

FERRIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Ferris Independent School District
Annual Financial Report
For The Year Ended June 30, 2024

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Introductory Section

CERTIFICATE OF BOARD

Ferris Independent School District
Name of School District

Ellis
County

070-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2024, at a meeting of the board of trustees of such school district on the 19th day of November, 2024.



Signature of Board Secretary



Signature of Board President

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

Financial Section

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**FRANK MARX, III, CPA
DORI BOHL, CPA & CFE
CALEB MARX, CPA**

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ferris Independent School District ("the District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Ferris Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ferris Independent School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ferris Independent School District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for that portion labeled "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the 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 supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information as identified in the table of contents comprises the information included in the annual report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024 on our consideration of Ferris Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ferris Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Anderson, Marx & Bohl, P.C.

Corsicana, TX
November 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Ferris Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

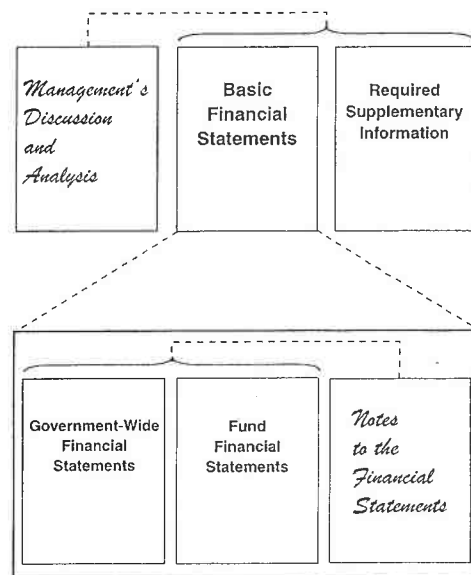
- The District's total combined net position on financial statement exhibit A-1 was \$23,532,082 on June 30, 2024.
- During the year, the District's primary government expenses on financial statement exhibit B-1 were \$1,976,015 less than the \$46,828,253 generated in taxes and other revenues for governmental and business-type activities.
- The total cost of the District's programs on financial statement exhibit C-2 increased by \$8,829,437. This was primarily caused by increases in instruction costs and principal and interest on long-term debt.
- The general fund reported a general fund balance this year on financial statement exhibit C-1 of \$12,322,001. The District began the current year with a fund balance in the amount of \$12,335,601.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of

required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred outflows, liabilities, and deferred inflows—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$23.532 million on June 30, 2024. (See Table A-1).

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

	2024	2023	Total Percentage Change 2024-2023
Current assets:			
Cash and cash equivalents	1.899	.909	109
Investments	12.501	15.747	-21
Due from other governments	7.344	4.217	74
Due from other funds	.000	.000	**
Other receivables	.873	.646	35
Inventories – supplies and materials	.065	.056	16
Total current assets:	22.682	21.575	5
Noncurrent assets:			
Land, furniture and equipment	87.803	87.499	0
Less accumulated depreciation	(35.740)	(33.721)	-6
Total noncurrent assets	52.063	53.778	-3
Total Assets	74.745	75.353	-1
Deferred Outflows of Resources	10.075	7.487	35
Current liabilities:			
Accounts payable and accrued liabilities	3.838	3.852	0
Claims payable	.000	.000	**
Due to other governments	.031	.574	-95
Due to other funds	.000	.000	**
Unearned revenue	.072	.054	33
Total current liabilities	3.941	4.480	-12
Long-term liabilities:			
Noncurrent liabilities due in one year	2.291	2.283	0
Noncurrent liabilities due more than 1 yr	26.332	28.650	-8
Net pension liability	13.295	9.702	37
Net OPEB liability	5.551	5.429	2
Total Liabilities	51.410	50.544	3
Deferred Inflows of Resources	9.878	10.740	-8
Net Position:			
Net investment in capital assets	23.072	22.272	4
Restricted	5.103	3.953	15
Unrestricted	(4.643)	(4.669)	1
Total Net Position	23.532	21.556	7

The District has \$5,103,549 of restricted net position in governmental and business-type activities that represents proceeds from state and federal programs of \$648,596, debt service of \$4,357,927, capital projects of \$59,318, and \$37,708 nonspendable for inventories. The \$(4,643,210) of unrestricted net position represents a deficit of resources to be available in all activities to fund the programs of the District next year.

Changes in net position. The District's total revenues in governmental activities were \$44,150,956. A significant portion, 24 percent, of the District's revenue comes from taxes. (See Table A-2.) 59 percent comes from state aid – formula grants, while less than 1 percent relates to charges for services.

The total cost of all governmental programs and services was \$42,237,738; 82 percent of these costs are for governmental activities associated with instructional and student services.

Governmental Activities

Property tax rates decreased. However, due to increased values, tax revenues increased to \$10,375,727.

Business Type Activities

The District accounts for its food and beverage services as business type activities. During the year, these activities had revenue of \$2,677,297, and after deducting expenses of 2,614,500 had a net income of \$62,797. The activity had net position of \$781,512 at June 30, 2024.

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

	2024	2023	% Ch
Program Revenues:			
Charges for Services	.411	.309	33
Operating Grants and Contributions	8.734	5.756	52
Capital Grants and Contributions	.000	.000	**
General Revenues			
Property Taxes	10.376	9.946	4
State Aid – Formula	26.262	20.823	26
Investment Earnings	.715	.599	19
Other	.330	.164	101
Total Revenues	46.828	37.597	25
Instruction	24.098	18.057	33
Instructional Resources and Media Services	.315	.282	12
Curriculum Dev. And Instructional Staff Dev.	2.718	2.078	31
Instructional Leadership	.919	.850	8
School Leadership	1.891	1.635	16
Guidance, Counseling and Evaluation Services	1.783	1.024	74
Social Work Services	.000	.025	**
Health Services	.398	.379	5
Student (Pupil) Transportation	.941	.738	28
Food Services	2.614	1.798	45
Curricular/Extracurricular Activities	1.606	1.157	39
General Administration	1.436	1.281	12
Plant Maintenance & Oper.	3.534	2.661	33
Security & Monitoring Svcs.	.934	.740	26
Data Processing Services	.694	.538	29
Community Services	.052	.041	27
Debt Services	.825	.633	30
Facilities Acquisition and Construction	.000	.000	**
Other Governmental Charges	.089	.060	48
Increment Costs Associated Chapter 41 (WADA)	.000	.000	**
Payments to Fiscal Agent/Member Dist. - SSA	.000	.000	**
Public Education Grant Progr.	.000	.000	**
Payments to Juvenile Justice Alternative Ed. Program	.005	.000	**
Payments to Charter Schools	.000	.000	**
Total Expenses	44.852	33.977	32
Excess (Deficiency) Before Other Resources, Uses & Transfers	1.976	3.620	-45
Other Resources (Uses)	.000	.000	**
Transfers In (Out)	.000	.000	**
Increase (Decrease) in Net Position	1.976	3.620	-45

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

- The cost of all *governmental* activities this year was \$42.238 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$10.376 million.
- Some of the cost was paid by those who directly benefited from the programs \$.265 million, or
- By grants and contributions \$6.241 million.

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

	Total Cost of Services		% Change	Net Cost of Services		% Change
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Instruction	24.098	18.057	33	20.327	14.699	38
School administration	1.436	1.281	12	1.312	1.151	14
Plant Maintenance & Operations	3.534	2.661	33	3.346	2.418	38
Debt Service – Interest & Fiscal Charges	.825	.663	30	.281	.206	36

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$44.287 million, while the previous year it was \$36.394 million. The increase in local revenues is due to increased valuations. The increase in state revenues is a result of student population changes and changes in state funding formulas. The change in federal revenues is due to grant funding formulas distributed through other agencies.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 5 times. Even with this adjustment, actual expenditures were \$2,017,697 below final budget amounts.

On the other hand, resources available were \$618,703 above the final budgeted amount with state revenue being over budget by \$742,759.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the District had invested \$87,803,027 in a broad range of capital and right-to-use assets, including land, equipment, buildings, leased assets, subscriptions, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$304,080 or less than 1% percent from last year. This includes Governmental type assets and business type assets.

Table A-4
District's Capital and Right-to-Use Assets
(In millions of dollars)

	<u>2024</u>	<u>2023</u>	Total Percentage Change <u>2024-2023</u>
Land	.619	.619	0
Construction in progress	.000	.000	**
Buildings and improvements	78.821	78.685	0
Vehicles	3.487	3.512	-1
Equipment	3.891	3.699	5
Capital leased assets	.497	.497	0
Right to use asset - leases	.293	.293	0
Right to use subscriptions	.195	.194	1
Totals at historical cost	87.803	87.499	0
Total accumulated depr/amort	(35.740)	(33.721)	-6
Net capital assets	<u>52.063</u>	<u>53.778</u>	-3

The District's fiscal year 2025 capital budget projects no major spending. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$47.468 million in bonds, notes, financed purchase leases, net pension and OPEB liability, compensated absences, and right of use activities outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

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

	Governmental Activities		Total Percentage Change
	<u>2024</u>	<u>2023</u>	<u>2024-2023</u>
Financed purchase leases	.203	.298	-32
Bonds payable	26.162	28.036	-7
Compensated absences	.669	.713	-6
Notes payable	.466	.528	-12
Net pension liability	12.967	9.702	34
Net OPEB liability	5.404	5.428	0
Net premium on debt	1.039	1.149	-10
Right of use activities	.083	.209	-60
Total long-term debt	<u>46.993</u>	<u>46.063</u>	2

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2025 budget preparation is \$1,119,911,762, an increase of \$324,602,404, or 3% from 2024.
- General operating fund spending per student decreases in the 2025 budget from \$12,957 to \$12,654. This is a 2% decrease.
- The District's 2025 refined average daily attendance is expected to be 2750, indicating a 12% increase from the previous year.

These indicators were considered when adopting the general fund budget for 2025. Amounts available for appropriation in the general fund budget are \$39,511,435, an increase of 3% percent from the final 2024 budget.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2025.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

FERRIS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION**

JUNE 30, 2024

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 1,832,544	\$ 66,477	\$ 1,899,021
1120 <i>Current Investments</i>	9,246,641	3,254,217	12,500,858
1225 <i>Property Taxes Receivable (Net)</i>	838,343	--	838,343
1240 <i>Due from Other Governments</i>	7,325,234	18,592	7,343,826
1260 <i>Internal Balances</i>	2,062,010	(2,062,010)	--
1290 <i>Other Receivables (Net)</i>	35,014	--	35,014
1300 <i>Inventories</i>	37,708	27,172	64,880
Capital and Right-to-Use Assets:			
1510 <i>Land</i>	618,939	--	618,939
1520 <i>Buildings and Improvements, Net</i>	49,071,822	--	49,071,822
1530 <i>Furniture and Equipment, Net</i>	1,985,483	67,569	2,053,052
1550 <i>Capital Leased Assets, Net</i>	215,407	--	215,407
1550 <i>Right to Use Assets, Net</i>	103,361	--	103,361
1000 Total Assets	<u>73,372,506</u>	<u>1,372,017</u>	<u>74,744,523</u>
DEFERRED OUTFLOWS OF RESOURCES:			
<i>Deferred Outflow Related to Pensions</i>	6,203,141	168,234	6,371,375
<i>Deferred Outflow Related to OPEB</i>	3,604,439	98,727	3,703,166
1700 Total Deferred Outflows of Resources	<u>9,807,580</u>	<u>266,961</u>	<u>10,074,541</u>
LIABILITIES:			
2110 <i>Accounts Payable</i>	313,953	--	313,953
2140 <i>Interest Payable</i>	315,161	--	315,161
2165 <i>Accrued Liabilities</i>	3,108,471	99,956	3,208,427
2180 <i>Due to Other Governments</i>	30,923	--	30,923
2300 <i>Unearned Revenue</i>	72,100	--	72,100
Noncurrent Liabilities:			
2501 <i>Due Within One Year</i>	2,290,877	--	2,290,877
2502 <i>Due in More Than One Year</i>	26,331,415	--	26,331,415
2540 <i>Net Pension Liability</i>	12,966,733	327,738	13,294,471
2545 <i>Net OPEB Liability</i>	5,403,938	147,286	5,551,224
2000 Total Liabilities	<u>50,833,571</u>	<u>574,980</u>	<u>51,408,551</u>
DEFERRED INFLOWS OF RESOURCES:			
<i>Deferred Revenue Related to Gain on Bond Refunding</i>	722,685	--	722,685
<i>Deferred Inflow Related to Pensions</i>	520,318	48,580	568,898
<i>Deferred Inflow Related to OPEB</i>	8,352,942	233,906	8,586,848
2600 Total Deferred Inflows of Resources	<u>9,595,945</u>	<u>282,486</u>	<u>9,878,431</u>
NET POSITION:			
3200 Net Investment in Capital Assets	23,004,174	67,569	23,071,743
Restricted For:			
3820 <i>State and Federal Programs</i>	--	648,596	648,596
3850 <i>Debt Service</i>	4,357,927	--	4,357,927
3860 <i>Capital Projects</i>	59,318	--	59,318
3890 <i>Other Purposes - Nonspendable</i>	37,708	--	37,708
3900 <i>Unrestricted</i>	(4,708,557)	65,347	(4,643,210)
3000 Total Net Position	<u>\$ 22,750,570</u>	<u>\$ 781,512</u>	<u>\$ 23,532,082</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

		1	3	4
			Program Revenues	
Data Control Codes	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 24,097,547	\$ 84,794	\$ 3,685,910
12	Instructional Resources and Media Services	315,040	1,471	19,120
13	Curriculum and Staff Development	2,717,645	22,951	953,194
21	Instructional Leadership	918,534	--	147,938
23	School Leadership	1,891,195	18,213	130,955
31	Guidance, Counseling, and Evaluation Services	1,783,276	--	182,274
33	Health Services	397,716	--	19,808
34	Student Transportation	941,278	--	50,323
36	Cocurricular/Extracurricular Activities	1,606,452	114,852	58,527
41	General Administration	1,436,194	--	124,144
51	Facilities Maintenance and Operations	3,533,601	22,792	164,711
52	Security and Monitoring Services	934,374	--	114,529
53	Data Processing Services	693,914	--	38,507
61	Community Services	52,297	--	7,411
72	Interest on Long-term Debt	821,885	--	543,127
73	Bond Issuance Costs and Fees	2,680	--	--
95	Payments to Juvenile Justice Alternative Ed. Programs	5,405	--	38
99	Other Intergovernmental Charges	88,705	--	--
TG	Total Governmental Activities	<u>42,237,738</u>	<u>265,073</u>	<u>6,240,516</u>
	Business-type Activities:			
05	Food Services	2,612,680	145,333	2,493,261
01	Enterprising Activities	1,820	1,078	--
TB	Total Business-type Activities	<u>2,614,500</u>	<u>146,411</u>	<u>2,493,261</u>
TP	Total Primary Government	<u>\$ 44,852,238</u>	<u>\$ 411,484</u>	<u>\$ 8,733,777</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
IE	Investment Earnings			
SF	State Aid-Formula Grants			
MI	Miscellaneous			
MI	Gain on Insurance Recovery			
FR	Transfers			
TR	Total General Revenues and Transfers			
CN	Change in Net Position			
NB	Net Position - Beginning			
NE	Net Position - Ending			

The accompanying notes are an integral part of this statement.

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8

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (20,326,843)		\$ (20,326,843)
(294,449)		(294,449)
(1,741,500)		(1,741,500)
(770,596)		(770,596)
(1,742,027)		(1,742,027)
(1,601,002)		(1,601,002)
(377,908)		(377,908)
(890,955)		(890,955)
(1,433,073)		(1,433,073)
(1,312,050)		(1,312,050)
(3,346,098)		(3,346,098)
(819,845)		(819,845)
(655,407)		(655,407)
(44,886)		(44,886)
(278,758)		(278,758)
(2,680)		(2,680)
(5,367)		(5,367)
(88,705)		(88,705)
<u>(35,732,149)</u>		<u>(35,732,149)</u>
--	\$ 25,914	25,914
--	(742)	(742)
--	<u>25,172</u>	<u>25,172</u>
<u>(35,732,149)</u>	<u>25,172</u>	<u>(35,706,977)</u>
6,842,929	--	6,842,929
3,532,798	--	3,532,798
679,682	35,425	715,107
26,262,069	--	26,262,069
158,017	2,200	160,217
30,121	--	30,121
139,751	--	139,751
<u>37,645,367</u>	<u>37,625</u>	<u>37,682,992</u>
1,913,218	62,797	1,976,015
20,837,352	718,715	21,556,067
<u>\$ 22,750,570</u>	<u>\$ 781,512</u>	<u>\$ 23,532,082</u>

FERRIS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2024

Data Control Codes	10 General Fund	ESSER Fund III of the Amer. Resc. Plan Act
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 316,943	\$ --
1120 <i>Current Investments</i>	2,797,911	1,538,574
1225 <i>Taxes Receivable, Net</i>	590,374	--
1240 <i>Due from Other Governments</i>	6,249,998	225,917
1260 <i>Due from Other Funds</i>	6,169,478	--
1290 <i>Other Receivables</i>	31,106	--
1300 <i>Inventories</i>	37,708	--
1000 Total Assets	<u>\$ 16,193,518</u>	<u>\$ 1,764,491</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 38,763	\$ --
2150 <i>Payroll Deductions and Withholdings</i>	104,834	946
2160 <i>Accrued Wages Payable</i>	2,837,696	10,383
2170 <i>Due to Other Funds</i>	299,850	1,753,162
2180 <i>Due to Other Governments</i>	--	--
2300 <i>Unearned Revenue</i>	--	--
2000 Total Liabilities	<u>3,281,143</u>	<u>1,764,491</u>
DEFERRED INFLOWS OF RESOURCES:		
<i>Unavailable Revenue - Property Taxes</i>	590,374	--
2600 Total Deferred Inflows of Resources	<u>590,374</u>	<u>--</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3410 <i>Inventories</i>	37,708	--
Restricted Fund Balances:		
3470 <i>Capital Acquisitions and Contractual Obligations</i>	--	--
3480 <i>Retirement of Long-Term Debt</i>	--	--
Assigned Fund Balances:		
3590 <i>Other Assigned Fund Balance - Improvements</i>	2,601,000	--
3590 <i>Other Assigned Fund Balance - Campus Activity</i>	--	--
3600 <i>Unassigned</i>	9,683,293	--
3000 Total Fund Balances	<u>12,322,001</u>	<u>--</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 16,193,518</u>	<u>\$ 1,764,491</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

50 Debt Service Fund	onmf Other Governmental Funds	98 Total Governmental Funds
\$ 568,645	\$ 520,410	\$ 1,405,998
3,572,236	1,337,920	9,246,641
247,969	--	838,343
--	849,319	7,325,234
--	1,176	6,170,654
--	3,908	35,014
--	--	37,708
<u>\$ 4,388,850</u>	<u>\$ 2,712,733</u>	<u>\$ 25,059,592</u>
\$ --	\$ --	\$ 38,763
--	12,265	118,045
--	142,347	2,990,426
--	2,138,798	4,191,810
30,923	--	30,923
--	72,100	72,100
<u>30,923</u>	<u>2,365,510</u>	<u>7,442,067</u>
247,969	--	838,343
<u>247,969</u>	<u>--</u>	<u>838,343</u>
--	--	37,708
--	59,318	59,318
4,109,958	--	4,109,958
--	--	2,601,000
--	287,905	287,905
--	--	9,683,293
<u>4,109,958</u>	<u>347,223</u>	<u>16,779,182</u>
<u>\$ 4,388,850</u>	<u>\$ 2,712,733</u>	<u>\$ 25,059,592</u>

FERRIS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances - governmental funds balance sheet	\$ 16,779,182
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	51,995,012
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	838,343
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	234,521
Payables for bond principal which are not due in the current period are not reported in the funds.	(25,117,859)
Payables for financed purchased leases which are not due in the current period are not reported in the funds.	(202,592)
Payables for debt interest which are not due in the current period are not reported in the funds.	(315,161)
Payables for notes which are not due in the current period are not reported in the funds.	(466,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(669,300)
Payables for right-to-use leases which are not due in the current period are not reported in the funds.	(64,243)
Payables for right-to-use subscriptions which are not due in the current period are not reported in the funds.	(19,376)
Deferred gain on bond refunding is not reported in the funds.	(722,685)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(12,966,733)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(520,318)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	6,203,141
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(1,043,998)
Bond premiums are amortized in the SNA but not in the funds.	(1,038,924)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(5,403,938)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(8,352,942)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	3,604,439
Rounding difference	1
Net position of governmental activities - Statement of Net Position	\$ <u>22,750,570</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes		10 General Fund	ESSER Fund III of the Amer. Resc. Plan Act
REVENUES:			
5700	Local and Intermediate Sources	\$ 7,496,887	\$ --
5800	State Program Revenues	28,584,488	--
5900	Federal Program Revenues	191,739	1,479,410
5020	Total Revenues	36,273,114	1,479,410
EXPENDITURES:			
Current:			
0011	Instruction	20,641,283	785,031
0012	Instructional Resources and Media Services	299,863	--
0013	Curriculum and Staff Development	1,680,249	633,888
0021	Instructional Leadership	740,150	13,727
0023	School Leadership	1,772,725	13,869
0031	Guidance, Counseling, and Evaluation Services	1,586,874	2,253
0033	Health Services	379,873	--
0034	Student Transportation	886,653	9,530
0036	Cocurricular/Extracurricular Activities	1,453,112	--
0041	General Administration	1,307,231	21,112
0051	Facilities Maintenance and Operations	3,531,468	--
0052	Security and Monitoring Services	892,560	--
0053	Data Processing Services	664,000	--
0061	Community Services	46,179	--
0071	Principal on Long-term Debt	282,665	--
0072	Interest on Long-term Debt	27,719	--
0073	Bond Issuance Costs and Fees	--	--
0081	Capital Outlay	--	--
0095	Payments to Juvenile Justice Alternative		
0095	Education Programs	5,405	--
0099	Other Intergovernmental Charges	88,705	--
6030	Total Expenditures	36,286,714	1,479,410
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	(13,600)	--
Other Financing Sources and (Uses):			
7915	Transfers In	--	--
7080	Total Other Financing Sources and (Uses)	--	--
1200	Net Change in Fund Balances	(13,600)	--
0100	Fund Balances - Beginning	12,335,601	--
3000	Fund Balances - Ending	\$ 12,322,001	\$ --

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

50 Debt Service Fund	onmf Other Governmental Funds	98 Total Governmental Funds
\$ 3,583,294	\$ 235,034	\$ 11,315,215
543,127	284,109	29,411,724
--	1,888,724	3,559,873
<u>4,126,421</u>	<u>2,407,867</u>	<u>44,286,812</u>
--	1,679,129	23,105,443
--	1,279	301,142
--	260,071	2,574,208
--	112,993	866,870
--	15,759	1,802,353
--	97,611	1,686,738
--	--	379,873
--	1,159	897,342
--	76,908	1,530,020
--	38,469	1,366,812
--	32,794	3,564,262
--	59,525	952,085
--	--	664,000
--	3,957	50,136
2,000,000	--	2,282,665
1,026,438	--	1,054,157
2,680	--	2,680
--	109,578	109,578
--	--	5,405
--	--	88,705
<u>3,029,118</u>	<u>2,489,232</u>	<u>43,284,474</u>
 1,097,303	 (81,365)	 1,002,338
--	139,751	139,751
--	139,751	139,751
<u>1,097,303</u>	<u>58,386</u>	<u>1,142,089</u>
3,012,655	288,837	15,637,093
<u>\$ 4,109,958</u>	<u>\$ 347,223</u>	<u>\$ 16,779,182</u>

FERRIS INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024*

Net change in fund balances - total governmental funds	\$ 1,142,089
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	387,332
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,088,884)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	193,405
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,000,000
Repayment of loan and right-to use principal is an expenditure in the funds but is not an expense in the SOA.	282,665
Bond issuance premiums and similar items are amortized in the SOA but not in the funds.	109,971
(Increase) decrease in accrued interest from beginning of period to end of period.	122,301
The net revenue (expense) of internal service funds is reported with governmental activities.	196,944
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	43,410
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows.	(1,408,185)
Implementing GASB 75 required certain expenditures to be de-expended and recorded as deferred resource outflows.	932,169
Rounding difference	1
Change in net position of governmental activities - Statement of Activities	\$ <u>1,913,218</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2024

Data Control Codes	Enterprise Fund National Breakfast/Lunch Program	Nonmajor Enterprise Fund Beverage Services	Total Enterprise Funds	Nonmajor Internal Service Fund Insurance Fund
ASSETS:				
Current Assets:				
1110 Cash and Cash Equivalents	\$ 1,130	\$ 65,347	\$ 66,477	\$ 426,545
1120 Investments	3,254,217	--	3,254,217	--
Receivables:				
1240 Due from Other Governments	18,592	--	18,592	--
1260 Due from Other Funds	--	--	--	83,166
1310 Inventories, at Cost	27,172	--	27,172	--
Total Current Assets	<u>3,301,111</u>	<u>65,347</u>	<u>3,366,458</u>	<u>509,711</u>
Noncurrent Assets:				
Capital Assets:				
1530 Furniture and Equipment	312,540	--	312,540	--
1570 Accumulated Depreciation	(244,971)	--	(244,971)	--
Total Noncurrent Assets	<u>67,569</u>	<u>--</u>	<u>67,569</u>	<u>--</u>
1000 Total Assets	<u>3,368,680</u>	<u>65,347</u>	<u>3,434,027</u>	<u>509,711</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Outflow Related to Pension	168,234	--	168,234	--
Deferred Outflow Related to OPEB	98,727	--	98,727	--
1700 Total Deferred Outflows of Resources	<u>266,961</u>	<u>--</u>	<u>266,961</u>	<u>--</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	--	--	--	275,190
2150 Payroll Deduction and Withholdings	10,833	--	10,833	--
2160 Accrued Wages Payable	89,123	--	89,123	--
2170 Due to Other Funds	2,062,010	--	2,062,010	--
Total Current Liabilities	<u>2,161,966</u>	<u>--</u>	<u>2,161,966</u>	<u>275,190</u>
Noncurrent Liabilities:				
2540 Net Pension Liability	327,738	--	327,738	--
2545 Net OPEB Liability	147,286	--	147,286	--
Total Noncurrent Liabilities	<u>475,024</u>	<u>--</u>	<u>475,024</u>	<u>--</u>
2000 Total Liabilities	<u>2,636,990</u>	<u>--</u>	<u>2,636,990</u>	<u>275,190</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflow Related to Pensions	48,580	--	48,580	--
Deferred Inflow Related to OPEB	233,906	--	233,906	--
2600 Total Deferred Inflows of Resources	<u>282,486</u>	<u>--</u>	<u>282,486</u>	<u>--</u>
NET POSITION:				
3200 Net Investment in Capital Assets	67,569	--	67,569	--
3800 Restricted for State and Federal Programs	648,596	--	648,596	--
3900 Unrestricted	--	65,347	65,347	234,521
3000 Total Net Position	<u>\$ 716,165</u>	<u>\$ 65,347</u>	<u>\$ 781,512</u>	<u>\$ 234,521</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	Enterprise Fund National Breakfast/Lunch Program	Nonmajor Enterprise Fund Beverage Services	Total Enterprise Funds	Nonmajor Internal Service Fund Insurance Fund
OPERATING REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 182,958	\$ 1,078	\$ 184,036	\$ 439,229
5800 <i>State Program Revenues</i>	31,579	--	31,579	--
5900 <i>Federal Program Revenues</i>	116,330	--	116,330	--
5020 <i>Total Revenues</i>	<u>330,867</u>	<u>1,078</u>	<u>331,945</u>	<u>439,229</u>
OPERATING EXPENSES:				
6100 <i>Payroll Costs</i>	1,018,128	--	1,018,128	242,285
6200 <i>Professional and Contracted Services</i>	11,599	--	11,599	--
6300 <i>Supplies and Materials</i>	1,556,405	--	1,556,405	--
6400 <i>Other Operating Costs</i>	26,548	1,820	28,368	--
6030 <i>Total Expenses</i>	<u>2,612,680</u>	<u>1,820</u>	<u>2,614,500</u>	<u>242,285</u>
Operating Income (Loss)	<u>(2,281,813)</u>	<u>(742)</u>	<u>(2,282,555)</u>	<u>196,944</u>
NON-OPERATING REVENUES (EXPENSES):				
7951 <i>Other Non-oper. Rev.-SFSP/Supply Chain Assist.</i>	93,592	--	93,592	--
7952 <i>National School Breakfast Program</i>	634,824	--	634,824	--
7953 <i>National School Lunch Program</i>	1,479,223	--	1,479,223	--
7954 <i>USDA Donated Commodities</i>	137,713	--	137,713	--
8030 <i>Total Non-operating Revenues (Expenses)</i>	<u>2,345,352</u>	<u>--</u>	<u>2,345,352</u>	<u>--</u>
1300 <i>Change in Net Position</i>	63,539	(742)	62,797	196,944
0100 <i>Total Net Position - Beginning</i>	652,626	66,089	718,715	37,577
3300 <i>Total Net Position - Ending</i>	<u>\$ 716,165</u>	<u>\$ 65,347</u>	<u>\$ 781,512</u>	<u>\$ 234,521</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Fund National Breakfast/Lunch Program	Nonmajor Enterprise Fund Beverage Services	Total Enterprise Funds	Nonmajor Internal Service Fund Insurance Fund
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 182,958	\$ 1,078	\$ 184,036	\$ --
Cash Received from Grants	2,502,397	--	2,502,397	--
Cash Receipts (Payments) for Quasi-external	--	--	--	439,229
Cash Payments to Employees for Services	(1,005,352)	--	(1,005,352)	(189,668)
Cash Payments to Other Suppliers for Goods and Services	(1,602,845)	(1,820)	(1,604,665)	--
Net Cash Provided (Used) by Operating Activities	<u>77,158</u>	<u>(742)</u>	<u>76,416</u>	<u>249,561</u>
Cash Flows from Non-capital Financing Activities:				
Increase (Decrease) in Amounts Due to Other Funds	2,062,010	--	2,062,010	160,000
Increase (Decrease) in Pension and OPEB Obligations	19,247	--	19,247	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>2,081,257</u>	<u>--</u>	<u>2,081,257</u>	<u>160,000</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of Fixed Assets	--	--	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Cash Flows from Investing Activities:				
Investment (Purchases) Sales	(2,158,415)	--	(2,158,415)	--
Net Cash Provided (Used) for Investing Activities	<u>(2,158,415)</u>	<u>--</u>	<u>(2,158,415)</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	--	(742)	(742)	409,561
Cash and Cash Equivalents at Beginning of Year	1,130	66,089	67,219	16,984
Cash and Cash Equivalents at End of Year	<u>\$ 1,130</u>	<u>\$ 65,347</u>	<u>\$ 66,477</u>	<u>\$ 426,545</u>
Reconciliation of Operating Income to Net Cash				
Provided by Operating Activities:				
Net Income (Loss)	\$ 63,539	\$ (742)	\$ 62,797	\$ 196,944
Adjustments to Reconcile Operating Income to Net Cash				
Provided by Operating Activities				
Depreciation	13,845	--	13,845	--
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	9,136	--	9,136	--
(Increase) Decrease in Prepaid Expenditures	(20,018)	--	(20,018)	--
Increase (Decrease) in Accounts Payable	(2,121)	--	(2,121)	52,617
Increase (Decrease) in Accrued Wages Payable	12,777	--	12,777	--
Total Adjustments	<u>13,619</u>	<u>--</u>	<u>13,619</u>	<u>52,617</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 77,158</u>	<u>\$ (742)</u>	<u>\$ 76,416</u>	<u>\$ 249,561</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**JUNE 30, 2024*

		Custodial Funds
Data Control Codes		Student Activity
ASSETS:		
1110	Cash and Cash Equivalents	\$ 93,244
1000	Total Assets	93,244
LIABILITIES:		
2000	Total Liabilities	--
NET POSITION:		
3800	Restricted for Indiv., Org., and Other Gov.	93,244
3000	Total Net Position	\$ 93,244

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Custodial Funds
	Student Activity
ADDITIONS:	
Student Group Fundraising Activities	\$ 279,264
Total Additions	<u>279,264</u>
DEDUCTIONS:	
Benefits to Student Groups	308,296
Total Deductions	<u>308,296</u>
OTHER FINANCING SOURCES AND (USES):	
Transfers Out	(139,751)
Total Other Financing Sources and (Uses)	<u>(139,751)</u>
Change in Fiduciary Net Position	(168,783)
Net Position-Beginning of the Period	262,027
Net Position-End of the Period	<u>\$ 93,244</u>

The accompanying notes are an integral part of this statement.

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

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

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Debt Service Fund: This fund accounts for all dedicated revenues for bonded debt along with the corresponding payments.

ESSER Fund III of the American Rescue Plan Act: This fund accounts for ESSER Fund III of the American Rescue Plan Act grant revenues along with the corresponding expenditures.

The District reports the following major enterprise funds:

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

In addition, the District reports the following fund types:

Capital Projects Fund: These funds are used to account for significant, ongoing capital projects of the District.

Special Revenue Funds: These funds account for the resources restricted or committed for specific purposes. Federal revenues are generally accounted for in special revenue funds, as is some state assistance. Amounts unspent may be returned to the grantor agency at the close of the applicable project period.

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

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

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

b. Measurement Focus, Basis of Accounting

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

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. An allowance for uncollectible accounts in the amount of \$147,943 is reflected in the financial statements as of June 30, 2024.

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

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program.

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

d. Capital and Right-to-Use Assets

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

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Capital and right to use assets are being depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	6
Office Equipment	7
Computer Equipment	5
Capital Leased Assets	2-5
Right-to-use Lease Assets	2-5
Right-to-use Subscription Assets	2-5

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

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

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

g. Compensated Absences

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

h. Interfund Activity

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

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

i. Use of Estimates

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

j. Data Control Codes

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

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

l. Net Position

Net position in the government-wide financial statements is classified as Net Investment in Capital Assets, Restricted, and Unrestricted. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition of these assets. Restricted Net Position consists of assets and deferred resource outflows, net of any related liabilities and deferred resource inflows, which have had restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or laws through constitutional provisions or enabling legislations. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first then unrestricted resources, as they are needed. Unrestricted Net Position consists of amounts that do not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

m. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

n. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

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

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to / deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 99, Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments that do not meet the definition of either an investment or a hedge
- Guidance clarification for short-term leases when there is a modification of terms
- Considerations for public-private partnerships (PPP) terminology as well as recognizing installment payments and transferring underlying PPP assets
- Clarifications of subscription-based information technology arrangement (SBITA) terms, and liability measurement and recognition
- Disclosures related to nonmonetary transactions
- Certain provisions of GASB Statement No. 34
- Pledges of future revenues when resources are not received by the pledging government
- Terminology updates related to deferred inflows and outflows of resources and net position
- Resource flows statements terminology related to GASB Statement No. 53
- Accounting for SNAP distributions
- Requirements related to the extension of the use of LIBOR

The requirements of GASB Statement No. 99 that relate to the extension of the use of LIBOR , accounting for SNAP distributions, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement 34, and terminology updates took effect upon issuance.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District implemented this Statement during the current year, with no significant impact.

GASB Statement No. 100, Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is effected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District adopted Statement No. 100. for the current year, with no significant impact.

Future Implementation of New Standards

The District is currently evaluating the impact related to implementation of the following GASB Statements:

GASB Statement No. 101, Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - should not be recognized until the leave commences. A liability for specific types of compensated absences should not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and for all reporting periods thereafter.

GASB Statement No. 102, Certain Risk Disclosures

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to the financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and for all reporting periods thereafter.

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

C. Deposits and Investments

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

1. Cash Deposits:

At June 30, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,992,265 and the bank balance was \$2,041,641. The District's cash deposits at June 30, 2024 and during the year ended June 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. Of the \$1,992,265 carrying amount, \$550,234 resides in an escrow account to be used to defease 2015 issuance bond payments. The defeasement does not occur until August 15, 2024.

2. Investments:

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

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

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

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

The District's investments at June 30, 2024 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star - First Public	N/A	\$ 8,827,858
Texpool	N/A	401,810
Texas Term	N/A	1,100,126
Logic	N/A	2,171,064
Total Investments		<u>\$ 12,500,858</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At June 30, 2024, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, have no credit risk.

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Investment Accounting Policy

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

Public Funds Investment Pools

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

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio.

LOGIC

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

Lone Star

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

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

TexPool

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

TexasTERM

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

D. Capital Assets

Capital and right of use asset activity for the period ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Transfers & Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated/amortized:</i>				
Land	\$ 618,939	\$ --	\$ --	\$ 618,939
Total capital assets not being depreciated/amortized	618,939	--	--	618,939
<i>Capital assets being depreciated/amortized:</i>				
Buildings and improvements	78,684,914	136,015	--	78,820,929
Equipment	3,385,832	192,909	--	3,578,741
Vehicles	3,511,919	58,408	83,252	3,487,075
Capital Leased Assets	497,093	--	--	497,093
Right-to-Use Leased Assets	293,305	--	--	293,305
Right-to-Use Subscriptions	194,405	--	--	194,405
Total capital assets being depreciated/amortized	86,567,468	387,332	83,252	86,871,548
Less accumulated depreciation/amortization for:				
Buildings and improvements	(28,296,178)	(1,452,929)	--	(29,749,107)
Equipment	(1,995,492)	(254,162)	--	(2,249,654)
Vehicles	(2,781,394)	(132,537)	(83,252)	(2,830,679)
Capital Leased Assets	(182,267)	(99,419)	--	(281,686)
Right-to-Use Leased Assets	(150,127)	(81,929)	--	(232,056)
Right-to-Use Subscriptions	(84,385)	(67,908)	--	(152,293)
Total accumulated depreciation/amortization	(33,489,843)	(2,088,884)	(83,252)	(35,495,475)
Total capital assets being deprec/amort, net	53,077,625	(1,701,552)	--	51,376,073
Governmental activities capital assets, net	\$ 53,077,625	\$ (1,701,552)	\$ --	\$ 51,376,073

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type activities:</u>				
<i>Capital assets being depreciated:</i>				
Equipment	\$ 312,540	\$ --	\$ --	\$ 312,540
Total capital assets being depreciated	312,540	--	--	312,540
Less accumulated depreciation for:				
Equipment	(231,126)	(13,845)	--	(244,971)
Total accumulated depreciation	(231,126)	(13,845)	--	(244,971)
Total capital assets being depreciation, net	81,414	(13,845)	--	67,569
Business-type activities capital assets, net	\$ 81,414	\$ (13,845)	\$ --	\$ 67,569

Governmental activities depreciation/amortization was charged to functions as follows:

Instruction	\$ 1,224,359
Instructional Resources and Media Services	15,241
Curriculum and Staff Development	136,737
Instructional Leadership	46,047
School Leadership	95,709
Guidance, Counseling, & Evaluation Services	89,596
Health Services	20,178
Student Transportation	47,665
Extracurricular Activities	76,421
General Administration	72,603
Plant Maintenance and Operations	178,924
Security and Monitoring Services	47,471
Data Processing Services	35,270
Community Services	2,663
	<u>\$ 2,088,884</u>

Business-type activities depreciation was charged to functions as follows:

Food Services	<u>\$ 13,845</u>
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E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2024, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	ESSER Fund III Amer. Res. Plan	\$ 1,753,162	Short-term loans
General Fund	Other Governmental Funds	2,138,798	Short-term loans
General Fund	National Breakfast/Lunch Program	2,062,010	Short-term loans
Nonmajor Internal Srv. Fund	General Fund	83,166	Short-term loans
General Fund	General Fund	215,508	Short-term loans
Other Governmental Funds	General Fund	1,176	Short-term loans
	Total	<u>\$ 6,253,820</u>	

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

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2024, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Fiduciary Funds	Other Governmental Funds	\$ 139,751	To move custodial funds to campus activity funds
	Total	<u>\$ 139,751</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 12,299,800	\$ --	\$ (1,575,000)	\$ 10,724,800	\$ 1,610,000
Capital Appreciation Bonds	14,818,059	--	(425,000)	14,393,059	435,000
QCEB Notes	528,000	--	(62,000)	466,000	63,000
Financed Lease Purchases from Direct					
Borrowings & Direct Placements	297,934	--	(95,342)	202,592	99,258
Right-to-Use Leases	147,504	--	(83,261)	64,243	64,243
Right-to-Use Subscriptions	61,438	--	(42,062)	19,376	19,376
Compensated absences *	712,710	60,514	(103,924)	669,300	--
Accreted CAB interest	918,026	125,972	--	1,043,998	--
Net Premium	1,148,895	--	(109,971)	1,038,924	--
Net Pension Liability*	9,483,181	3,483,552	--	12,966,733	--
Net OPEB Liability*	5,284,456	119,482	--	5,403,938	--
Total governmental activities	<u>\$ 45,700,003</u>	<u>\$ 3,789,520</u>	<u>\$ (2,496,560)</u>	<u>\$ 46,992,963</u>	<u>\$ 2,290,877</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Business-type activities:</u>					
Net Pension Liability*	\$ 218,974	\$ 108,764	\$ --	\$ 327,738	\$ --
Net OPEB Liability*	144,117	3,169	--	147,286	--
Total business-type activities	<u>\$ 363,091</u>	<u>\$ 111,933</u>	<u>\$ --</u>	<u>\$ 475,024</u>	<u>\$ --</u>

* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund
Net Pension Liability	Governmental	General Fund
Net OPEB Liability	Governmental	General Fund
Net Pension Liability	Business-type	National School Breakfast and Lunch Program
Net OPEB Liability	Business-type	National School Breakfast and Lunch Program

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

General Obligation Bonds

General obligation school building bonds payable at June 30, 2024, with their outstanding balance are comprised of the following individual issues.

The District issued \$9,280,000 of Schoolhouse Series 2013 Refunding Bonds during the year ended August 31, 2013 for the purposes of refinancing. Interest rates vary from 2.0% to 4.5% with installments varying from \$60,000 to \$745,000. The total balance on this issue at June 30, 2024 is \$6,090,000. The bonds mature in 2034.

The District issued \$2,903,059 of Unlimited Tax School Building & Refunding Bonds, Series 2015 during the year ended August 31, 2015 for the purposes of refinancing \$1,590,000 of Series 2004 & 2005 along with \$1,500,000 proceeds. Interest rate of 2.0% with installments varying from \$140,000 to \$640,000. The total balance on this issue at June 30, 2024 is \$1,108,059. A portion of this issue is a CAB and \$1,081,941 must be accreted over the life of the issue. The accretion payable of \$540,873 is included above. The bonds mature in 2035. There is an unamortized gain on this issue of \$93,171 after \$9,407 was amortized this year. On August 15, 2024, the District elected to defease this bond issue. The defeasement takes place in fiscal year 2025 and will effect the fiscal years 2035 and 2036 bond payments. The defeasement will generate a future economic gain of \$264,766.

The District issued \$4,633,280 of Schoolhouse Series 2017 Refunding Bonds during the year ended August 31, 2017 for the purposes of refinancing. Interest rates vary from 2.0% to 4.5% with installments varying from \$185,991 to \$940,000. The total balance on this issue at June 30, 2024 is \$2,649,800 with \$0 classified as Capital Appreciation as final CAB portion has been paid and all accreted interest has been cleared. Also, there was a gain on refinancing of \$1,969,298 of which \$196,930 was amortized this year leaving a balance of \$393,798.

The District issued \$15,245,000 of Unlimited Schoolhouse Unlimited Building & Refunding Series 2018 during the year ended August 31, 2018 for the purposes of providing cash proceeds of \$7,000,000 and refinancing \$9,020,000 of bond series 2011. These bonds carry interest rates of 2.5% to 4.125% with installments varying from \$430,000 to \$1,805,000. The total balance on this issue at June 30, 2024 is \$13,285,000. The entire series is considered a capital appreciation series, requiring total interest accreted of \$1,100,000 over 16 years. Interest accreted at June 30, 2024 is \$503,125. Also, there was a premium on this issue of \$1,710,355 of which \$106,897 was amortized this year leaving a balance of \$962,076.

The District issued \$2,170,000 of Schoolhouse Series 2020 Refunding Bonds during the year ended August 31, 2020 for the purposes of refinancing the 2010 Bonds. Interest rates vary from 3.0% to 4.0% with installments varying from \$30,000 to \$230,000. The total balance on this issue at June 30, 2024 is \$1,985,000. The bonds mature in 2034. The District recorded a gain on refinancing of \$330,000 and after an amortization of \$23,571 this year leaves a balance of \$235,716 at June 30, 2024. The District recorded a premium of \$89,144 and after an amortization of \$3,074 leaves a balance of \$76,848 at June 30, 2024.

Notes

During 2016, the District issued \$900,000 of Taxable Series 2016 QECB Notes for purposes of capital improvements. The notes carry an interest rate of 1.618% and are repayable in installments of \$32,000 to \$71,000. The balance at June 30, 2024 is \$466,000 and it matures in 2031. This note is not considered a direct borrowing.

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2024, are as follows:

Year Ending June 30,	Governmental Activities				
	Bonds		QCEB Notes		Total
	Principal	Interest	Principal	Interest	
2025	\$ 2,045,000	\$ 990,275	\$ 63,000	\$ 7,540	\$ 3,105,815
2026	2,185,000	915,300	64,500	6,521	3,171,321
2027	2,270,000	841,125	65,500	5,477	3,182,102
2028	2,245,000	753,550	66,500	4,417	3,069,467
2029	2,340,000	660,400	67,500	3,341	3,071,241
2030-2034	11,965,000	1,820,513	139,000	3,382	13,856,534
2035-2039	3,150,000	93,725	--	--	3,243,725
Totals	<u>\$ 26,200,000</u>	<u>\$ 6,074,888</u>	<u>\$ 466,000</u>	<u>\$ 30,678</u>	<u>\$ 32,771,566</u>

The above repayment schedule is provided by Bond Counsel to the District. This schedule is based on payments of accreted interest being treated as principal payments in future years. As of June 30, 2024 included in this schedule is CAB interest of \$1,082,141 on 2017 Issue, 2018 Issue and 2015 Issue which when added to the bond total long-term obligation on Note F item 1, yields a total of \$26,200,000.

The accreted interest of \$1,043,998 and Net Premium of \$1,038,924 in Note F item 1 are not included in the Bond Counsel debt service schedule above. The premium is amortized \$109,971 yearly until satisfied.

Year Ending June 30,	Governmental Activities-Compensated Absences		
	Principal	Interest	Total
2025	\$ --	\$ --	\$ --
2026	50,000	--	50,000
2027	50,000	--	50,000
2028	50,000	--	50,000
2029	50,000	--	50,000
2030-2034	469,300	--	469,300
Totals	<u>\$ 669,300</u>	<u>\$ --</u>	<u>\$ 669,300</u>

G. Leases

Lease activity for the year ended June 30, 2024, was as follows:

Right of Use Leases

The District previously entered into a sixty month leasing arrangement for copiers which was revalued to a forty-three month leasing arrangement at September 1, 2021 under GASB Statement No. 87, totaling \$293,305, payable in annual installments of \$7,235 at an interest rate of 3.25 percent. There are no variable payments not included in the measurement of the leases. The balance at June 30, 2024 is \$64,243.

Future lease payment maturity schedule is as follows:

Year ended June 30,	Principal	Interest	Total
2025	\$ 64,243	\$ 873	\$ 65,116
	<u>\$ 64,243</u>	<u>\$ 873</u>	<u>\$ 65,116</u>

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Financed Lease Purchases from Direct Borrowings and Direct Placements

The District previously entered into a five year leasing arrangement for buses totaling \$497,093 payable in annual installments of \$107,577 at an interest rate of 4.03 percent. The balance at June 30, 2024 was \$202,592. The vehicles serve as collateral and the District assumes ownership of the vehicles at the end of the lease term. In the event of default, the entire outstanding amount may become due and payable.

Future lease payment maturity schedule is as follows:

Year ended June 30,	Principal	Interest	Total
2025	\$ 99,258	\$ 8,319	\$ 107,577
2026	103,334	4,243	107,577
	<u>\$ 202,592</u>	<u>\$ 12,562</u>	<u>\$ 215,154</u>

Right of Use Subscriptions

The District previously entered into a thirty-six month subscription-based information technology arrangement for GoGuardian Beacon which was revalued to a twelve month subscription arrangement asset at September 1, 2022 under GASB Statement No. 96, totaling \$6,057. Payment was due at inception. The subscription terminates August 31, 2024. As of June 30, 2024, the District has reported a right-to-use subscription asset in the amount of \$6,057, less accumulated amortization of \$6,057. There are no future payments.

The District previously entered into a sixty month subscription-based information technology arrangement for GoGuardian Teacher which was revalued to a forty-eight month subscription arrangement asset at September 1, 2022 under GASB Statement No. 96, totaling \$55,723. Payment was due at inception. The subscription terminates August 31, 2026. As of June 30, 2024, the District has reported a right-to-use subscription asset in the amount of \$55,723, less accumulated amortization of \$15,479. There are no future payments.

The District previously entered into a thirty-six month subscription-based information technology arrangement for Microsoft licensing which was revalued to a thirty-four month subscription arrangement at September 1, 2022 under GASB Statement No. 96, totaling \$37,741, payable in annual installments of \$20,441 at an interest rate of 5.5 percent. The subscription terminates June 30, 2025. There are no variable payments or commitments not included in the measurement of the subscription. As of June 30, 2024, the District has reported a right-to-use subscription asset in the amount of \$57,917, less accumulated amortization of \$37,476, and a remaining right-to-use subscription liability of \$19,376.

The District previously entered into a thirty-six month subscription-based information technology arrangement for Droplet which was revalued to a thirty-two month subscription arrangement at September 1, 2022 under GASB Statement No. 96, totaling \$46,158, payable in annual installments of \$25,000 at an interest rate of 5.5 percent. The subscription terminates April 24, 2025. There are no variable payments or commitments not included in the measurement of the subscription. As of June 30, 2024, the District has reported a right-to-use subscription asset in the amount of \$46,158, less accumulated amortization of \$46,158, and a remaining right-to-use subscription liability of \$0.

Future subscription payment maturity schedule is as follows:

Year ended June, 30	Principal	Interest	Total
2025	\$ 19,376	\$ 1,065	\$ 20,441
	<u>\$ 19,376</u>	<u>\$ 1,065</u>	<u>\$ 20,441</u>

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

H. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2024, 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.

I. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where 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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan description in (1) above.

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

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2023</u>	<u>2024</u>
Member	8.0%	8.25%
Non-Employer Contributing Entity (State)	8.0%	8.25%
Employers	8.0%	8.25%
District's 2024 Employer Contributions	\$	1,165,044
District's 2024 Member Contributions	\$	2,155,725
2023 NECE On-Behalf Contributions (State)	\$	1,323,581

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

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

- On the portion of a 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 or all of an employee's salary is paid by federal, private, local or non-educational and general funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023.

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	4.13% *
Last year ending August 31 in Projection Period	2022
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

* The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions, please see the actuarial valuation report dated November 22, 2022.

6. Discount Rate

A single discount rate of 7.00 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 7.00 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 legislative session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent in fiscal year 2025 and thereafter. 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 projected 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 expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Asset Class	Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.0%	1.0%
Non-U.S. Developed	13.0%	4.5%	0.9%
Emerging Markets	9.0%	4.8%	0.7%
Private Equity *	14.0%	7.0%	1.5%
Stable Value			
Government Bonds	16.0%	2.5%	0.5%
Absolute Return *	0.0%	3.6%	0.0%
Stable Value Hedge Funds	5.0%	4.1%	0.2%
Real Return			
Real Estate	15.0%	4.9%	1.1%
Energy, Natural Resources and Infrastructure	6.0%	4.8%	0.4%
Commodities	0.0%	4.4%	0.0%
Risk Parity	8.0%	4.5%	0.4%
Asset Allocation Leverage			
Cash	2.0%	3.7%	0.0%
Asset Allocation Leverage	(6.0%)	4.4%	(0.1)%
Inflation Expectation			2.3%
Volatility Drag ****			(0.9)%
Expected Return	100.0%		8.0%

* Absolute Return includes Credit Sensitive Investments.
 ** Target allocations are based on the FY2023 policy model.
 *** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023)
 **** The volatility drag results from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using a discount rate of 7.00 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 19,875,970	\$ 13,294,471	\$ 7,821,951

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

At June 30, 2024, the District reported a liability of \$13,294,471 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	\$ 13,294,471
State's proportionate share that is associated with District	<u>17,687,362</u>
Total	<u>\$ 30,981,833</u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At the measurement date of August 31, 2023 the employer's proportion of the collective net pension liability was 0.0193542045% which was an increase (decrease) of 0.0030116494% its proportion measured as of August 31, 2022.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2024, the District recognized pension expense of \$5,028,341 and revenue of \$2,670,639 for support provided by the State.

At June 30, 2024, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 473,687	\$ 160,981
Changes in Actuarial Assumptions	1,257,397	307,714
Difference Between Projected and Actual Investment Earnings	1,934,668	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	1,800,073	100,203
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	905,550	--
Total	<u>\$ 6,371,375</u>	<u>\$ 568,898</u>

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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
2025	\$ 1,045,433
2026	\$ 817,570
2027	\$ 2,028,988
2028	\$ 793,252
2029	\$ 211,683
Thereafter	\$ 1

J. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

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

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4. Contributions

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

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of Salary. Section 1575.204 establishes a public school 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 employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	<u>2023</u>	<u>2024</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%

The contribution amounts for the District's fiscal year 2024 are as follows:

District's 2024 Employer Contributions	\$	237,331
District's 2024 Member Contributions	\$	170,886
2023 NECE On-Behalf Contributions (state)	\$	262,473

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2023 totaled \$14,548,344.

A supplemental appropriation was received in 2023 for \$21.3 million provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023.

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rates were 7.75 percent for Medicare retirees and 7.00 percent for non-Medicare retirees. The initial prescription drug trend rate was 7.75 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.

6. Discount Rate

A single discount rate of 4.13 percent was used to measure the Total OPEB Liability. This was an increase of 0.22 percent in the discount rate since the previous year. Since the plan is 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 for the municipal bond rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity "20-Year Municipal GO AA Index", as of August 31, 2023.

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District's proportionate share of the Net OPEB Liability:	\$ 6,538,185	\$ 5,551,224	\$ 4,745,839

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

At June 30, 2024, the District reported a liability of \$5,551,224 for its proportionate share of the TRS' Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 5,551,224
State's proportionate share that is associated with the District	<u>6,698,405</u>
Total	<u>\$ 12,249,629</u>

The Net OPEB liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023 the District's proportion of the collective net OPEB liability was 0.0250751969% which was an increase (decrease) of 0.0024032446% from its proportion measured as of August 31, 2022.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 4,571,155	\$ 5,551,224	\$ 6,812,085

9. Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023. This change decreased the Total OPEB Liability.

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

The amount of OPEB expense recognized by the District in the reporting period was \$(2,196,793).

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

At June 30, 2024, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 251,151	\$ 4,670,303
Changes in actuarial assumptions	757,702	3,399,161
Difference between projected and actual investment earnings	2,398	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2,499,842	517,384
Contributions paid to TRS subsequent to the measurement date	192,073	
Total	<u>\$ 3,703,166</u>	<u>\$ 8,586,848</u>

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

Year ended June 30:	OPEB Expense Amount
2025	\$ (1,181,435)
2026	\$ (926,826)
2027	\$ (582,126)
2028	\$ (899,486)
2029	\$ (657,449)
Thereafter	\$ (828,433)

For the year ended June 30, 2024, the District recognized OPEB expense of \$(2,196,793) and revenue of \$(1,431,977) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended June 30, 2024, fiscal period ended June 30, 2023 and fiscal year ended August 31, 2022 the subsidy payments received by TRS-Care on behalf of the District were \$155,674, \$127,625 and \$91,803.

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

K. Employee Health Care Coverage

During the year ended June 30, 2024, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$250 per month per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2024, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the TRS Active Care are available for the year ended December 31, 2023, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

L. Commitments and Contingencies

1. Contingencies

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

2. Commitments

During the current fiscal year, the District elected to defease 2015 bonds. The bond defeasement will take place on August 15, 2024. The defeasement will cost the district \$550,234 between payment and fees and will generate a future economic gain of \$264,766.

2. Litigation

No reportable litigation was pending against the District at June 30, 2024.

M. Shared Services Arrangements

Shared Services Arrangement - Membership

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

Member Districts

46 Other Districts

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

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

N. Self-Funded Workman's Compensation Insurance

During the year ended June 30, 2024, the District was a member of a worker's compensation self-insurance joint fund plan (the Plan). All premiums were paid to a third party administrator acting on behalf of the Plan. The Plan was authorized pursuant to Texas Revised Civil Statutes Annotated Art. 8309h and Texas Government Code Ch. 791 (the Interlocal Cooperation Act), which was documented by contractual agreement. The proportionate contributions of all members were combined into the Plan. Each member agreed to make its proportionate contribution available to all other members for the payment of worker's compensation benefits and the administration of the Plan. A member's proportionate contributions may be used for the payment of benefits and the administration of claims of that member's employees or another member's employees. Excess worker's compensation insurance is carried by Safety National Casualty Corporation. The specific retention is \$225,000, aggregate limit \$5,000,000. Liabilities are reported when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. This liability of \$275,190 is reflected in the internal service fund.

Statement of Change in Liability	2024	2023
Unpaid claims at July 1	\$ 222,573	\$ 189,731
Claims and adjustments during the year	124,433	88,374
Payments of claims during the year	(71,816)	(55,532)
Total unpaid claims at June 30	<u>\$ 275,190</u>	<u>\$ 222,573</u>

O. Accumulated Unpaid Sick Leave Benefits

An employee with a minimum total of 15 years employment with the District, including at least ten consecutive years of service prior to retirement, and who meets the retirement policies of the Texas Teacher Retirement system shall be reimbursed for unused sick leave upon retirement. This amount, \$669,300, at June 30, 2024 is reflected in the Government Wide Statement of Net Assets and will be paid with future resources.

	2024	2023
Vested sick at July 1	\$ 712,710	\$ 653,614
Additions during the year	60,514	99,468
Amounts paid during the year	(103,924)	(40,372)
Balance at June 30	<u>\$ 669,300</u>	<u>\$ 712,710</u>

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

The District has non-vested sick leave benefits at June 30, 2024 which are not recorded on the financial statements in the amount of \$1,038,072. These benefits are recorded as expenditures as used.

Required Supplementary Information

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

FERRIS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 9,585,295	\$ 7,502,682	\$ 7,496,887	\$ (5,795)
5800	State Program Revenues	23,238,949	27,841,729	28,584,488	742,759
5900	Federal Program Revenues	325,000	310,000	191,739	(118,261)
5020	Total Revenues	33,149,244	35,654,411	36,273,114	618,703
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	Instruction	19,077,864	21,565,131	20,641,283	923,848
0012	Instructional Resources and Media Services	349,160	324,160	299,863	24,297
0013	Curriculum and Instructional Staff Development	1,402,350	1,847,750	1,680,249	167,501
	Total Instruction and Instr. Related Services	20,829,374	23,737,041	22,621,395	1,115,646
	Instructional and School Leadership:				
0021	Instructional Leadership	820,602	766,602	740,150	26,452
0023	School Leadership	1,981,806	1,797,806	1,772,725	25,081
	Total Instructional and School Leadership	2,802,408	2,564,408	2,512,875	51,533
	Student Support Services:				
0031	Guidance, Counseling and Evaluation Services	1,337,348	1,631,348	1,586,874	44,474
0033	Health Services	395,938	416,438	379,873	36,565
0034	Student Transportation	765,671	1,030,671	886,653	144,018
0036	Extracurricular Activities	1,176,105	1,559,105	1,453,112	105,993
	Total Student Support Services	3,675,062	4,637,562	4,306,512	331,050
	Administrative Support Services:				
0041	General Administration	1,255,411	1,455,411	1,307,231	148,180
	Total Administrative Support Services	1,255,411	1,455,411	1,307,231	148,180
	Support Services:				
0051	Facilities Maintenance and Operations	2,876,516	3,701,016	3,531,468	169,548
0052	Security and Monitoring Services	649,541	931,541	892,560	38,981
0053	Data Processing Services	712,100	750,100	664,000	86,100
	Total Support Services	4,238,157	5,382,657	5,088,028	294,629
	Ancillary Services:				
0061	Community Services	41,332	53,832	46,179	7,653
	Total Ancillary Services	41,332	53,832	46,179	7,653
	Debt Service:				
0071	Debt Service	252,500	339,678	282,665	57,013
0072	Interest on Long-Term Debt	--	27,822	27,719	103
	Total Debt Service	252,500	367,500	310,384	57,116
	Intergovernmental Charges:				
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	--	11,294	5,405	5,889
0099	Other Intergovernmental Charges	75,000	94,706	88,705	6,001
	Total Intergovernmental Charges	75,000	106,000	94,110	11,890
6030	Total Expenditures	33,169,244	38,304,411	36,286,714	2,017,697

FERRIS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(20,000)	(2,650,000)	(13,600)	2,636,400
	EXTRAORDINARY ITEM:				
7919	Extraordinary Item (Resource)	20,000	50,000	--	(50,000)
1200	Net Change in Fund Balance	--	(2,600,000)	(13,600)	2,586,400
0100	Fund Balance - Beginning	12,335,601	12,335,601	12,335,601	--
3000	Fund Balance - Ending	\$ 12,335,601	\$ 9,735,601	\$ 12,322,001	\$ 2,586,400

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

	Measurement Year *									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.019%	0.016%	0.016%	0.016%	0.014%	0.014%	0.015%	0.015%	0.015%	0.009%
District's proportionate share of the net pension liability (asset)	\$ 13,294,471	\$ 9,702,155	\$ 3,966,218	\$ 7,538,746	\$ 7,069,076	\$ 8,165,403	\$ 4,678,091	\$ 5,770,430	\$ 5,322,308	\$ 2,467,624
State's proportionate share of the net pension liability (asset) associated with the District	17,687,362	14,908,296	6,724,565	14,590,143	13,349,622	14,233,987	8,167,160	8,638,035	8,373,279	7,457,820
Total	<u>\$ 30,981,833</u>	<u>\$ 24,610,451</u>	<u>\$ 10,690,783</u>	<u>\$ 22,128,889</u>	<u>\$ 20,418,698</u>	<u>\$ 22,399,390</u>	<u>\$ 12,845,251</u>	<u>\$ 14,408,465</u>	<u>\$ 13,695,587</u>	<u>\$ 9,925,444</u>
District's covered payroll	\$ 24,932,762	\$ 21,326,221	\$ 20,105,859	\$ 19,186,204	\$ 17,110,611	\$ 16,888,356	\$ 16,414,962	\$ 14,927,253	\$ 14,220,295	\$ 13,724,582
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.32%	45.49%	19.73%	39.29%	41.31%	48.35%	28.50%	38.66%	37.43%	17.98%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

* The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

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

	2024	2023*	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,165,044	\$ 863,967	\$ 762,592	\$ 664,629	\$ 556,409	\$ 475,974	\$ 507,752	\$ 473,299	\$ 485,126	\$ 245,497
Contributions in relation to the contractually required contribution	(1,165,044)	(863,967)	(762,592)	(664,629)	(556,409)	(475,974)	(507,752)	(473,299)	(485,126)	(245,497)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 26,289,994	\$ 23,275,110	\$ 21,326,221	\$ 20,105,859	\$ 19,186,204	\$ 17,110,611	\$ 16,888,356	\$ 16,414,962	\$ 14,927,253	\$ 14,220,295
Contributions as a percentage of covered payroll	4.43%	3.71%	3.58%	3.31%	2.90%	2.78%	3.01%	2.88%	3.25%	1.73%

* The District elected to change their year end from August 31 to June 30. The prior ended June 30, 2023 is a short year consisting of ten months.

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

	Measurement Year **									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net OPEB liability	0.03%	0.023%	0.023%	0.022%	0.021%	0.023%	0.019%	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 5,551,224	\$ 5,428,573	\$ 8,841,058	\$ 8,440,547	\$ 10,029,850	\$ 11,312,057	\$ 8,457,091	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	6,698,405	6,622,007	11,845,048	11,342,072	13,327,427	14,705,052	12,768,992	--	--	--
Total	<u>\$ 12,249,629</u>	<u>\$ 12,050,580</u>	<u>\$ 20,686,106</u>	<u>\$ 19,782,619</u>	<u>\$ 23,357,277</u>	<u>\$ 26,017,109</u>	<u>\$ 21,226,083</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 24,932,762	\$ 21,326,221	\$ 20,105,859	\$ 19,186,204	\$ 17,110,611	\$ 16,888,356	\$ 16,414,962	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	22.26%	25.45%	43.97%	43.99%	58.62%	66.98%	51.52%	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%	--	--	--

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

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

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

	2024	2023**	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required District contribution	\$ 237,331	\$ 203,671	\$ 186,214	\$ 179,053	\$ 163,835	\$ 150,523	\$ 156,916	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	237,331	203,671	186,214	179,053	163,835	150,523	156,916	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 26,289,994	\$ 23,275,110	\$ 21,326,221	\$ 20,105,859	\$ 19,186,204	\$ 17,110,611	\$ 16,888,356	\$ --	\$ --	\$ --
Contributions as a percentage of covered payroll	0.90%	0.88%	0.87%	0.89%	0.85%	0.88%	0.93%	--	--	--

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

** The District elected to change their year end from August 31 to June 30. The period ended June 30, 2023 is a short year consisting of ten months.

FERRIS INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

Budget

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

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal period. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

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

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

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

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan and Other Post-Benefit Plans

Changes in actuarial assumptions and inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2023	7.000%	7.000%	4.130%
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.910%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	--
2015	8.000%	8.000%	--
2014	8.000%	8.000%	--

Changes in demographic and economic assumptions

For measurement date August 31, 2018 - Net Pension Liability and Net OPEB Liability:

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

For measurement date August 31, 2020 - Net OPEB Liability:

The participant rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the total OPEB liability.

The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change decreased the total OPEB liability.

Supplementary Information

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

FERRIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-1

CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ --	\$ (1,684)	\$ (1,684)
5020	Total Revenues	--	(1,684)	(1,684)
	EXPENDITURES:			
	Capital Outlay:			
0081	<i>Facilities Acquisition and Construction</i>	113,298	109,578	3,720
	Total Capital Outlay	113,298	109,578	3,720
6030	Total Expenditures	113,298	109,578	3,720
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(113,298)	(111,262)	2,036
1200	Net Change in Fund Balance	(113,298)	(111,262)	2,036
0100	Fund Balance - Beginning	170,580	170,580	--
3000	Fund Balance - Ending	\$ 57,282	\$ 59,318	\$ 2,036

FERRIS INDEPENDENT SCHOOL DISTRICT

ENTERPRISE FUND - SCHOOL BREAKFAST PROGRAM AND NATIONAL SCHOOL LUNCH PROGRAM
 ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT H-2

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
OPERATING REVENUES:				
5700	Local and Intermediate Sources	\$ 218,000	\$ 182,958	\$ (35,042)
5800	State Program Revenues	70,773	31,579	(39,194)
5900	Federal Program Revenues	570,870	116,330	(454,540)
5020	Total Revenues	859,643	330,867	(528,776)
OPERATING EXPENSES:				
6100	Payroll Costs	1,068,285	1,018,128	50,157
6200	Professional and Contracted Services	16,269	11,599	4,670
6300	Supplies and Materials	1,480,103	1,556,405	(76,302)
6400	Other Operating Costs	11,986	26,548	(14,562)
6030	Total Expenses	2,576,643	2,612,680	(36,037)
	Operating Income (Loss)	(1,717,000)	(2,281,813)	(564,813)
NON-OPERATING REVENUES (EXPENSES):				
7951	Other Non-oper. Rev.-SFSP/Supply Chain Assist.	--	93,592	93,592
7952	National School Breakfast Program	350,000	634,824	284,824
7953	National School Lunch Program	1,362,000	1,479,223	117,223
7954	USDA Donated Commodities	5,000	137,713	132,713
8030	Total Non-operating Revenues (Expenses)	1,717,000	2,345,352	628,352
1300	Change in Net Position	--	63,539	63,539
0100	Total Net Position - Beginning	652,626	652,626	--
3300	Total Net Position - Ending	\$ 652,626	\$ 716,165	\$ 63,539

FERRIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

Year Ended June 30	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 7/1/23
	1 Maintenance	2 Debt Service		
2015 and Prior Years	\$ Various	\$ Various	\$ Various	\$ 50,871
2016	1.04	.315	308,934,142	7,732
2017	1.17	.185	319,917,850	8,393
2018	1.17	.2173	355,164,925	10,602
2019	1.17	.3473	404,301,314	16,211
2020	1.0684	.3789	504,071,234	37,465
2021	.9854	.3284	581,424,874	56,742
2022	.9559	.3184	634,106,804	93,954
2023	.9385	.30	795,309,358	476,781
2024 (School Year Under Audit)	.7531	.39	903,308,864	--
1000 Totals				\$ <u>758,751</u>

8000 - Total Taxes Refunded under Section 26.1115, Tax Code

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

EXHIBIT J-1

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/24	99 Total Taxes Refunded Under Sect. 26.1115(c)
\$ --	\$ 4,494	\$ 753	\$ (268)	\$ 45,356	
--	711	215	(17)	6,789	
--	635	100	(16)	7,642	
--	1,050	195	(241)	9,116	
--	1,880	558	(802)	12,971	
--	7,048	2,500	(539)	27,378	
--	13,470	4,489	6,940	45,723	
--	18,767	6,251	2,184	71,120	
--	100,314	32,066	(167,299)	177,102	
10,325,724	6,418,667	3,323,968	--	583,089	
<u>\$ 10,325,724</u>	<u>\$ 6,567,036</u>	<u>\$ 3,371,095</u>	<u>\$ (160,058)</u>	<u>\$ 986,286</u>	
					\$ --
	\$ --				

FERRIS INDEPENDENT SCHOOL DISTRICT**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)****GENERAL FUND****AS OF JUNE 30, 2024****EXHIBIT J-2**

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2024 (Exhibit C-1 object 3000 for the General Fund only)	\$ 12,322,001
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	37,708
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	--
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	2,601,000
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	6,275,000
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	8,913,708
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 3,408,293

Excess amounts to be used to fund future capital projects.

FERRIS INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF JUNE 30, 2024

Data Control Codes		Responses
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 3,457,578
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30)	\$ 2,985,896
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 658,716
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 484,413

FERRIS INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT J-4

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 3,602,642	\$ 3,583,294	\$ (19,348)
5800	State Program Revenues	100,000	543,127	443,127
5020	Total Revenues	3,702,642	4,126,421	423,779
EXPENDITURES:				
Debt Service:				
0071	Debt Service	2,370,500	2,000,000	370,500
0072	Interest on Long-Term Debt	1,312,642	1,026,438	286,204
0073	Bond Issuance Costs and Fees	19,500	2,680	16,820
	Total Debt Service	3,702,642	3,029,118	673,524
6030	Total Expenditures	3,702,642	3,029,118	673,524
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	1,097,303	1,097,303
1200	Net Change in Fund Balance	--	1,097,303	1,097,303
0100	Fund Balance - Beginning	3,012,655	3,012,655	--
3000	Fund Balance - Ending	\$ 3,012,655	\$ 4,109,958	\$ 1,097,303

*Overall Compliance, Internal Control Section
and Federal Awards*

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**FRANK MARX, III, CPA
DORI BOHL, CPA & CFE
CALEB MARX, CPA**

**Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards**

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

Members of the Board of Trustees:

We have audited, in accordance with 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, the business-type activities, each major fund, and the aggregate remaining fund information of Ferris Independent School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Ferris Independent School District's basic financial statements, and have issued our report thereon dated November 19, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Ferris Independent School 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 or significant deficiencies may exist that were not identified.

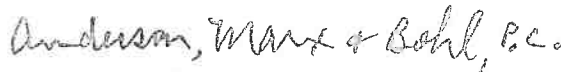
Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Anderson, Marx & Bohl, P.C.

Corsicana, TX
November 19, 2024

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**FRANK MARX, III, CPA
DORI BOHL, CPA & CFE
CALEB MARX, CPA**

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

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

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ferris Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Ferris Independent School District's major federal programs for the year ended June 30, 2024. Ferris Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ferris Independent School District complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

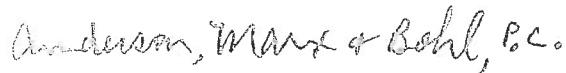
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

Respectfully submitted,



Anderson, Marx & Bohl, P.C.

Corsicana, TX
November 19, 2024

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

Version of compliance supplement used in audit: May 2024

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	ESSER Funds
84.010a	Title I Part A

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

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

FERRIS INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

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

FERRIS INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024

No findings reported, so no corrective action required.

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Direct Program:				
Summer Food Service Program	10.559	070-905	\$ --	\$ 18,592
Passed Through Texas Department of Agriculture:				
National School Lunch Program	10.555	070-905	--	1,479,223
National School Lunch Program (Non-cash)	10.555	070-905	--	137,713
Total ALN Number 10.555			--	1,616,936
School Breakfast Program	10.553	070-905	--	634,824
Supply Chain Assistance	10.559	070-905	--	75,000
Total Passed Through Texas Department of Agriculture			--	2,345,352
Total U. S. Department of Agriculture			--	2,345,352
Total Child Nutrition Cluster			--	2,345,352
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA-Part B, Formula	84.027A	23660001070905	--	17,797
IDEA-Part B, Formula	84.027A	24660001070905	--	576,377
Total ALN Number 84.027A			--	594,174
Covid-19 IDEA - Part B, Formula - Amer. Rescue Plan (ARP) Act	84.027X	22535001070905	--	13,490
IDEA-Part B, Preschool	84.173A	23661001070905	--	2,403
IDEA-Part B, Preschool	84.173A	24661001070905	--	15,763
Total ALN Number 84.173A			--	18,166
Covid-19 IDEA - Part B, Preschool - Amer. Rescue Plan (ARP) Act	84.173X	22536002070905	--	5,428
Total Passed Through State Department of Education			--	631,258
Total U. S. Department of Education			--	631,258
Total Special Education (IDEA) Cluster			--	631,258

FERRIS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT K-1
Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	23038712070905	\$ -- \$ 26,005
ESEA Title I Part A - Improving Basic Programs	84.010A	23038712070905	-- 29,612
Title I Part A - Improving Basic Programs	84.010A	24610101057950	-- 548,374
Total ALN Number 84.010A			-- 603,991
Career and Technical Education - Basic Grant	84.048A	24420006070905	-- 30,676
Title III Part A English Language Acq. and Lang. Enhancement	84.365A	23660001070905	-- 671
Title III Part A English Language Acq. and Lang. Enhancement	84.365A	23660001070905	-- 7,990
Title III Part A English Language Acq. and Lang. Enhancement	84.365A	24671001057950	-- 97,311
Total ALN Number 84.365A			-- 105,972
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	226945677110014	-- 2,675
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	23694501057950	-- 13,951
Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	24694501057950	-- 94,296
Total ALN Number 84.367A			-- 110,922
LEP Summer School Education	84.369A	69552002	-- 1,469
Title IV Part A Student Support and Academic Enrichment	84.424A	23680101057950	-- 509
Title IV Part A Student Support and Academic Enrichment	84.424A	23680101057950	-- 4,945
Title IV Part A Student Support and Academic Enrichment	84.424A	24680101057950	-- 99,046
Total ALN Number 84.424A			-- 104,500
Covid-19 ESSER Fund II of the CRRSA Act	84.425D	21521001070905	-- 86,432
Covid-19 ESSER Fund III of the American Rescue Plan Act	84.425U	21528001070905	-- 1,479,410
Covid-19 Texas COVID Learn. Acc. Supp. (TCLAS)-State ESSER III	84.425U	21528042070905	-- 216,250
Total ALN Number 84.425U			-- 1,695,660
Covid-19 Amer. Res. Plan (ARP) Act - Homeless II-Ed. for Homeless	84.425W	21533002070905	-- 24,439
Total Passed Through State Department of Education			-- 2,764,061
Total U. S. Department of Education			-- 2,764,061
<u>U. S. Department of Agriculture</u>			
Direct Program:			
CACFP	10.558	070-905	-- 116,330
Total U. S. Department of Agriculture			-- 116,330
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -- \$ 5,857,001

The accompanying notes are an integral part of this schedule.

FERRIS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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

Reconciliation of federal awards:

Exhibit C-2 federal amounts	\$	3,559,873
Exhibit D-2 federal amounts		2,461,682
Less: Student Health and Related Services (Not applicable for SEFA)		<u>(164,554)</u>
Total expenditures of federal awards	\$	<u><u>5,857,001</u></u>

Other Information

FERRIS INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2024*

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 1,043,998