\$ 136,255,000	\$27,888,332	\$453,229,181	\$ 5,668,767
Premiums/discounts	32,177,601	10,763,163	2,081,234	40,859,530	1,885,416
Accreted Interest -					
Capital Appreciation Bonds	46,166,186	5,014,611	3,071,137	48,109,660	2,597,917
Capital Leases	792,385	-	383,323	409,062	341,062
Loans Payable	10,928,590	-	1,559,590	9,369,000	912,000
Net Pension Liability	26,248,659	128,358	-	26,377,017	-
Net OPEB Liability	30,751,952	-	4,111,828	26,640,124	-
	<u>\$ 491,927,886</u>	<u>\$ 152,161,132</u>	<u>\$39,095,444</u>	<u>\$ 604,993,574</u>	<u>\$11,405,162</u>

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2021.

DEFEASED DEBT

In prior years, the District defeased certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. Accordingly the trust account assets and liability for the defeased debt are not included in the District's financial statements. At June 30, 2021 all debt was paid.

NOTE 6. DEFERRED CHARGES ON BOND REFUNDINGS

The District's deferred charges on bond refundings are as follows:

Balance – June 30, 2020	\$10,907,176
Current year loss/(gain) on bond refunding	44,677
Removal or prior year deferred charges due to current year refunding	(121,931)
Current period amortization	<u>(644,123)</u>
Balance – June 30, 2021	<u>\$10,185,799</u>

NOTE 7. OPERATING LEASES

Commitments under operating lease (noncapitalized) agreements for facilities and equipment are subject to fiscal funding clauses. As such, the agreements are cancelable and the District is therefore not obligated for minimum future rental payments as of June 30, 2021. The imputed interest on the leases is not readily determinable.

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2020-21 fiscal period was based was \$5,496,337,074. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the period ended June 30, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.8747 and \$0.50 per \$100 valuation, respectively, for a total of \$1.3747 per \$ 100 valuation.

Current tax collections for the period ended June 30, 2021 were 98.94% of the June 30, 2021 adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2021, property taxes and penalty and interest receivable, net of estimated uncollectible taxes, totaled \$1,030,462 and \$553,145 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected.

NOTE 9. INTERFUND BALANCES AND ACTIVITIES

Interfund receivables and payables at June 30, 2021 represented short-term advances between funds. These amounts are expected to be repaid in less than one year from June 30, 2021.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General Fund:		
Non-Major Special Revenue Fund	<u>\$1,324,225</u>	<u>\$ -</u>
Total Major Governmental Funds	<u>1,324,225</u>	<u>-</u>
Nonmajor Governmental Funds:		
Special Revenue Funds:		
General Fund	<u>-</u>	<u>1,324,225</u>
Total Nonmajor Governmental Funds	<u>-</u>	<u>1,324,225</u>
 Total	 <u>\$1,324,225</u>	 <u>\$1,324,225</u>

During the year ended June 30, 2021, the District transferred \$155,530 from the General Fund to the Child Nutrition Fund to fund the current year operating deficit of the Child Nutrition Fund.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Forney ISD FY2021 Employer Contributions		\$ 2,430,341
Forney ISD FY2021 Member Contributions		\$ 5,695,626
Forney ISD FY2021 NECE On-Behalf Contributions		\$ 4,090,876

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 the 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, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. The contribution rate called the Public Education Employer Contribution replaced the Non (OASDI) surcharge that was in effect in fiscal year 2019.

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

- 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.

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%
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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.

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.25%.

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

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	3.9%	0.99%
Non-U.S. Developed	13%	5.1%	0.92%
Emerging Markets	9%	5.6%	0.83%
Private Equity	14%	6.7%	1.41%
Stable Value			
Government Bonds	16%	- .7%	-0.05%
Stable Value Hedge Funds	5%	1.9%	0.11%
Real Return			
Real Estate	15%	4.6%	1.01%
Energy, Natural Resources	6%	6%	0.42%
Risk Parity			
Risk Parity	8%	3%	0.30%
Leverage			
Cash	2%	-1.5%	-0.03%
Asset Allocation Leverage	-6%	-1.3%	0.08%
Inflation Expectation	-		2.00%
Volatility Drag ³	-		-0.67%
Total	<u>100%</u>		<u>7.33%</u>

¹ Target allocations are based on the FY20 policy model.

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

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one 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%)
Forney ISD's proportionate share of the net pension liability:	\$40,680,678	\$26,377,017	\$14,762,443

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, Forney Independent School District reported a liability of \$26,377,017 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Forney Independent School District. The amount recognized by Forney Independent School 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 Forney Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$26,377,017
State's proportionate share that is associated with the District	<u>48,380,593</u>
Total	<u>\$74,757,610</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.04924948%, a decrease of 2.47% from its proportionate share of 0.050494576% at August 31, 2019.

Changes Since the Prior Actuarial Valuation – There were no changes in assumptions since the measurement period.

For the year ended June 30, 2021, Forney Independent School District recognized pension expense of \$4,090,876 and revenue of \$4,090,876 for support provided by the State.

At June 30, 2021, Forney Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 48,162	\$ 736,113
Changes in actuarial assumptions	6,120,406	2,602,354
Difference between projected and actual investment earnings	533,980	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,783,485	542,567
Contributions paid to TRS subsequent to the measurement date	2,091,101	-
Total	\$11,577,134	\$3,881,034

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 June 30:	Pension Expense Amount
2022	\$ 3,646,930
2023	1,874,287
2024	1,800,815
2025	675,540
2026	(269,839)
Thereafter	(31,633)

NOTE 11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS- Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

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

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

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

TRS-Care Monthly for Retirees		
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

<u>Contribution Rates</u>		
	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Forney ISD FY21 Employer Contributions		\$611,272
Forney ISD FY21 Member Contributions		\$480,803
Forney ISD FY21 NECE On-behalf Contributions		\$891,020

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

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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

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

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 recent 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%
Single Discount Rate	2.33%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30 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.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District’s proportionate share of the Net OPEB Liability:	\$31,968,088	\$26,640,124	\$22,431,798

Healthcare Cost Trend Rates Sensitivity Analysis - The following shows the impact of the net OPEB liability if a healthcare trend rate that is one-percentage less than or one-percentage point greater than the health trend rates is assumed.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$21,761,568	\$26,640,124	\$33,137,671

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2021, the District reported a liability of \$6,314,781 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB Liability	\$26,640,124
State's proportionate share that is associated with the District	<u>\$35,797,941</u>
Total	<u>\$62,438,065</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan 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 employer's proportion of the collective Net OPEB Liability was 0.070078821%, an increase of 7.77% compared to the August 31, 2019 proportionate share of 0.065026761%.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- The discount rate changed from 2.63 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 rate 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.

For the year ended June 30, 2021, the amount of OPEB expense recognized by the District in the reporting period was \$(58,233).

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$1,394,866	\$12,191,883
Changes in actuarial assumptions	1,643,142	7,315,516
Difference between projected and actual investment earnings	8,657	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,144,896	-
Contributions paid to TRS subsequent to the measurement date	525,483	-
Total	\$9,717,044	\$19,507,399

The net amounts of the employer's balance of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount
2022	\$ (1,894,474)
2023	(1,895,631)
2024	(1,896,293)
2025	(1,896,112)
2026	(1,184,547)
Thereafter	(1,548,781)

NOTE 12. MEDICARE PART D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the year ended June 30, 2021, the subsidy payments received by TRS-Care on behalf of the District were \$373,802. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

NOTE 13. HEALTH CARE

During the period ended June 30, 2021, employees of Forney Independent School District were covered by a health insurance plan (the Plan). The District contributed \$225 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully insured plan.

NOTE 14. WORKERS COMPENSATION

The District participates in the Texas Public Schools Workers Compensation Project Self-Insurance Joint Fund ("the fund"). The District was partially self-funded to a loss fund maximum of \$420,360 for the 20-21 fiscal period. Additionally, the District incurred fixed costs of \$128,735 for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Creative Risk Funding provides claims administration. Reinsurance is provided for individual claim losses exceeding \$100,000 for the District and \$350,000 for the Fund and aggregate losses exceeding \$9,805,124 for the Fund. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The accrued liability for workers compensation self-insurance of \$223,402 includes incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in workers compensation claims liability amounts in fiscal periods 2021 and 2020 are represented below:

Fiscal Year	Beginning of period Claims Liability	Claims and Changes in Estimates	Claims Payments	End of Period Claims Liability
2021	\$203,417	\$228,392	\$208,407	\$223,402
2020	141,107	309,263	246,953	203,417

NOTE 15. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, Per Capita, Existing Debt Allotment, and Instruction Facilities Allotment Programs. Amounts due from federal and state governments in the governmental funds as of June 30, 2021, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Government	Local Governments	Total
General	\$13,784,355	\$ -	\$ -	\$13,784,355
Special Revenue	547,662	1,233,593	-	1,781,255
Debt Service	-	-	-	-
Total	<u>\$14,332,017</u>	<u>\$1,233,593</u>	<u>\$ -</u>	<u>\$15,565,610</u>

NOTE 16. LITIGATION AND CONTINGENCIES

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 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 combined financial statements for such contingencies.

NOTE 17. ARBITRAGE

In accordance with the provisions of Section 148(f) of the Internal Service Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has estimated it does not have an arbitrage liability as of June 30, 2021.

**FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 18. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources in the fund-basis financial statements consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 48,449,578	\$ -	\$ 27,620,221	\$ -	\$ 76,069,799
Food Sales	-	522,924	-	-	522,924
Investment Income	120,242	-	30,070	94,208	244,520
Penalties, interest and other tax related income	272,360	-	139,294	-	411,654
Co-curricular and student activities	230,269	521,656	-	-	751,925
Other	954,545	-	-	-	954,545
Total	<u>\$ 50,026,994</u>	<u>\$ 1,044,580</u>	<u>\$ 27,789,585</u>	<u>\$ 94,208</u>	<u>\$ 78,955,367</u>

NOTE 19. GENERAL FUND FEDERAL SOURCE REVENUES

The following federal revenue sources are reported in the District's general fund:

Program or Source	CFDA #	Amount
Coronavirus Relief Fund	21.019	\$ 26,695
E-Rate	N/A	164,901
SHARS	N/A	391,909
JROTC	N/A	81,783
		<u>\$665,288</u>

NOTE 20. UNEARNED REVENUE

Unearned revenue at June 30, 2021 consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Student Account Balances	\$ -	\$181,610	\$ -	\$181,610
Grant Funds	-	45,046	-	45,046
	<u>\$ -</u>	<u>\$226,656</u>	<u>\$ -</u>	<u>\$226,656</u>

NOTE 21. SHARED SERVICE ARRANGEMENTS/JOINT VENTURES

The District participates in a shared services arrangement ("SSA") for a federal program with Mesquite ISD for deaf education services.

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, Mesquite ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 22. CONSTRUCTION COMMITMENTS

As of June 30, 2021, the District had entered into contracts for various construction and renovation projects. At June 30, 2021, there was \$63,069,101 remaining costs under these contracts. These projects are to be paid from Capital Projects Fund fund balance as well as General Fund resources.

NOTE 23. PRIOR PERIOD ADJUSTMENT

The District recorded a prior period adjustment to reflect the transfer of certain accounts reported as agency funds in prior years to the Campus Activity Fund (a special revenue fund). The prior period adjustment increased the beginning fund balance by \$173,015.

NOTE 24. RISKS AND UNCERTAINTIES

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of Texas. On January 31, 2021, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State in response to the Pandemic, which disaster declaration he has subsequently extended. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation.

On June 3, 2021, TEA issued updated public planning health guidance in accordance with Executive Order GA-36 (which became effective June 5, 2021), to address on-campus instruction, administrative activities by teachers, staff or students that occur on school campuses, non-UIL extracurricular sports and activities, and any other activities that teachers, staff, or students must complete. Within the guidance, TEA instructs schools that, per Executive Order GA-36, school systems cannot require students or staff to wear a mask; however, school systems must allow individuals to wear a mask if they choose to do so.

Within the guidance, TEA instructs schools to notify their local health department, in accordance with applicable federal, state, and local laws and regulations, including any applicable confidentiality requirements, of individuals who have been in a school and test-confirmed to have COVID-19. Additionally, upon receipt of information that any teacher, staff member, student, or visitor at a school is test-confirmed to have COVID-19, the school must submit a report to the Texas Department of Health Services via its online portal.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The TEA advised districts that for the 2020-2021 school year district funding would return to being based on “Average Daily Attendance” (being generally calculated as the sum of student attendance for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as “ADA”) calculations requiring attendance to be taken. However, the TEA has crafted an approach for determining ADA during the pandemic that provides districts with several options for determining daily attendance. These include remote synchronous instruction, remote asynchronous instruction, on-campus instruction and the Texas Virtual Schools Network. To stabilize funding expectations, districts were initially provided an ADA grace period for the first two six weeks of the 2020-2021 school year. If a district’s first two six-week average ADA is less than the ADA hold harmless projections (described below), the first two six-week attendance reporting periods for 2020-2021 were excluded from the calculation of annual ADA and student full-time equivalents (“FTE”) for Foundation School Program (“FSP”) funding purposes and replaced with the ADA and FTE hold harmless projections that were derived using a three-year average trend of final numbers from the 2017-2018 through 2019-2020 school years, unless the projection is both (i) 15% higher and (ii) 100 ADA higher than the 2020-2021 legislative planning estimate (“LPE”) projections provided by the TEA to the State legislature pursuant to Section 48.269 of the Texas Education Code, in which case the 2020-2021 LPE ADA and FTE were used as the hold harmless projections.

The ADA hold harmless projection was also available for the third six-week attendance reporting period, but only for those districts that allowed on-campus instruction throughout the entire third six-week period, as further described below. The ADA hold harmless methodology was identical to the methodology used for the first two six-week attendance reporting periods, except that the third six-week period was examined independent of the first two six-week attendance reporting periods.

The ADA hold harmless projection was extended for the remainder of the 2020-2021 school year (the fourth, fifth, and sixth six-week attendance reporting periods). In order to qualify, a district must meet certain criteria established by the TEA related to on-campus.

The full extent of the ongoing impact of COVID-19 on the District’s longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The District continues to monitor the spread of COVID-19 and is working with local, State and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the District. The District’s bonded debt is secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

Additionally, State funding of District operations and maintenance in future fiscal years could be adversely impacted by the negative effects on economic growth and financial markets resulting from the Pandemic as well as ongoing disruptions in the global oil markets.

REQUIRED SUPPLEMENTARY INFORMATION

This page left blank intentionally.

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data			Actual Amounts	Variance With
Control	Budgeted Amounts		(GAAP BASIS)	Final Budget
Codes	Original	Final		Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 49,122,748	\$ 49,400,113	\$ 50,026,994	\$ 626,881
5800 State Program Revenues	60,011,169	60,460,363	60,748,571	288,208
5900 Federal Program Revenues	946,800	623,304	665,288	41,984
5020 Total Revenues	110,080,717	110,483,780	111,440,853	957,073
EXPENDITURES:				
Current:				
0011 Instruction	59,783,746	59,399,493	57,868,027	1,531,466
0012 Instructional Resources and Media Services	833,732	833,905	824,060	9,845
0013 Curriculum and Instructional Staff Development	2,675,186	2,621,430	2,469,494	151,936
0021 Instructional Leadership	1,440,182	1,434,222	1,392,337	41,885
0023 School Leadership	6,185,743	6,252,098	6,172,901	79,197
0031 Guidance, Counseling, and Evaluation Services	4,768,489	4,711,683	4,165,285	546,398
0033 Health Services	1,291,491	1,502,978	1,439,510	63,468
0034 Student (Pupil) Transportation	4,881,713	4,909,111	4,235,322	673,789
0036 Extracurricular Activities	3,392,066	3,423,744	3,258,356	165,388
0041 General Administration	3,337,202	3,351,803	3,123,842	227,961
0051 Facilities Maintenance and Operations	10,502,954	11,998,333	10,532,688	1,465,645
0052 Security and Monitoring Services	1,607,838	1,759,936	1,527,445	232,491
0053 Data Processing Services	2,356,618	2,466,013	2,391,203	74,810
0061 Community Services	108,568	108,939	108,292	647
Debt Service:				
0071 Principal on Long-Term Debt	1,942,914	1,942,914	1,942,913	1
0072 Interest on Long-Term Debt	291,847	291,847	291,436	411
Capital Outlay:				
0081 Facilities Acquisition and Construction	3,500,000	12,119,531	2,773,624	9,345,907
Intergovernmental:				
0099 Other Intergovernmental Charges	850,551	850,551	813,997	36,554
6030 Total Expenditures	109,750,840	119,978,531	105,330,732	14,647,799
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	329,877	(9,494,751)	6,110,121	15,604,872
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	205,899	205,899
8911 Transfers Out (Use)	-	(200,000)	(155,530)	44,470
7080 Total Other Financing Sources (Uses)	-	(200,000)	50,369	250,369
1200 Net Change in Fund Balances	329,877	(9,694,751)	6,160,490	15,855,241
0100 Fund Balance - July 1 (Beginning)	46,713,949	46,713,949	46,713,949	-
3000 Fund Balance - June 30 (Ending)	\$ 47,043,826	\$ 37,019,198	\$ 52,874,439	\$ 15,855,241

This page left blank intentionally.

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

A. Budgets and Budgetary Accounting

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the fiscal year ended June 30, 2021. During the year ended June 30, 2021, the Board of Trustees approved budget amendments increasing expenditures as follows:

	<u>General Fund</u>
Amendments Approved	\$10,227,961

The amendments included \$8.6 million for approved construction and renovations.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principals and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by June 30, 2020. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
District's Proportion of the Net Pension Liability (Asset)	0.04924948%	0.050494576%	0.047143374%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 26,377,017	\$ 26,248,659	\$ 25,948,857
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	48,380,593	40,619,625	42,315,516
Total	<u>\$ 74,757,610</u>	<u>\$ 66,868,284</u>	<u>\$ 68,264,373</u>
District's Covered Payroll	\$ 65,937,445	\$ 57,611,162	\$ 53,028,117
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	40.00%	45.56%	48.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

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

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

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.043161802%		0.038734055%		0.0416884%		0.0266553%	
\$	13,800,819	\$	14,637,024	\$	14,736,295	\$	7,120,000
25,002,570		29,594,886		28,115,166		23,658,884	
\$	38,803,389	\$	44,231,910	\$	42,851,461	\$	30,778,884
\$	49,484,106	\$	45,915,687	\$	44,674,140	\$	42,055,864
27.89%		31.88%		32.99%		16.93%	
82.17%		78.00%		78.43%		83.25%	

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019
Contractually Required Contribution	\$ 2,430,341	\$ 2,005,352	\$ 1,729,888
Contribution in Relation to the Contractually Required Contribution	(2,430,341)	(2,005,352)	(1,729,888)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 74,015,422	\$ 64,453,642	\$ 56,924,091
Contributions as a Percentage of Covered Payroll	3.28%	3.11%	3.04%

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

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

2018	2017	2016	2015	2014	2012	2012
\$ 1,557,673	\$ 1,364,826	\$ 1,219,018	\$ 1,144,400	\$ 674,285	\$ 584,040	\$ 587,962
(1,557,673)	(1,364,826)	(1,219,018)	(1,144,400)	(674,285)	(584,040)	(587,962)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 52,395,548	\$ 48,837,086	\$ 45,546,050	\$ 44,390,038	\$ 41,568,387	\$ 40,340,180	\$ 43,093,741
2.97%	2.79%	2.68%	2.58%	1.62%	1.45%	1.36%

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.070078821%	0.065026761%	0.060665755%	\$ 0.057731363%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 26,640,124	\$ 30,751,952	\$ 30,290,967	\$ 25,105,204
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	35,797,941	40,862,465	46,658,254	\$ 39,899,269
Total	<u>\$ 62,438,065</u>	<u>\$ 71,614,417</u>	<u>\$ 76,949,221</u>	<u>\$ 65,004,473</u>
District's Covered Payroll	\$ 65,937,445	\$ 57,611,162	\$ 53,028,117	\$ 49,484,106
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	40.40%	53.38%	57.12%	\$ 50.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	\$ 0.91%

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

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

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2021

	2021	2020	2019	2018
Contractually Required Contribution	\$ 611,272	\$ 496,685	\$ 455,767	\$ 398,401
Contribution in Relation to the Contractually Required Contribution	(611,272)	(496,685)	(455,767)	(398,401)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 74,015,422	\$ 64,453,642	\$ 56,924,091	\$ 52,395,548
Contributions as a Percentage of Covered Payroll	0.83%	0.77%	0.80%	0.76%

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

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

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 2.63 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 rate 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.

COMBINING SCHEDULES

FORNEY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

Data		205	211	224	225
Control			ESEA I, A	IDEA - Part B	IDEA - Part B
Codes			Improving	Formula	Preschool
		Head Start	Basic Program		
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	-	308,658	707,805	848
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 308,658</u>	<u>\$ 707,805</u>	<u>\$ 848</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 9,106	\$ -
2160	Accrued Wages Payable	-	57,162	214,582	-
2170	Due to Other Funds	-	251,496	484,117	848
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>308,658</u>	<u>707,805</u>	<u>848</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3430	Prepaid Items	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 308,658</u>	<u>\$ 707,805</u>	<u>\$ 848</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Instructional Continuity	277 Coronavirus Relief Fund CARES	397 Advanced Placement Incentives	410 State Instructional Materials
\$ 255,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43	\$ -
177,124	-	37,619	-	1,539	-	-	547,662
-	-	3,217	-	-	-	2,675	26,297
<u>\$ 432,534</u>	<u>\$ -</u>	<u>\$ 40,836</u>	<u>\$ -</u>	<u>\$ 1,539</u>	<u>\$ -</u>	<u>\$ 2,718</u>	<u>\$ 573,959</u>
\$ 6,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
244,467	-	2,273	-	-	-	-	-
-	-	38,563	-	1,539	-	-	547,662
181,610	-	-	-	-	-	-	26,297
<u>432,534</u>	<u>-</u>	<u>40,836</u>	<u>-</u>	<u>1,539</u>	<u>-</u>	<u>-</u>	<u>573,959</u>
-	-	-	-	-	-	2,675	-
-	-	-	-	-	-	43	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,718</u>	<u>-</u>
<u>\$ 432,534</u>	<u>\$ -</u>	<u>\$ 40,836</u>	<u>\$ -</u>	<u>\$ 1,539</u>	<u>\$ -</u>	<u>\$ 2,718</u>	<u>\$ 573,959</u>

FORNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

Data Control Codes		429	461	Total
		Texas Education Excellence	Campus Activity Funds	Nonmajor Governmental Funds
ASSETS				
1110	Cash and Cash Equivalents	\$ 22,367	\$ 959,098	\$ 1,236,918
1240	Due from Other Governments	-	-	1,781,255
1410	Prepayments	-	4,543	36,732
1000	Total Assets	<u>\$ 22,367</u>	<u>\$ 963,641</u>	<u>\$ 3,054,905</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ 29,691	\$ 45,254
2160	Accrued Wages Payable	-	-	518,484
2170	Due to Other Funds	-	-	1,324,225
2300	Unearned Revenue	18,749	-	226,656
2000	Total Liabilities	<u>18,749</u>	<u>29,691</u>	<u>2,114,619</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430	Prepaid Items	-	4,543	7,218
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	3,618	-	3,661
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	929,407	929,407
3000	Total Fund Balances	<u>3,618</u>	<u>933,950</u>	<u>940,286</u>
4000	Total Liabilities and Fund Balances	<u>\$ 22,367</u>	<u>\$ 963,641</u>	<u>\$ 3,054,905</u>

This page left blank intentionally.

FORNEY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		205	211	224	225
			ESEA I, A	IDEA - Part B	IDEA - Part B
		Head Start	Improving Basic Program	Formula	Preschool
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	1,954	473,604	2,067,395	13,840
5020	Total Revenues	1,954	473,604	2,067,395	13,840
EXPENDITURES:					
Current:					
0011	Instruction	1,954	309,656	1,155,586	13,840
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	2,705	-
0021	Instructional Leadership	-	163,948	380	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	785,559	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	123,165	-
6030	Total Expenditures	1,954	473,604	2,067,395	13,840
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
1300	Prior Period Adjustment	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief	276 Instructional Continuity	277 Coronavirus Relief Fund CARES	397 Advanced Placement Incentives	410 State Instructional Materials
\$ 522,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
131,934	-	-	-	-	-	2,250	1,866,519
3,307,246	64,916	96,108	368,991	10,000	659,700	-	-
3,962,104	64,916	96,108	368,991	10,000	659,700	2,250	1,866,519
-	64,916	96,108	355,840	-	494,423	-	1,853,346
-	-	-	-	-	-	-	13,173
-	-	-	-	-	-	4,050	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	43,377	-	-
-	-	-	-	-	-	-	-
4,117,634	-	-	-	-	-	-	-
-	-	-	-	-	22,363	-	-
-	-	-	13,151	10,000	85,537	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	14,000	-	-
-	-	-	-	-	-	-	-
4,117,634	64,916	96,108	368,991	10,000	659,700	4,050	1,866,519
(155,530)	-	-	-	-	-	(1,800)	-
155,530	-	-	-	-	-	-	-
-	-	-	-	-	-	(1,800)	-
-	-	-	-	-	-	4,518	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,718	\$ -

FORNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	429 Texas Education Excellence	461 Campus Activity Funds	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ 521,656	\$ 1,044,580
5800 State Program Revenues	225,759	-	2,226,462
5900 Federal Program Revenues	-	-	7,063,754
5020 Total Revenues	225,759	521,656	10,334,796
EXPENDITURES:			
Current:			
0011 Instruction	-	33,924	4,379,593
0012 Instructional Resources and Media Services	27	50,140	63,340
0013 Curriculum and Instructional Staff Development	-	1,406	8,161
0021 Instructional Leadership	-	-	164,328
0023 School Leadership	-	129,186	129,186
0031 Guidance, Counseling, and Evaluation Services	45,589	79,359	910,507
0033 Health Services	-	2,474	45,851
0034 Student (Pupil) Transportation	-	300	300
0035 Food Services	-	-	4,117,634
0036 Extracurricular Activities	-	175,132	197,495
0051 Facilities Maintenance and Operations	-	13,175	121,863
0052 Security and Monitoring Services	180,143	-	180,143
0053 Data Processing Services	-	-	14,000
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	123,165
6030 Total Expenditures	225,759	485,096	10,455,566
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	36,560	(120,770)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	155,530
1200 Net Change in Fund Balance	-	36,560	34,760
0100 Fund Balance - July 1 (Beginning)	3,618	724,375	732,511
1300 Prior Period Adjustment	-	173,015	173,015
3000 Fund Balance - June 30 (Ending)	\$ 3,618	\$ 933,950	\$ 940,286

REQUIRED T.E.A. SCHEDULES

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2021

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2012 and prior years	Various	Various	Various
2013	1.040000	0.500000	2,307,567,564
2014	1.040000	0.500000	2,351,857,078
2015	1.040000	0.500000	2,524,807,922
2016	1.040000	0.500000	2,619,751,558
2017	1.040000	0.500000	3,067,166,142
2018	1.040000	0.500000	3,549,936,957
2019	1.040000	0.500000	4,037,668,117
2020	0.970000	0.500000	4,740,331,361
2021 (School year under audit)	0.874700	0.500000	5,496,337,074
1000	TOTALS		

Penalty and interest receivable on taxes

Total taxes receivable per Exhibit C-1

EXHIBIT J-1

(10) Beginning Balance 7/1/2020	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
\$ 71,825	\$ -	\$ 3,765	\$ 1,619	\$ (3,734)	\$ 62,707
11,966	-	4,450	2,140	5,977	11,353
18,060	-	4,065	1,954	4,718	16,759
27,304	-	6,109	2,937	4,461	22,719
40,854	-	5,813	2,795	4,918	37,164
56,554	-	66,783	32,107	93,847	51,511
68,796	-	141,667	68,109	214,244	73,264
253,754	-	280,646	134,926	323,596	161,778
941,005	-	497,062	256,217	36,675	224,401
	75,558,146	47,439,218	27,117,417	(206,120)	795,391
<u>\$ 1,490,118</u>	<u>\$ 75,558,146</u>	<u>\$ 48,449,578</u>	<u>\$ 27,620,221</u>	<u>\$ 478,582</u>	<u>1,457,047</u>
					480,002
					<u>\$ 1,937,049</u>

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,089,400	\$ 3,089,400	\$ 522,924	\$ (2,566,476)
5800 State Program Revenues	122,715	122,715	131,934	9,219
5900 Federal Program Revenues	1,661,650	1,661,650	3,307,246	1,645,596
5020 Total Revenues	4,873,765	4,873,765	3,962,104	(911,661)
EXPENDITURES:				
Current:				
0035 Food Services	4,873,765	4,873,765	4,117,634	756,131
6030 Total Expenditures	4,873,765	4,873,765	4,117,634	756,131
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(155,530)	(155,530)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	200,000	155,530	(44,470)
1200 Net Change in Fund Balances	-	200,000	-	(200,000)
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 200,000	\$ -	\$ (200,000)

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 27,127,342	\$ 27,127,342	\$ 27,789,585	\$ 662,243
5800 State Program Revenues	478,009	478,009	390,450	(87,559)
5020 Total Revenues	27,605,351	27,605,351	28,180,035	574,684
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	9,153,332	9,153,332	9,153,332	-
0072 Interest on Long-Term Debt	16,311,621	16,311,621	16,235,984	75,637
0073 Bond Issuance Cost and Fees	35,000	214,004	175,976	38,028
6030 Total Expenditures	25,499,953	25,678,957	25,565,292	113,665
1100 Excess of Revenues Over Expenditures	2,105,398	1,926,394	2,614,743	688,349
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	15,465,000	15,465,000	-
7916 Premium or Discount on Issuance of Bonds	-	3,519,485	3,526,348	6,863
8949 Other (Uses)	-	(18,805,481)	(18,805,481)	-
7080 Total Other Financing Sources (Uses)	-	179,004	185,867	6,863
1200 Net Change in Fund Balances	2,105,398	2,105,398	2,800,610	695,212
0100 Fund Balance - July 1 (Beginning)	25,329,079	25,329,079	25,329,079	-
3000 Fund Balance - June 30 (Ending)	\$ 27,434,477	\$ 27,434,477	\$ 28,129,689	\$ 695,212

This page left blank intentionally.

FEDERAL AWARDS SECTION

This page left blank intentionally.

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*

To the Board of Trustees
Forney Independent School District
Forney, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forney Independent School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Forney Independent School District's basic financial statements, and have issued our report dated September 28, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hankins, Eastup, Deaton, Tonn & Seay, PC

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

September 28, 2021

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

To the Board of Trustees
Forney Independent School District
Forney, Texas

Report on Compliance for Each Major Federal Program

We have audited Forney 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 Forney Independent School District's major federal programs for the year ended June 30, 2021. Forney Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Forney 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 Forney 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 Forney Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Forney 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 June 30, 2021.

Report on Internal Control Over Compliance

Management of Forney 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 Forney 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 Forney 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 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 consider 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.

Hankins, Eastup, Deaton, Tonn & Seay, PC

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

September 28, 2021

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
Material weakness(es) identified: No
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:

FALN 21.019 Coronavirus Relief Fund - CARES Act

Special Education Cluster:
FALN 84.027 IDEA-Part B, Formula
FALN 84.173 IDEA-Part B, Preschool
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None.

III. Findings and Questioned Costs Related to Federal Awards

None

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

No prior findings.

FORNEY INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021

CORRECTIVE ACTION PLAN

None required.

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF THE TREASURY			
<u>Passed Through Kaufman County, Texas</u>			
Coronavirus Relief Fund - CARES Act	21.019	129902	\$ 659,700
Total Passed Through Kaufman County, Texas			659,700
TOTAL DEPARTMENT OF THE TREASURY			659,700
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region 10 Education Service Center</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101057950	164,946
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101057950	308,658
Total Assistance Listing Number 84.010A			473,604
Career and Technical - Basic Grant	84.048	21420006057950	64,916
Title III, Part A - English Language Acquisition	84.365A	20671001057950	62,123
Title III, Part A - English Language Acquisition	84.365A	21671001057950	33,985
Total Assistance Listing Number 84.365A			96,108
Total Passed Through Region 10 Education Service Center			634,628
<u>Passed Through State Department of Education</u>			
*IDEA - Part B, Formula	84.027	206600011299026000	1,163,175
*IDEA - Part B, Formula	84.027	216600011299026000	904,220
Total Assistance Listing Number 84.027			2,067,395
*IDEA - Part B, Preschool	84.173	216610011299026610	13,840
Total Special Education Cluster (IDEA)			2,081,235
Instructional Continuity	84.377A	21694501057950	10,000
Elementary & Secondary School Emergency Relief Fd	84.425D	20521001129902	13,151
Prior Purchase Reimbursement Program	84.425D	5212035	355,840
Total Assistance Listing Number 84.425			368,991
Total Passed Through State Department of Education			2,460,226
TOTAL U.S. DEPARTMENT OF EDUCATION			3,094,854
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Region 10 Education Service Center</u>			
Head Start	93.600	06CH7092	1,954
Total Passed Through Region 10 Education Service Center			1,954
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,954

FORNEY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71402101	692,679
*National School Lunch Program - Cash Assistance	10.555	71302101	2,205,441
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302101	236,228
*Emergency Operational Cost Reimbursement Program	10.555	71302101	172,898
Total Assistance Listing Number 10.555			<u>2,614,567</u>
Total Child Nutrition Cluster			<u>3,307,246</u>
Total Passed Through the State Department of Agriculture			<u>3,307,246</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>3,307,246</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 7,063,754</u></u>

*Clustered Programs

FORNEY INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.
- **General Fund** - is used to account for among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.
- **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used in the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
- FALN numbers for commodity assistance are the FALN numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$-0-.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$7,063,754
SHARS Revenue reported in the General Fund	391,909
Revenue Received for Coronavirus Relief Fund for FY20 Expenditures	26,695
E-Rate Revenue reported in the General Fund	164,901
JROTC Revenue reported in the General Fund	<u>81,783</u>
Total Federal Program Revenue	<u>\$7,729,042</u>