

**Forney Independent School District**  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2025

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# **Forney Independent School District**

Annual Financial Report

For the Fiscal Year Ended June 30, 2025

Prepared by  
Forney ISD Finance Department  
Forney, Texas

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**Forney Independent School District**  
 Annual Financial Report  
 For the Fiscal Year Ended June 30, 2025  
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**Certificate of Board**

Forney Independent School District  
Name of School District

Kaufman  
County

129-902  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the fiscal year ended June 30, 2025 at a meeting of the Board of Trustees of such school district on the 6th day of October, 2025.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

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# **Financial Section**

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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forney Independent School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 5 to the basic financial statements, during the year ended June 30, 2025 the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, budgetary comparison information, and the pension and OPEB schedules, 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 the District's basic financial statements. The Combining Nonmajor Governmental Fund Financial Statements, required TEA schedules, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Nonmajor Governmental Fund Financial Statements, required TEA schedules, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Nonmajor Governmental Fund Financial Statements, required TEA schedules, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
September 29, 2025

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## Management's Discussion and Analysis

As management of Forney Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2025.

### Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by (\$99,132,174) (deficit net position).
- The District's total net position decreased by \$4,679,304 during the current fiscal year from the result of current year operations, and by \$1,463,738 due to the change in accounting principle from the implementation of GASB 101, *Compensated Absences*. In total, net position decreased \$6,143,042 from the prior fiscal year.
- As of June 30, 2025, the District's governmental funds reported combined ending fund balances of \$200,674,584, a decrease of \$43,505,665 compared to the prior year. The decrease in governmental fund balances was due primarily to a decrease in the capital projects fund balance of \$65,843,900, an increase in the Debt Service Fund of \$6,566,973, and an increase in the General Fund balance of \$15,877,392.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$64,913,670 or 31.8 percent of total general fund expenditures.
- The District's total bonded debt (par value) increased, net, by \$22.7 million during the current fiscal year as a result of new bond issues.

### Overview of the Financial Statements

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

### Government-wide Financial Statements

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

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

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

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

## **Fund Financial Statements**

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

### **Governmental Funds**

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

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

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

The basic governmental fund financial statements can be found on pages 20 through 27 of this report.

### **Custodial Funds**

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

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

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 63 of this report.

## **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. In addition, four schedules of required supplementary information are presented containing information on the District's participation in the Teacher Retirement System of Texas pension plan and other post-employment benefit (OPEB) plan (TRS-Care). The required supplementary information can be found on pages 66 through 77.

## **Other Information**

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information and can be found on pages 81 through 96 of this report.

## Government-wide Financial Analysis

As noted earlier, net position (deficit) may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$99,132,174) at the close of the fiscal year.

The District's net investments in capital assets (e.g., land, buildings and improvements, and furniture and equipment) less any outstanding related debt used to acquire those assets, amounted to (\$126,250,016). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets cannot be used to liquidate these liabilities.

	Governmental Activities	
	2025	2024
Current and other assets	\$ 233,274,358	\$ 303,657,092
Capital and non-current assets	1,063,320,296	998,225,699
<b>Total assets</b>	<b>1,296,594,654</b>	<b>1,301,882,791</b>
Deferred charge on bond refundings	7,161,389	7,806,217
Deferred outflows - pension	23,680,918	33,372,812
Deferred outflows - OPEB	33,715,864	26,565,923
<b>Total deferred outflows of resources</b>	<b>64,558,171</b>	<b>67,744,952</b>
Current liabilities	46,672,515	73,525,109
Long-term liabilities	1,383,527,509	1,351,927,298
<b>Total liabilities</b>	<b>1,430,200,024</b>	<b>1,425,452,407</b>
Deferred inflows - pension	962,142	2,318,282
Deferred inflows - OPEB	29,122,833	34,846,186
<b>Total deferred inflows of resources</b>	<b>30,084,975</b>	<b>37,164,468</b>
Net Position (deficit):		
Net investments in capital assets	(126,250,016)	(104,796,700)
Restricted	53,803,000	47,842,111
Unrestricted	(26,685,158)	(36,034,543)
<b>Total net position (deficit)</b>	<b>\$ (99,132,174)</b>	<b>\$ (92,989,132)</b>

At the end of the current fiscal year, the District reports deficit balances in net investment in capital assets and in unrestricted net position, while reporting a positive balance in restricted net position. The District's net position decreased by \$6,143,042, and of that \$1,463,738, was a change in accounting principle due to the implementation of GASB 101, *Compensated Absences*. Outside of this change, net position decreased \$4,679,304 during the current fiscal year.

	Governmental Activities	
	2025	2024
Program revenues:		
Charges for services	\$ 6,712,066	\$ 5,046,634
Operating grants	30,054,210	27,302,609
General revenues:		
Property taxes	131,303,878	117,952,987
State aid - formula grants	120,028,716	108,325,824
Investment earnings	11,061,333	20,534,983
Gain on sale of capital assets	243,860	-
Special item	800,000	-
Other	1,147,090	793,882
Total revenues	301,351,153	279,956,919
Expenses:		
Instruction	128,120,380	122,117,740
Instructional resources and media services	1,817,421	1,720,700
Curriculum and staff development	7,460,275	7,083,450
Instructional leadership	4,246,119	4,085,390
School leadership	15,659,688	14,011,231
Guidance, counseling, and evaluation services	12,742,741	10,059,311
Social work services	476,103	-
Health services	3,049,754	2,602,275
Student transportation	7,398,358	6,974,292
Food service	11,944,471	10,766,174
Extracurricular activities	8,635,824	7,046,772
General administration	7,409,817	7,037,557
Facilities maintenance and operations	27,352,516	22,160,268
Security and monitoring services	5,633,506	4,700,100
Data processing services	4,796,589	4,462,674
Community services	1,405,778	349,060
Interest on long-term debt	45,774,465	48,360,437
Bond issuance costs and fees	879,841	1,722,493
Capital outlay	9,541,120	12,387,054
Payments related to shared services arrangements	530,756	459,978
Other intergovernmental charges	1,154,935	1,080,271
Total expenses	306,030,457	289,187,227
Increase (decrease) in net position	(4,679,304)	(9,230,308)
Net position (deficit) - beginning , as previously presented	(92,989,132)	(83,758,824)
Change in accounting principle - GASB 101	(1,463,738)	-
Net position (deficit) - beginning , as restated	(94,452,870)	(83,758,824)
<b>Net position (deficit) - ending</b>	<b>\$ (99,132,174)</b>	<b>\$ (92,989,132)</b>

## Governmental Activities

Governmental activities decreased the District's net position by \$4,679,304. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent \$281,386,804 of total revenues. The remaining \$19,964,349 is generated from charges for services, investment earnings, and miscellaneous revenues.

	Total Revenues	% of Total Revenues
Property taxes	\$ 131,303,878	44%
State aid - formula grants	120,028,716	40%
Operating grants and contributions	30,054,210	10%
Charges for services	6,712,066	2%
Other revenue	13,252,283	4%
<b>Total revenues</b>	<b>\$ 301,351,153</b>	<b>100%</b>

The primary functional expenses of the District are instruction, facilities maintenance and operations, and interest on long term debt, which represent 66 percent of total expenses. The remaining individual functional categories of expenses are each less than 5 percent of total expenses.

	Total Expenses	% of Total Expenses
Instruction	\$ 128,120,380	42%
Facilities maintenance and operations	27,352,516	9%
Interest on long-term debt	45,774,465	15%
Other expenses	104,783,096	34%
<b>Total expenses</b>	<b>\$ 306,030,457</b>	<b>100%</b>

## Financial Analysis of the Government's Funds

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

### Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$200,674,584, a decrease of \$43,505,665 compared to the prior fiscal year. The decrease in ending governmental fund balances is primarily due to spending on capital projects combined with proceeds and premium from issuance of debt in both the debt service and capital projects funds.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$64,913,670, while total fund balance was \$85,930,464. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 31.8 percent of total general fund expenditures, while total fund balance represents 42.1 percent of that same amount. The fund balance of the District's general fund increased by \$15,877,392 during the current fiscal year. The increase in fund balance was due to increased tax collections resulting from higher taxable values and increased state aid resulting from increased enrollment. Approximately \$4.7 million of fund balance is earmarked for projects approved during the current fiscal year, but not completed until the 2025-2026 fiscal year.

The debt service fund has a total fund balance of \$68,875,395, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year of \$6,566,973 was in line with budgeted expectations. The School Board of Trustees goal was to have debt service fund balance equal to the upcoming August bond payment. The August 2025 bond payment was \$31,709,738.

### General Fund Budgetary Highlights

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

	Budget	
	Original	Final Amended
Total revenues	\$ 203,600,220	\$ 213,412,281
Total expenditures	(203,600,220)	(225,828,204)
Other sources (uses)	-	1,313,791
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (11,102,132)</b>

The review of the amended budget versus actual for the general fund reflected that revenues were decreased to account for decreased state program revenues. Among the largest expenditure budget amendments, budgeted expenditures were amended to account for decreased facilities and acquisition and construction.

## Capital Assets and Long-term Liabilities

### Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2025 includes land, buildings and improvements and furniture and equipment. The investment in capital assets as of June 30, 2025 was \$1,063,320,296. The following table summarizes the investment in capital assets as of June 30, 2025 and 2024.

	2025	2024
Land	\$ 29,120,929	\$ 19,492,418
Construction in progress	40,082,373	263,615,379
Building and improvements	1,164,931,798	861,674,956
Right to use lease equipment	1,959,467	1,233,088
Furniture and equipment	42,188,687	36,143,997
<b>Total</b>	<b>1,278,283,254</b>	<b>1,182,159,838</b>
Accumulated depreciation	(214,962,958)	(183,934,139)
<b>Net capital assets</b>	<b>\$ 1,063,320,296</b>	<b>\$ 998,225,699</b>

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

### Long-term Liabilities

At the end of the current fiscal year, the District had \$1,383,527,509 in bonds and other long-term debt (including accreted interest on bonds) versus \$1,353,391,035 in the prior year. The change in accounting principle that came with the implementation of GASB 101, *Compensated Absences*, increased the beginning balance by \$1,463,738. There was a current year increase in long-term liabilities of \$30,136,474. The District issued school building bonds and refunding bonds during the year. The District's general obligation bond rating is "AAA" according to national rating agencies. This is the result of guarantees of the Texas Permanent School Fund. Standard & Poor's and Moody's Investors Service issued the following underlying ratings of the District's general obligation bonds:

Standard & Poor's	A+
Moody's Investor Service	Aa3

Changes in long-term debt for the year ended June 30, 2025 are as follows:

	Balance 7/1/2024	Additions	Retired/ Refunded	Balance 6/30/2025	Due Within One Year
General obligation bonds	\$ 1,129,255,925	\$ 46,949,527	\$ (24,253,180)	\$ 1,151,952,272	\$ 9,862,361
Premiums/discounts	77,581,997	670,164	(4,206,212)	74,045,949	5,274,325
Accreted interest -					
Capital appreciation bonds	47,605,406	28,630,334	(27,528,172)	48,707,568	1,987,876
Loans payable	6,530,000	-	(1,017,000)	5,513,000	1,047,000
Leases payable	-	142,745	(22,700)	120,045	25,786
Subscription-based information technology arrangements	-	413,559	-	413,559	196,853
Compensated absences	1,463,738	190,294	-	1,654,032	1,654,032
Arbitrage rebate liability	6,832,377	1,382,283	-	8,214,660	-
Net pension liability	60,149,869	11,009,901	(13,419,779)	57,739,991	-
Net OPEB liability	23,971,723	12,343,925	(1,149,215)	35,166,433	-
<b>Totals</b>	<b>\$ 1,353,391,035</b>	<b>\$ 101,732,732</b>	<b>\$ (71,596,258)</b>	<b>\$ 1,383,527,509</b>	<b>\$ 20,048,233</b>

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

### **Economic Factors and Next Year's Budgets and Rates**

The District is located approximately 18 miles east of Dallas, with access to the greater Dallas-Fort Worth metropolitan area using U.S. Highway 80 or Interstate 20. Access to the Dallas-Fort Worth area has been driving both enrollment and tax base growth, as substantial residential development activity continues within the District's boundaries. The District works with a demographer who provides quarterly updates. According to the demographer, the District's average annual new home starts was 2,153 between 2020 and 2024. Construction of several large retail, grocery, and light commercial buildings have also occurred during this timeframe. Residential development is expected to continue at this pace over the next 5 years. All of this building activity, along with escalating value of existing property, has resulted in rapid increases in the District's total property value.

The District's average annual property value growth rate was 17% over the last four years. Property value will be up 10% for the upcoming fiscal year before the application of an additional \$40,000 homestead exemption. This increased exemption was approved by the 89<sup>th</sup> Texas Legislature and is expected to be approved by voters in an election in November 2025.

The State of Texas funds public schools using a wealth equalization formula that is based on property value and average daily student attendance. Therefore, increases or decreases in average daily attendance can lead to corresponding increases or decreases in the amount of state revenue a district receives. Student enrollment during the 2025 fiscal year was 18,565. Enrollment in fiscal year 2026 is expected to be 20,200, an 8.8% increase over the prior year. Over the next 10 years, student enrollment is expected to grow an average of 7.1% per year.

The following are highlights of the 2026 budget:

- Total revenue in the General Fund is budgeted to increase 13.4%.
- Total expenditures in the General Fund is budgeted to increase 7.2%.
- Taxable property value used to prepare the 2025 budget was up \$136.6 million, or 1.3%. This value includes the reduction of \$898.8 million for an additional \$40,000 homestead exemption expected to be approved by voters in the November 2025 election. Also included in this amount is \$690.8 million for new property added to the tax roll for the first time.
- The maintenance and operations tax rate will be .7869¢ per \$100 valuation, which is the same as the prior year. The debt service rate will be 50¢ per \$100 valuation, which is also the same as the prior year.

The above factors were taken into consideration when adopting the budget for 2026. Total General Fund revenue is expected to increase \$30.1 million. Much of this funding is dedicated to increasing teacher pay with 5 or more years of experience by \$5,000. All other staff were given a 3% pay increase. The budget also included funding for 211 new personnel units.

### **Requests for Information**

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

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

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# **Basic Financial Statements**

# Forney Independent School District

## Statement of Net Position

June 30, 2025

# Exhibit A-1

<u>Data Control Codes</u>		<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 194,797,652
1220	Property taxes - delinquent	3,439,370
1230	Allowance for uncollectible taxes	(699,753)
1240	Due from other governments	34,330,972
1290	Other receivables, net	42,688
1410	Prepayments	1,363,429
	Capital assets:	
1510	Land	29,120,929
1520	Buildings, net	974,258,431
1530	Furniture and equipment, net	19,355,277
1550	Right to use lease equipment, net	503,286
1580	Construction in progress	40,082,373
1000	Total assets	1,296,594,654
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1701	Deferred charge on bond refundings	7,161,389
1705	Deferred resource outflows related to TRS Pension	23,680,918
1706	Deferred resource outflows related to TRS OPEB	33,715,864
	Total deferred outflows of resources	64,558,171
<b>LIABILITIES</b>		
2110	Accounts payable	9,674,493
2140	Accrued interest payable	16,812,358
2160	Accrued wages payable	17,428,665
2180	Due to other governments	2,091,068
2200	Accrued expenses	402,838
2300	Unearned revenue	263,093
	Long term liabilities:	
2501	Due within one year: loans, note, leases, SBITAs, etc.	20,048,233
	Due in more than one year:	
2502	Bonds, notes, leases, SBITAs, etc.	1,270,572,852
2540	Net pension liability (District's share)	57,739,991
2545	Net OPEB liability (District's share)	35,166,433
2000	Total liabilities	1,430,200,024
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred resource inflows related to TRS Pension	962,142
2606	Deferred resource inflows related to TRS OPEB	29,122,833
	Total deferred inflows of resources	30,084,975
<b>NET POSITION (DEFICIT)</b>		
3200	Net investment in capital assets	(126,250,016)
	Restricted:	
3820	Federal and state programs	700,049
3850	Debt service	53,102,951
3900	Unrestricted	(26,685,158)
3000	<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (99,132,174)</b>

The Notes to Basic Financial Statements are an integral part of this statement.

**Forney Independent School District**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2025

**Exhibit B-1**

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
<b>PRIMARY GOVERNMENT</b>					
	Governmental activities:				
11	Instruction	\$ 128,120,380	\$ 1,837,165	8,835,289	\$ (117,447,926)
12	Instructional resources and media services	1,817,421	-	120,648	(1,696,773)
13	Curriculum and instructional staff development	7,460,275	-	556,613	(6,903,662)
21	Instructional leadership	4,246,119	-	194,403	(4,051,716)
23	School leadership	15,659,688	-	1,017,443	(14,642,245)
31	Guidance, counseling, and evaluation services	12,742,741	-	1,966,553	(10,776,188)
32	Social work services	476,103	-	406,991	(69,112)
33	Health services	3,049,754	-	136,795	(2,912,959)
34	Student (pupil) transportation	7,398,358	-	501,439	(6,896,919)
35	Food services	11,944,471	3,354,138	6,502,345	(2,087,988)
36	Extracurricular activities	8,635,824	624,355	1,091,173	(6,920,296)
41	General administration	7,409,817	-	340,137	(7,069,680)
51	Facilities maintenance and operations	27,352,516	896,408	1,393,314	(25,062,794)
52	Security and monitoring services	5,633,506	-	365,582	(5,267,924)
53	Data processing services	4,796,589	-	296,030	(4,500,559)
61	Community services	1,405,778	-	151,795	(1,253,983)
72	Debt service - interest on long-term debt	45,774,465	-	5,646,904	(40,127,561)
73	Debt service - bond issuance cost and fees	879,841	-	-	(879,841)
81	Facilities acquisition and construction	9,541,120	-	-	(9,541,120)
93	Payments related to shared services arrangements	530,756	-	530,756	-
99	Other intergovernmental charges	1,154,935	-	-	(1,154,935)
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 306,030,457</b>	<b>\$ 6,712,066</b>	<b>\$ 30,054,210</b>	<b>(269,264,181)</b>
Data Control Codes	General revenues:				
	Taxes:				
MT	Property taxes, levied for general purposes			80,359,404	
DT	Property taxes, levied for debt service			50,944,474	
SF	State aid - formula grants			120,028,716	
IE	Investment earnings			11,061,333	
S1	Gain on sale of capital assets			243,860	
S2	Special item			800,000	
MI	Miscellaneous			1,147,090	
TR	Total general revenues			264,584,877	
CN	Change in net position			(4,679,304)	
NB	Net position (deficit) - beginning, as previously presented			(92,989,132)	
PA	Change in accounting principle - GASB 101			(1,463,738)	
	Net position (deficit) - beginning, as restated			(94,452,870)	
NE	<b>NET POSITION (DEFICIT) - ENDING</b>			<b>\$ (99,132,174)</b>	

The Notes to Basic Financial Statements are an integral part of this statement.

# Forney Independent School District

Balance Sheet  
 Governmental Funds  
 June 30, 2025

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 72,181,751	\$ 67,494,598	\$ 51,855,418
1220	Property taxes delinquent	2,163,092	1,276,278	-
1230	Allowance for uncollectable taxes (credit)	(463,389)	(236,364)	-
1240	Due from other governments	32,735,893	-	-
1260	Due from other funds	1,191,297	1,382,282	-
1290	Other receivables	42,688	-	-
1410	Prepaid items	1,359,129	-	-
1000	Total assets	<u>\$ 109,210,461</u>	<u>\$ 69,916,794</u>	<u>\$ 51,855,418</u>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ 2,671,815	\$ 1,485	\$ 6,870,213
2160	Accrued wages payable	16,416,006	-	-
2170	Due to other funds	-	-	1,457,421
2180	Due to other governments	2,089,635	-	-
2200	Accrued expenditures	402,838	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	<u>21,580,294</u>	<u>1,485</u>	<u>8,327,634</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2600	Unavailable revenue - property taxes	1,699,703	1,039,914	-
	Total deferred inflows of resources	<u>1,699,703</u>	<u>1,039,914</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable				
3430	Prepaid items	1,359,129	-	-
Restricted				
3450	Federal or state funds grant restriction	-	-	-
3470	Capital acquisition and contractual obligation	-	-	43,527,784
3480	Retirement of long-term debt	-	68,875,395	-
Committed				
3545	Other committed fund balance	-	-	-
Assigned				
3550	Construction	4,000,000	-	-
3570	Equipment	450,749	-	-
3565	Retirement of long-term debt	15,000,000	-	-
3590	Other assigned fund balance	206,916	-	-
3600	Unassigned	64,913,670	-	-
3000	Total fund balances	<u>85,930,464</u>	<u>68,875,395</u>	<u>43,527,784</u>
4000	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 109,210,461</u>	<u>\$ 69,916,794</u>	<u>\$ 51,855,418</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Other Funds	98 Total Governmental Funds
\$ 3,265,885	\$ 194,797,652
-	3,439,370
-	(699,753)
1,595,079	34,330,972
-	2,573,579
-	42,688
4,300	1,363,429
<u>\$ 4,865,264</u>	<u>\$ 235,847,937</u>
\$ 130,980	\$ 9,674,493
1,012,659	17,428,665
1,116,158	2,573,579
1,433	2,091,068
-	402,838
263,093	263,093
<u>2,524,323</u>	<u>32,433,736</u>
-	2,739,617
-	2,739,617
4,300	1,363,429
700,049	700,049
-	43,527,784
-	68,875,395
1,636,592	1,636,592
-	4,000,000
-	450,749
-	15,000,000
-	206,916
-	64,913,670
<u>2,340,941</u>	<u>200,674,584</u>
<u>\$ 4,865,264</u>	<u>\$ 235,847,937</u>

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**Forney Independent School District****Exhibit C-2**Reconciliation of the Balance Sheet - Governmental Funds  
to the Government-Wide Statement of Net Position  
June 30, 2025

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$ 200,674,584
<b>1</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	1,278,283,254
<b>2</b> Accumulated depreciation is not reported in the fund financial statements.	(214,962,958)
<b>3</b> Bonds payable, financed purchases, loans payable, arbitrage liability, leases and SBITA's are not reported in the fund financial statements.	(1,167,867,568)
<b>4</b> Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.	(48,707,568)
<b>5</b> Bond premiums on outstanding bonds payable are not reported in the fund financial statements.	(74,045,949)
<b>6</b> Revenue from property taxes reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.	2,739,617
<b>7</b> Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.	(16,812,358)
<b>8</b> The deferred charge on bond refunding's is not recorded in the fund financial statements, but is shown as a deferred outflow of resources in the government-wide financial statements.	7,161,389
<b>9</b> Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$57,739,991. Deferred Inflows of Resources related to TRS in the amount of \$962,142, and Deferred Outflows of Resources related to TRS Pension in the amount of \$23,680,918. This results in a net decrease in Net Position in the amount of \$35,021,215.	(35,021,215)
<b>10</b> Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$35,166,433, Deferred Inflows of Resources related to TRS OPEB in the amount of \$29,122,833, and Deferred Outflows of Resources related to TRS OPEB in the amount of \$33,715,864. This results in a net decrease in Net Position in the amount of \$30,573,402.	<u>(30,573,402)</u>
<b>19 NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ (99,132,174)</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Forney Independent School District**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2025

Data Control Codes		10	50	60
		General Fund	Debt Service Fund	Capital Projects Fund
<b>REVENUES</b>				
5700	Total local and intermediate sources	\$ 87,061,144	\$ 53,356,107	\$ 4,854,098
5800	State program revenues	130,950,542	5,646,904	-
5900	Federal program revenues	752,954	-	-
5020	Total revenues	218,764,640	59,003,011	4,854,098
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	108,258,413	-	-
0012	Instructional resources and media services	1,504,706	-	-
0013	Curriculum and instructional staff development	6,170,272	-	-
0021	Instructional leadership	3,650,814	-	-
0023	School leadership	13,071,253	-	-
0031	Guidance, counseling, and evaluation services	9,554,105	-	-
0032	Social work services	2,289	-	-
0033	Health services	2,623,874	-	-
0034	Student (pupil) transportation	7,008,633	-	-
0035	Food services	55,742	-	-
0036	Extracurricular activities	6,601,127	-	-
0041	General administration	6,397,632	-	-
0051	Facilities maintenance and operations	24,066,224	-	-
0052	Security and monitoring services	6,259,268	-	-
0053	Data processing services	5,263,750	-	-
0061	Community services	1,104,479	-	-
Debt service:				
0071	Principal on long-term debt	1,039,700	6,940,195	-
0072	Interest on long-term debt	155,313	46,861,916	-
0073	Bond issuance cost and fees	-	572,319	307,522
Capital outlay:				
0081	Facilities acquisition and construction	258,508	-	100,115,716
Intergovernmental:				
0093	Payments to fiscal agent/member districts of SSA	-	-	-
0099	Other intergovernmental charges	1,154,935	-	-
6030	Total expenditures	204,201,037	54,374,430	100,423,238
1100	Excess (deficiency) of revenues over (under) expenditures	14,563,603	4,628,581	(95,569,140)
<b>OTHER FINANCING SOURCES (USES)</b>				
7901	Refunding bonds issued	-	17,309,527	-
7911	Capital related debt issued	-	-	29,640,000
7912	Sale of real or personal property	757,485	-	-
7913	Proceed from right to use leased assets	556,304	-	-
7915	Transfers in	-	1,382,282	-
7916	Premium or discount on issuance of bonds	-	25,352,935	667,522
7918	Special items (resource)	-	-	800,000
8911	Transfers out (use)	-	-	(1,382,282)
8940	Payment to bond refunding escrow agent	-	(42,106,352)	-
7080	Total other financing sources (uses)	1,313,789	1,938,392	29,725,240
1200	Net change in fund balances	15,877,392	6,566,973	(65,843,900)
0100	Fund balances - July 1 (beginning)	70,053,072	62,308,422	109,371,684
3000	<b>FUND BALANCES - JUNE 30 (ENDING)</b>	<b>\$ 85,930,464</b>	<b>\$ 68,875,395</b>	<b>\$ 43,527,784</b>

The Notes to Basic Financial Statements are an integral part of this statement.

	<b>98</b>	
<b>Other</b>	<b>Total</b>	
<b>Funds</b>	<b>Governmental</b>	
<b>Funds</b>	<b>Funds</b>	
\$ 5,468,578	\$ 150,739,927	
2,028,666	138,626,112	
11,219,856	11,972,810	
<hr/>	<hr/>	
18,717,100	301,338,849	
<hr/>	<hr/>	
3,387,594	111,646,007	
73,264	1,577,970	
265,254	6,435,526	
4,298	3,655,112	
421,606	13,492,859	
1,519,803	11,073,908	
409,652	411,941	
2,669	2,626,543	
91,920	7,100,553	
10,356,288	10,412,030	
1,015,485	7,616,612	
-	6,397,632	
670	24,066,894	
627,020	6,886,288	
-	5,263,750	
116,951	1,221,430	
-	7,979,895	
-	47,017,229	
-	879,841	
-	100,374,224	
530,756	530,756	
-	1,154,935	
<hr/>	<hr/>	
18,823,230	377,821,935	
<hr/>	<hr/>	
(106,130)	(76,483,086)	
-	17,309,527	
-	29,640,000	
-	757,485	
-	556,304	
-	1,382,282	
-	26,020,457	
-	800,000	
-	(1,382,282)	
-	(42,106,352)	
<hr/>	<hr/>	
-	32,977,421	
<hr/>	<hr/>	
(106,130)	(43,505,665)	
2,447,071	244,180,249	
<hr/>	<hr/>	
\$ 2,340,941	\$ 200,674,584	
<hr/>	<hr/>	

## Forney Independent School District

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-Wide Statement of Activities For the Fiscal Year Ended June 30, 2025

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ (43,505,665)</b>
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of reclassifying the current year capital asset additions increases government-wide net position.	96,661,656
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease government-wide net position.	(31,053,435)
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.	(513,624)
Current year long-term debt principal payments on financed purchases, bonds payable, leases and SBITAs, and loans payable are expenditures in the fund financial statements, but are shown as reductions of long-term debt in the government-wide financial statements.	7,979,895
The current year change in accreted interest payable on capital appreciation bonds is not recorded in the fund financial statements. The net effect of the current year's change in accreted interest payable on capital appreciation bonds is to increase government-wide net position.	(545,235)
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements.	4,206,212
Current year amortization of the deferred charge on bond refundings is not reflected in the fund financial statements, but is shown as a reduction of the deferred charge in the government-wide financial statements. This also includes current year additions and refundings.	(644,828)
Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements.	(391,103)
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible amounts in the government-wide financial statements.	366,628
Current year issuances of capital related bonds are shown as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(29,640,000)
The premiums on the current year issuances of capital related bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(667,522)

The Notes to Basic Financial Statements are an integral part of this statement.

Current year issuances of refunding bonds are shown as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(17,309,527)
The premiums on the current year issuances of refunding bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(25,352,935)
The current year payment to the escrow agent for defeased debt is an other financing use in the fund financial statements, but is reported as a reduction in long-term debt in the government-wide financial statements.	42,106,352
Current year issuances of right-to-use leases and SBITAs are shown as other financing sources in the fund financial statements, but are shown as increase in long-term debt in the government-wide financial statements.	(556,304)
The arbitrage liability is not recorded on the fund level financial statements as it represents a future liability, and thus is recorded as an increase in long-term debt in the government-wide financial statements.	(1,382,283)
The compensated absences liability is not recorded on the fund level financial statements as it represents a future liability, and thus is recorded as an increase in long-term debt in the government-wide financial statements.	(190,294)
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of a decrease in deferred outflows (\$9,691,894); a decrease in deferred inflows (\$1,356,140); and a decrease in net pension liability (\$2,409,878).	(5,925,876)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of an increase in deferred outflows (\$7,149,941); a decrease in deferred inflows (\$5,723,353); and an increase in net OPEB liability (\$11,194,710).	1,678,584
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ (4,679,304)</u></u>

**Forney Independent School District**

Statement of Fiduciary Net Position

Custodial Fund

June 30, 2025

**Exhibit E-1**

	<b>Custodial Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 104,268
<b>TOTAL ASSETS</b>	<u>\$ 104,268</u>
<b>NET POSITION</b>	
Unrestricted net position	\$ 104,268
<b>TOTAL NET POSITION</b>	<u>\$ 104,268</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Forney Independent School District**  
Statement of Changes in Fiduciary Net Position  
Custodial Fund  
June 30, 2025

**Exhibit E-2**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Contributions to student groups	\$ 210,782
Total additions	<u>210,782</u>
<b>DEDUCTIONS</b>	
Expenses of student groups	<u>196,999</u>
Total deductions	<u>196,999</u>
Change in fiduciary net position	13,783
Total Net Position - July 1 (Beginning)	<u>90,485</u>
<b>TOTAL NET POSITION - June 30 (Ending)</b>	<u><u>\$ 104,268</u></u>

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# Forney Independent School District

## Notes to the Basic Financial Statements

### Note 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

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

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

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

#### B. Basis of Presentation

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

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

# Forney Independent School District

## Notes to the Basic Financial Statements

### Fund Financial Statements:

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

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

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

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** – These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Custodial Fund** – The District accounts for resources held for others in a custodial capacity in custodial funds. The District's custodial fund is the student activity fund. The fund is used to account for assets held by the District as a custodian for student and other organizations. If any unused resources are declared surplus by the student groups, they are continued to be reported in the net position of the custodial fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

### C. Measurement Focus/Basis of Accounting

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

## **Forney Independent School District**

### Notes to the Basic Financial Statements

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

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

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

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

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

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

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

**Forney Independent School District**  
 Notes to the Basic Financial Statements

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

**D. Budgetary Control**

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

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

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

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

	June 30, 2025 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 694,930
Nonappropriated Budget Funds	1,646,011
All Special Revenue Funds	\$ 2,340,941

**E. Encumbrance Accounting**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. The District had no material encumbrances outstanding at June 30, 2025.

# Forney Independent School District

## Notes to the Basic Financial Statements

### F. Inventories and Prepaid Items

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

### G. Interfund Activity

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

### H. Capital Assets

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

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

Buildings and improvements	15-50 years
Vehicles	5-10 years
Equipment	3-15 years

### I. Deferred Outflows/Inflows of Resources

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

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

**Deferred outflows of resources for refunding** – Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at June 30, 2025 was \$7,161,389

## Forney Independent School District

### Notes to the Basic Financial Statements

**Deferred outflows of resources for pension** – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual actuarial experience, changes of assumptions, difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between the District's contributions and the proportionate share of contributions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan. The amount of deferred outflows reported in the governmental activities for deferred pension expenses at June 30, 2025 was \$23,680,918.

**Deferred outflows of resources for OPEB** – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability, the results of differences between expected and actual actuarial experience, changes of assumptions, difference between projected and actual earnings on OPEB plan investments, and changes in proportion and differences between the District's contributions and the proportionate share of contributions. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan. The amount of deferred outflows reported in the governmental activities for deferred OPEB expenses at June 30, 2025 was \$33,715,864.

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

**Deferred inflows of resources for unavailable revenues** – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at June 30, 2025 was \$2,739,617.

**Deferred inflows of resources for pension** – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience, changes in assumptions, and differences between projected and actual earnings on OPEB plan investments, and changes in proportion and differences between the District's contributions and the proportionate share of contributions. These amounts will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan. In fiscal year 2025, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$962,142.

**Deferred inflows of resources for OPEB** – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience, changes in assumptions, and differences between projected and actual earnings on OPEB plan investments. These amounts will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan. In fiscal year 2025, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$29,122,833.

## **Forney Independent School District**

### Notes to the Basic Financial Statements

#### **J. Cash Equivalents**

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

#### **K. Net Position**

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

#### **L. Long-Term Obligations**

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

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

#### **Compensated Absences**

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

#### **GASB 87 Leases**

GASB Statement No. 87, *Leases*, was issued in June 2017 and provides better information of financial statements to the users by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The District has one lease that qualifies under this standard.

# Forney Independent School District

## Notes to the Basic Financial Statements

### **GASB 96 SBITA (Subscription Based Information Technology Arrangements)**

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, the District recognizes a right-to use subscription asset—an intangible asset—and a corresponding subscription liability at the commencement of the subscription term when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the incremental borrowing rate specified in the agreement. The District recognizes amortization of the principal payment on the subscription liability as an outflow of resources.

### **M. Risk Management**

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2025, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

### **N. Use of Estimates**

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

### **Note 2. Fund Balances**

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

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

## Forney Independent School District

### Notes to the Basic Financial Statements

The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Unspent bond proceeds and unspent proceeds of maintenance tax notes are restricted for future capital acquisition. The fund balance of certain grant programs is restricted for those grant programs.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. The Board of Trustees have committed resources as of June 30, 2025 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance of the General Fund as of June 30, 2025 for funding of projects and construction approved by the Board.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

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

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

#### **General Fund**

The General Fund has unassigned fund balance of \$64,913,644 at June 30, 2025. Prepaid items of \$1,359,129 are considered nonspendable fund balance. The District has assigned \$19,657,665 of fund balance for various projects that have been approved but not completed and for future debt reduction.

## **Forney Independent School District**

Notes to the Basic Financial Statements

### **Debt Service Fund**

The Debt Service Fund has restricted funds of \$68,875,395 at June 30, 2025 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

### **Capital Projects Fund**

The Capital Projects Fund has \$43,527,784 of fund balance at June 30, 2025 restricted for future construction and renovation projects.

### **Other Funds**

The fund balance of \$1,636,592 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The Special Revenue Funds include \$700,049 of fund balance restricted for Federal or State grant programs. Prepaid items of \$4,300 are considered nonspendable fund balance.

## **Note 3. Deposits and Investments**

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

### 1. Cash Deposits:

At June 30, 2025, the carrying amount of the District's deposit checking accounts and interest-bearing demand accounts was \$8,486,332 and the bank balance was \$11,953,565. The District's cash deposits at June 30, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. During the year ended June 30, 2025, District deposits were fully collateralized throughout the year.

### 2. Investments:

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

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. Management believes the District is in substantial compliance with the requirements of the Act and with local policies.

## Forney Independent School District

### Notes to the Basic Financial Statements

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

- a. **Custodial Credit Risk: Deposits:** In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, the District's cash deposits (including certificates of deposit) totaled \$11,953,565. This entire amount was either collateralized with securities held by the District's agent or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk as of June 30, 2025.
- b. **Custodial Credit Risk: Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2025, the District held investments in three public funds investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. **Credit Risk:** This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for all investment pools at year-end was AAAM (Standard & Poor's).
- d. **Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for each investment pool is less than 90 days.
- e. **Foreign Currency Risk:** This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2025, the District was not exposed to foreign currency risk.
- f. **Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. The District's investments in public funds investment pools are not subject to the concentration risk.

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

**Forney Independent School District**  
Notes to the Basic Financial Statements

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

The District's investments at June 30, 2025, are shown below:

	<u>June 30, 2025</u>	<u>Weighted Average Maturity (Days)</u>
Governmental Activities		
Cash and deposits	<u>\$ 8,383,690</u>	N/A
Investments		
Local Government Investments Pools		
LOGIC	3,493,451	35
Texas CLASS	181,367,066	37
TexPool	<u>1,553,445</u>	38
Total Investments	<u>186,413,962</u>	
Total Governmental Activities	<u>194,797,652</u>	
Custodial Funds		
Cash and Deposits	<u>104,268</u>	N/A
Total Custodial Funds	<u>104,268</u>	
Total	<u><u>\$ 194,901,920</u></u>	

Investment pools are measured at amortized cost or net asset value and are exempt for fair value reporting.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the Participants), MBIA Municipal Investors Service Corporation as Program Administrator (the Program Administrator) and Wells Fargo Bank Texas, NA as Custodian (the Custodian).

Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian.

The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust.

## **Forney Independent School District**

### Notes to the Basic Financial Statements

The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the investment policy and investment strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

The Fund is rated AAAm by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

The District is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexPool is rated AAAm by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

LOGIC is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Southwest Asset Management, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM. J.P. Morgan Chase provides custody, fund accounting and transfer agency services. LOGIC may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one nationally recognized statistical rating organization (NRSRO); and commercial paper rated A-1, P-1 or equivalent by on NRSRO and is fully secured by an irrevocable letter of credit.

The amount of interest earned on the District's investments for the fiscal year ended June 30, 2025, was \$11,061,333.

#### **Fair Value Measurements**

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

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

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

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance July 1	Additions	Retirements/ Adjustments	Transfers	Balance June 30
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 19,492,418	\$ 10,142,135	\$ (513,624)	\$ -	\$ 29,120,929
Construction in progress	263,615,379	34,540,544	-	(258,073,550)	40,082,373
Total capital assets not being depreciated	283,107,797	44,682,679	(513,624)	(258,073,550)	69,203,302
Capital assets being depreciated:					
Buildings and improvements	861,674,956	45,183,292	-	258,073,550	1,164,931,798
Right to use lease equipment	1,233,088	726,379	-	-	1,959,467
Vehicles	12,785,210	2,443,939	(24,616)	-	15,204,533
Furniture and equipment	23,358,787	3,625,367	-	-	26,984,154
Total capital assets being depreciated	899,052,041	51,978,977	(24,616)	-	1,209,079,952
Less accumulated depreciation for:					
Buildings and improvements	(164,282,392)	(26,390,975)	-	-	(190,673,367)
Right to use lease equipment	(1,233,088)	(223,093)	-	-	(1,456,181)
Vehicles	(7,183,101)	(1,456,609)	24,616	-	(8,615,094)
Furniture and equipment	(11,235,558)	(2,982,758)	-	-	(14,218,316)
Total accumulated depreciation	(183,934,139)	(31,053,435)	24,616	-	(214,962,958)
Total capital assets being depreciated, net	715,117,902	20,925,542	-	-	994,116,994
<b>Governmental activities capital assets, net</b>	<b>\$ 998,225,699</b>	<b>\$ 65,608,221</b>	<b>\$ (513,624)</b>	<b>\$ (258,073,550)</b>	<b>\$ 1,063,320,296</b>

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

Instruction	\$ 16,011,169
Instructional resources & media services	227,261
Curriculum & staff development	933,378
Instructional leadership	530,277
School leadership	1,955,810
Guidance, counseling & evaluation services	1,592,661
Social work services	59,764
Health services	381,054
Student transportation	925,128
Food services	1,503,904
Cocurricular/extracurricular activities	1,083,251
General administration	927,880
Plant maintenance and operations	3,439,540
Security & monitoring services	705,478
Data processing services	601,182
Community services	175,698
<b>Total depreciation expense - governmental activities</b>	<b>\$ 31,053,435</b>

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Note 5. Long-Term Liabilities**

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

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

**Loans Payable**

The District is obligated under two loans payable as follows:

	Interest Rate	Date of Loan	Final Maturity Date	Original Amount	Balance July 1, 2024	Increases	Payments	Balance June 30, 2025	Due in One Year	Purpose
Public Property Finance Contract, Series 2015	3.050%	9/9/2015	4/1/2030	\$ 4,634,000	\$ 2,413,000	\$ -	\$ 365,000	\$ 2,048,000	\$ 382,000	Energy management
Maintenance Tax Notes Series 2020	2.020%	2/6/2020	10/1/2029	6,576,000	4,117,000	-	652,000	3,465,000	665,000	Maintenance & renovations
				<u>\$ 11,210,000</u>	<u>\$ 6,530,000</u>	<u>\$ -</u>	<u>\$ 1,017,000</u>	<u>\$ 5,513,000</u>	<u>\$ 1,047,000</u>	

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

Year Ending June 30,	Principal	Interest	Total Requirements
2026	\$ 1,047,000	\$ 125,741	\$ 1,172,741
2027	1,074,000	100,515	1,174,515
2028	1,102,000	74,611	1,176,611
2029	1,131,000	47,996	1,178,996
2030	1,159,000	20,641	1,179,641
	<u>\$ 5,513,000</u>	<u>\$ 369,504</u>	<u>\$ 5,882,504</u>

**Leases Payable**

The District has entered into a multiple year lease agreement as lessee. The lease allows the District the right to use copy machines over the term of the lease. The District is required to make monthly payments at its incremental borrowing rate. The lease rate, term, and ending lease liability is as follows:

	Interest Rate(s)	Liability at Commencement	Term in Years	Ending Balance
Copiers - Leases	4.23%	142,744	5	\$ 120,045
				<u>\$ 120,045</u>

The lease liabilities are recorded in the government-wide financial statements. The principal and interest are liquidated at the fund level through the General Fund.

**Forney Independent School District**  
Notes to the Basic Financial Statements

The future principal and interest lease payments as of fiscal year-end are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 25,786	\$ 4,582	\$ 30,368
2027	26,898	3,470	30,368
2028	28,058	2,310	30,368
2029	29,269	1,099	30,368
2030	10,034	89	10,123
	<u>\$ 120,045</u>	<u>\$ 11,550</u>	<u>\$ 131,595</u>

The value of the right-to-use asset at June 30, 2025 was \$142,744 and had accumulated amortization of \$28,549.

**Subscription-Based Information Technology Arrangements (SBITA)**

The District has two subscription contracts that qualify as SBITAs as of June 30, 2025. Future subscription payments should be discounted using the interest rate the SBITA vendor charges. If the interest rate cannot be readily determined, the District uses the yield rates of bonds issued by the District. For fiscal year 2025, the District used 4.00% as the interest rate. The SBITA term and ending subscription liability are as follows:

	Interest Rate(s)	Liability at Commencement	Term in Years	Ending Balance
Software - SBITAs	4.00%	583,634	3	\$ 413,559
				<u>\$ 413,559</u>

The subscription liabilities are recorded in the government-wide financial statements. The principal and interest are liquidated at the fund level through the General Fund.

Year Ending June 30,	Principal	Interest	Total
2026	\$ 196,853	\$ 16,542	\$ 213,395
2027	216,706	8,668	225,374
	<u>\$ 413,559</u>	<u>\$ 25,210</u>	<u>\$ 438,769</u>

The value of the subscription assets at June 30, 2025 was \$583,634 and had accumulated amortization of \$194,545.

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Bonds Payable**

On September 1, 2024, the District issued "Forney Independent School District Unlimited Tax School Building Bonds, Series 2024," totaling \$29,640,000. These bonds incur an average cost over the life of the bonds at a rate of 4.00-5.00% and mature annually with semi-annual interest payments. The proceeds were used to construct and renovate school buildings. The bonds will fully mature in 2054.

On September 1, 2024, the District issued "Forney Independent School District Unlimited Tax Refunding Bonds, Series 2024A," totaling \$17,309,527 to refund a portion of the outstanding bonds. These bonds incur an average cost over the life of the bonds at a rate of 4.31-4.92% and mature annually with semi-annual interest payments. The proceeds were used to purchase U.S. Government securities and these securities were placed in an irrevocable escrow account until the refunded bonds are redeemed. The District, in effect, decreased the aggregate debt service payments by \$60,540,000 through 2054 and resulted in an economic gain (difference between present values of the old and new debt service payment) of \$21,507,498. The bonds will fully mature in 2053.

The District has the following bonds payable outstanding as of June 30, 2025:

Description	Interest Rate Payable	Original Issuance Amount	Amounts Outstanding 6/30/2025
Bonded Indebtedness:			
Unlimited Tax School Building and Refunding Bonds, Series 2000	6.760%	\$ 13,329,945	\$ 257,447
Unlimited Tax School Building Bonds, Series 2010	3.000-5.500%	14,999,965	427,185
Unlimited Tax Refunding Bonds, Series 2013	3.000-3.250%	5,420,000	5,420,000
Unlimited Tax Refunding Bonds, Series 2015	2.000-5.000%	103,095,000	88,735,000
Unlimited Tax Refunding Bonds, Series 2016	2.000-5.000%	14,485,000	7,630,000
Unlimited Tax Refunding Bonds, Series 2017	2.350-5.000%	41,103,183	41,103,183
Unlimited Tax School Building and Refunding Bonds, Series 2018	1.830%-5.000%	35,758,029	23,705,000
Unlimited Tax School Building Bonds, Series 2019	3.000%-5.000%	19,800,000	17,490,000
Unlimited Tax School Building Bonds, Series 2020	3.000%-5.000%	65,200,000	65,200,000
Unlimited Tax School Building and Refunding Bonds, Series 2020A	2.000%-5.000%	34,995,000	34,995,000
Unlimited Tax School Building Bonds, Series 2021A	2.000%-3.000%	101,260,000	101,260,000
Unlimited Tax School Building and Refunding Bonds, Series 2021B	2.781%-5.000%	79,667,075	76,329,092
Unlimited Tax School Building Bonds, Series 2022A	2.500%-4.000%	160,665,000	160,665,000
Unlimited Tax School Building Bonds, Series 2022B	4.000%-5.000%	290,900,000	290,900,000
Unlimited Tax Refunding Bonds, Series 2022C	4.300%-4.450%	731,065	731,065
Unlimited Tax School Building Bonds, Series 2023	4.000%-5.000%	189,250,000	189,250,000
Unlimited Tax Refunding Bonds, Series 2023A	4.610%-4.770%	904,773	904,773
Unlimited Tax School Building Bonds, Series 2024	4.000%-5.000%	29,640,000	29,640,000
Unlimited Tax Refunding Bonds, Series 2024A	4.310%-4.920%	17,309,527	17,309,527
<b>Total bonded indebtedness</b>			<b>\$ 1,151,952,272</b>

**Forney Independent School District**  
Notes to the Basic Financial Statements

Bonds payable debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2026	\$ 9,862,361	\$ 46,492,946	\$ 56,355,307
2027	10,550,058	44,538,649	55,088,707
2028	11,577,463	43,571,318	55,148,781
2029	13,829,934	43,173,972	57,003,906
2030	17,224,918	42,418,813	59,643,731
2031-2035	159,442,173	195,066,464	354,508,637
2036-2040	238,668,643	171,154,370	409,823,013
2041-2045	236,963,340	152,887,004	389,850,344
2046-2050	281,788,080	93,576,445	375,364,525
2051-2055	172,045,302	41,840,826	213,886,128
	<u>\$ 1,151,952,272</u>	<u>\$ 874,720,807</u>	<u>\$ 2,026,673,079</u>

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

Series	Par Amount	Accreted Interest at Issue	Accreted Interest Since Issue	Total Accreted Value	Maturity Amount	Maturity Dates
2000	\$ 257,447	\$ 17,019	\$ 1,109,556	\$ 1,384,022	\$ 1,395,000	2026
2010	427,185	182,384	586,408	1,195,977	1,230,000	2026-2027
2017	1,853,183	-	461,618	2,314,801	2,540,000	2027-2031
2021B	259,092	458,046	12,453	729,591	730,000	2026
2022C	731,065	8,329,766	1,188,397	10,249,228	18,455,000	2038-2040
2023A	904,773	8,503,969	861,134	10,269,876	21,650,000	2040-2044
2024A	17,309,527	25,350,293	1,646,525	44,306,345	119,380,000	2040-2054
Total	<u>\$ 21,742,272</u>	<u>\$ 42,841,477</u>	<u>\$ 5,866,091</u>	<u>\$ 70,449,840</u>	<u>\$ 165,380,000</u>	

**Forney Independent School District**  
Notes to the Basic Financial Statements

Changes in the long-term liabilities of the District for the year ended June 30, 2025 were as follows:

Description	Balance 7/1/2024	Additions	Retired/ Refunded	Balance 6/30/2025	Due Within One Year
Bonded Indebtedness:					
General obligation bonds	\$ 1,129,255,925	\$ 46,949,527	\$ (24,253,180)	\$ 1,151,952,272	\$ 9,862,361
Premiums/discounts	77,581,997	670,164	(4,206,212)	74,045,949	5,274,325
Accreted interest -					
capital appreciation bonds	47,605,406	28,630,334	(27,528,172)	48,707,568	1,987,876
Loans payable	6,530,000	-	(1,017,000)	5,513,000	1,047,000
Leases payable	-	142,745	(22,700)	120,045	25,786
Subscription-based information					
technology arrangements	-	583,634	(170,075)	413,559	196,853
Compensated absences *	1,463,738	190,294	-	1,654,032	1,654,032
Arbitrage liability	6,832,377	1,382,283	-	8,214,660	-
Net pension liability	60,149,869	11,009,901	(13,419,779)	57,739,991	-
Net OPEB liability	23,971,723	12,343,925	(1,149,215)	35,166,433	-
	<u>\$ 1,353,391,035</u>	<u>\$ 101,902,807</u>	<u>\$ (71,766,333)</u>	<u>\$ 1,383,527,509</u>	<u>\$ 20,048,233</u>

\* Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30.

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

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2025.

**Defeased Debt**

In prior years, the District defeased certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. Accordingly the trust account assets and liability for the defeased debt are not included in the District's financial statements. At June 30, 2025 all debt was paid.

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Compensated Absences**

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

State Personal Leave

The District is required under Texas Education Code 22.003 to provide eligible employees with a minimum of five days of personal leave per year (state leave) with no limit on accumulation and no restrictions on transfer between Districts.

Local Leave

The District's policy provides eligible employees with five days of local personal leave per year (local leave) with no limit on accumulation.

Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave benefits, with no limit on accumulation.

The District does not have a monetary obligation for accumulated leave benefits upon separation from service. However, a liability for the estimated value of leave benefits that will be used by employees as time off is included in the liability for compensated absences.

**Note 6. Deferred Charges on Bond Refundings**

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

Balance — June 30, 2024	\$ 7,806,217
Current year loss/(gain) on bond refunding	1,672,417
Removal or prior year deferred charges due to current year refunding	(1,794,402)
Current period amortization	<u>522,843</u>
Balance — June 30, 2025	<u><u>\$ 7,161,389</u></u>

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Note 7. Cancellable and Short Term Leases**

Commitments under cancellable or short term leases (noncapitalized) agreements for facilities and equipment are subject to fiscal funding clauses. As such, the agreements are cancelable and the District is therefore not obligated for minimum future rental payments as of June 30, 2025. The imputed interest on the leases is not readily determinable.

**Note 8. Property Taxes**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2024-25 fiscal period was based was \$10,294,838,537. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the period ended June 30, 2025, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.7869 and \$0.5000 per \$100 valuation, respectively, for a total of \$1.2869 per \$ 100 valuation.

Current tax collections for the period ended June 30, 2025 were 97.0% of the June 30, 2025 adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2025, property taxes and penalty and interest receivable, net of estimated uncollectible taxes, totaled \$1,699,703 and \$1,039,914 for the General and Debt Service Funds, respectively.

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

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Note 9. Interfund Balances and Activities**

Interfund receivables and payables at June 30, 2025 represented short-term advances between funds. These amounts are expected to be repaid in less than one year from June 30, 2025.

Fund	Due from Other Funds	Due to Other Funds
Major governmental funds:		
General fund:		
Non-major special revenue fund	\$ 1,116,158	\$ -
Capital projects fund	75,139	-
Debt service fund:		
Capital projects fund	1,382,282	-
Capital projects fund:		
Debt service fund	-	1,382,282
General fund	-	75,139
<b>Total major governmental funds</b>	<b>2,573,579</b>	<b>1,457,421</b>
Nonmajor governmental funds:		
Special revenue funds:		
General fund	-	1,116,158
<b>Total nonmajor governmental funds</b>	<b>-</b>	<b>1,116,158</b>
<b>Total</b>	<b>\$ 2,573,579</b>	<b>\$ 2,573,579</b>

The District made interfund transfers of \$1,382,282 from the Capital Projects Fund to the Debt Service Fund to fund future arbitrage payments.

**Note 10. Defined Benefit Pension Plan**

**Plan Description**

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

Detailed information about the TRS'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/learning-resources/publications>; by writing to TRS at P.O. Box 149676, Austin, TX 78714-0185; or by calling 1-800-223-8778.

## Forney Independent School District

### Notes to the Basic Financial Statements

#### 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% (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 postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends - Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time \$7,500 stipend to eligible annuitants who are 75 years of age and older.
- A one-time \$2,400 stipend to eligible annuitants age 70 to 74.

Cost-of-Living Adjustment - A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

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

#### Contributions

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

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 2019 thru 2025.

**Forney Independent School District**  
Notes to the Basic Financial Statements

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2025	2024
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers/District	8.25%	8.25%

The contribution amounts for the District's fiscal year 2025 are as follows:

District Employer Contributions	\$	6,023,362
Member Contributions		11,984,962
NECE On-Behalf Contributions (State)		7,174,964

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

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 the 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 colleges, universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

- All public schools, charter schools, and regional education service centers must contribute 1.9 percent of the member's salary beginning in fiscal year 2024, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**Forney Independent School District**  
Notes to the Basic Financial Statements

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

At June 30, 2025, the District reported a liability of \$57,739,991 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 57,739,991
State's proportionate share that is associated with District	<u>77,772,709</u>
<b>Total</b>	<b><u>\$ 135,512,700</u></b>

The net pension liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 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, 2023 through August 31, 2024.

On August 31, 2024, the District's proportion of the collective net pension liability was 0.09452%, an increase of 0.0069% from its proportionate share of 0.08757% at August 31, 2023.

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$5,925,876 and revenue of \$7,174,964 for support provided by the State.

At June 30, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be the cumulative layers from the current and prior years combined):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,182,550	\$ (450,806)
Changes of assumptions	2,981,239	(399,682)
Difference between projected and actual earnings on pension plan investments	350,982	-
Changes in proportion and differences between District's contributions and the proportionate share of contributions	12,039,606	(111,654)
District contributions paid subsequent to the measurement date	<u>5,126,542</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 23,680,919</u></b>	<b><u>\$ (962,142)</u></b>

**Forney Independent School District**  
Notes to the Basic Financial Statements

\$5,126,542 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense (Income)
2026	\$ 3,824,925
2027	9,712,861
2028	3,435,901
2029	9,176
2030	609,372
Thereafter	-
Total	<u>\$ 17,592,235</u>

**Actuarial Methods and Assumptions**

The actuarial valuation of the total pension liability was performed as of August 31, 2023. Update procedures were used to roll forward the total pension liability to August 31, 2024 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal bond rate as of August 2024	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in projection period (100 years)	2123
Inflation	2.30%
Salary increases, including inflation	2.95% to 8.95%
Ad hoc post employment benefit changes	None
Mortality Rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2021 and adopted in July 2022.

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Discount Rate and Long-Term Expected Rate of Return**

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on these 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%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 TRS's target asset allocation as of August 31, 2024 are summarized below:

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	4.4%	1.0%
Non - U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%
Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Absolute Return*	0.0%	4.0%	0.0%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	-6.0%	1.3%	-0.1%
Inflation Expectation			2.4%
Volatility drag****			-0.7%
<b>Total</b>	<b>100%</b>		<b>7.9%</b>

\* Absolute Return Includes Credit Sensitive Investments

\*\* Target allocations are based on the FY2024 policy model

\*\*\* Capital market assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023).

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

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Discount Rate Sensitivity Analysis**

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Forney ISD's proportionate share of the net pension liability:	\$ 92,225,396	\$ 57,739,991	\$ 29,166,381

**Change of Assumptions Since the Prior Measurement Date**

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

**Change of Benefit Terms Since the Prior Measurement Date**

The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

**Note 11. Defined Other Post-Employment Benefit Plans**

**Plan Description**

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

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

**OPEB Plan Fiduciary Net Position**

Detail information about TRS-Care's fiduciary net position is available in the separately issued TRS 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/learning-resources/publications> ; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling 1-800-223-8778.

**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.

**Forney Independent School District**  
Notes to the Basic Financial Statements

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 cost of living adjustments (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

**Contributions**

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2025	2024
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

\*Contributions paid from federal funds and private grants are remitted by the District and paid at the State rate.

The contribution amounts for the District's fiscal year 2025 are as follows:

District Employer Contributions	\$ 1,181,470
Member Contributions	944,270
NECE On-behalf Contributions	1,318,701

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

**Forney Independent School District**  
Notes to the Basic Financial Statements

The State of Texas also contributed \$954,091, \$744,343, and \$560,555 in 2025, 2024, and 2023, respectively, for on-behalf payments for Medicare Part D.

**OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2025, the District reported a liability of \$35,166,433 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 35,166,433
State's proportionate share of the net OPEB liability associated with the District	<u>44,063,063</u>
<b>Total</b>	<u><u>\$ 79,229,496</u></u>

The net OPEB liability was measured as of August 31, 2023 and rolled forward to August 31, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.00116% which was a decrease of 0.10712% from its proportion measured as of August 31, 2023.

For the fiscal year ended June 30, 2025, the District recognized net OPEB revenue of \$1,678,584 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of \$1,318,701 was recognized for support provided by the State.

At June 30, 2025, the District reported 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
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 6,740,224	\$ (17,549,956)
Changes of assumptions	4,500,888	(11,474,400)
Difference between projected and actual earnings on OPEB plan investments	-	(98,477)
Changes in proportion and difference between District's contributions and the proportionate share of contributions	21,469,144	-
District contributions paid subsequent to the measurement date	<u>1,005,608</u>	<u>-</u>
	<u><u>\$ 33,715,864</u></u>	<u><u>\$ (29,122,833)</u></u>

**Forney Independent School District**  
Notes to the Basic Financial Statements

\$1,005,608 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense (Income)
2026	\$ (1,403,816)
2027	188,918
2028	(497,900)
2029	(82,875)
2030	998,145
Thereafter	4,384,951
Total	<u>\$ 3,587,423</u>

**Actuarial Methods and Assumptions**

The actuarial valuation of the total OPEB liability was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 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 demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	
Rates of disability	

See Note 10 for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

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 initial medical trend rate was 6.75 percent for non-Medicare retirees. For Medicare retirees, trend rates are higher in the first two years due to anticipated growth but thereafter match those of non-Medicare retirees. The initial prescription drug trend rate was 7.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 11 years.

**Forney Independent School District**  
Notes to the Basic Financial Statements

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

Actuarial Cost Method	Individual entry age normal
Single Discount Rate	3.87% as of August 31, 2024
	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Aging Factors	
Election Rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc post-employment benefit changes	None

**Discount Rate**

A single discount rate of 3.87% was used to measure the total OPEB liability at August 31, 2024. This was a decrease of 0.26% in the discount rate since the August 31, 2023 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the same used for the pension plan.

**Discount Rate Sensitivity Analysis**

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (3.87%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the net OPEB liability	\$ 41,779,365	\$ 35,166,433	\$ 29,823,084

**Healthcare Cost Trend Rates Sensitivity Analysis**

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the net OPEB liability	\$ 28,637,838	\$ 35,166,433	\$ 43,673,842

## **Forney Independent School District**

### Notes to the Basic Financial Statements

#### **Change of Assumptions Since the Prior Measurement Date**

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

- The discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024. Additionally, the tables used to model the impact of aging on the underlying claims were revised.

#### **Change of Benefit Terms Since the Prior Measurement Date**

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

#### **Note 12. Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, IRS-Care receives drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the year ended June 30, 2025, the subsidy payments received by TRS-Care on behalf of the District were \$954,091. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

#### **Note 13. Health Care**

During the period ended June 30, 2025, employees of Forney Independent School District were covered by a health insurance plan (the Plan). The District contributed \$225 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully insured plan.

#### **Note 14. Workers Compensation**

The District participates in the Texas Public Schools Workers Compensation Project Self-Insurance Joint Fund ("the fund"). The District was partially self-funded to a loss fund maximum of \$852,403 for the 24-25 fiscal period. Additionally, the District incurred fixed costs of \$338,886 for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Creative Risk Funding provides claims administration. The District's self-insured retention is \$150,000 per occurrence. Excess insurance is provided by Safety National Casualty Corporation. The policy provides for specific stop-loss attachment at \$350,000 per occurrence and aggregate stop-loss attachment at \$11,947,411. Settled claims have not exceeded this commercial coverage in any of the past fiscal years. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers compensation self-insurance of \$402,838 includes incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

**Forney Independent School District**  
Notes to the Basic Financial Statements

Changes in workers compensation claims liability amounts in fiscal periods 2025 and 2024 are represented below:

Fiscal Year	Beginning of Period Claims Liability	Claims and Changes in Estimates	Claims Payments	End of Period Claims Liability
2025	\$ 390,231	\$ 129,577	\$ 116,970	\$ 402,838
2024	319,744	134,510	64,023	390,231

**Note 15. Due from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, Per Capita, Existing Debt Allotment, and Instruction Facilities Allotment Programs. Amounts due from federal and state governments in the governmental funds as of June 30, 2025, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Government	Total
General	\$ 32,735,405	\$ 488	\$ 32,735,893
Special revenue	-	1,595,079	1,595,079
<b>Total</b>	<u>\$ 32,735,405</u>	<u>\$ 1,595,567</u>	<u>\$ 34,330,972</u>

**Note 16. Litigation and Contingencies**

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**Note 17. Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Service Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has estimated it has an arbitrage liability of \$8,214,660 as of June 30, 2025. This amount is considered a long-term liability, and as such, is reported only on the government-wide financial statements.

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Note 18. Revenues from Local and Intermediate Sources**

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

Fund	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
Property Taxes	\$ 79,780,112	\$ 50,681,505	\$ -	\$ -	\$ 130,461,617
Food Sales	-	-	-	3,354,138	3,354,138
Investment Income	3,627,017	2,494,045	4,854,098	86,173	11,061,333
Penalties, interest and other tax related income	295,076	180,557	-	-	475,633
Co-curricular and student activities	503,840	-	-	2,028,267	2,532,107
Other	2,855,099	-	-	-	2,855,099
<b>Total</b>	<b>\$ 87,061,144</b>	<b>\$ 53,356,107</b>	<b>\$ 4,854,098</b>	<b>\$ 5,468,578</b>	<b>\$ 150,739,927</b>

**Note 19. General Fund Federal Source Revenues**

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

Program or Source	Assistance Listing #	Amount
Indirect Costs:		
School Breakfast Program	10.553	\$ 237,882
Career and Technical Basic Grant	84.048A	4,897
IDEA-B Preschool	84.027A	527
IDEA-B Formula	84.027A	89,295
E-Rate	N/A	258,098
SHARS	N/A	83,256
JROTC	N/A	78,999
		<u>\$ 752,954</u>

**Note 20. Unearned Revenue**

Unearned revenue at June 30, 2025 consisted of the following:

	Special Revenue Fund
Student account balances	\$ 258,314
Grant funds	4,779
<b>Total</b>	<b>\$ 263,093</b>

## **Forney Independent School District**

Notes to the Basic Financial Statements

### **Note 21. Shared Service Arrangements/Joint Ventures**

The District participates in a shared services arrangement ("SSA") for a federal program with Mesquite ISD for deaf education services. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Mesquite ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

### **Note 22. Construction Commitments**

As of June 30, 2025, the District had entered into contracts for various construction and renovation projects. At June 30, 2025, there was \$88,912,765 remaining costs under these contracts. These projects are to be paid from Capital Projects Fund's fund balance as well as General Fund resources.

### **Note 23. Recent Accounting Pronouncements**

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. The District implemented GASB 101 in fiscal year 2025.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. The District implemented GASB 101 in fiscal year 2025. The District implemented GASB 102 in fiscal year 2025, with no significant impact.

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), establishes new accounting and financial reporting requirements – or modifies existing requirements – related to the following:

- Management's discussion & analysis
- Unusual or infrequent items
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position
- Information about major component units in basic financial statements
- Budgetary comparison information
- Financial trends information in the statistical section

GASB 103 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. GASB 104 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

**Forney Independent School District**  
Notes to the Basic Financial Statements

**Note 24. Adjustments to and Restatements of Beginning Balances**

During fiscal year 2025, changes in accounting principles (GASB Statement 101, *Compensated Absences*), resulted in adjustments to and restatements of beginning net position, as follows:

	<u>Government-Wide</u> Governmental Activities
Beginning net position, as previously presented	\$ (92,989,132)
Change in accounting principle - GASB 101	<u>(1,463,738)</u>
Beginning net position, as restated	\$ (94,452,870)

**Note 25. Subsequent Event**

On August 1, 2025, the District issued the "Forney Independent School District Unlimited Tax School Building and Refunding Bonds, Series 2025" in the amount of \$207,515,000 for the purpose of purchasing sites for school facilities and refunding Series 2015 Unlimited Tax Refunding Bonds.

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## **Required Supplementary Information**

# Forney Independent School District

# Exhibit G-1

## Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund For the Fiscal Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget
		Original	Final	GAAP BASIS	Positive or (Negative)
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 86,743,871	\$ 86,695,080	\$ 87,061,144	\$ 366,064
5800	State program revenues	114,845,114	124,705,966	130,950,542	6,244,576
5900	Federal program revenues	2,011,235	2,011,235	752,954	(1,258,281)
5020	Total revenues	203,600,220	213,412,281	218,764,640	5,352,359
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	108,703,852	111,918,143	108,258,413	3,659,730
0012	Instructional resources and media services	1,525,360	1,646,817	1,504,706	142,111
0013	Curriculum and instructional staff development	6,630,530	6,796,129	6,170,272	625,857
0021	Instructional leadership	3,622,839	3,842,551	3,650,814	191,737
0023	School leadership	12,880,325	13,467,791	13,071,253	396,538
0031	Guidance, counseling, and evaluation services	9,191,864	9,641,218	9,554,105	87,113
0032	Social work services	-	2,289	2,289	-
0033	Health services	2,691,371	2,778,644	2,623,874	154,770
0034	Student (pupil) transportation	6,892,937	7,184,171	7,008,633	175,538
0035	Food services	-	100,000.00	55,742	44,258
0036	Extracurricular activities	6,755,459	6,949,384	6,601,127	348,257
0041	General administration	6,477,520	6,620,468	6,397,632	222,836
0051	Facilities maintenance and operations	23,777,323	24,642,098	24,066,224	575,874
0052	Security and monitoring services	5,945,821	7,129,601	6,259,268	870,333
0053	Data processing services	4,848,178	5,344,001	5,263,750	80,251
0061	Community services	1,222,497	1,319,056	1,104,479	214,577
Debt service:					
0071	Principal on long-term debt	1,017,000	1,039,700	1,039,700	-
0072	Interest on long-term debt	150,186	155,324	155,313	11
Capital outlay:					
0081	Facilities acquisition and construction	65,000	14,048,661	258,508	13,790,153
Intergovernmental:					
0099	Other intergovernmental charges	1,202,158	1,202,158	1,154,935	47,223
6030	Total expenditures	203,600,220	225,828,204	204,201,037	21,627,167
1100	Excess (deficiency) of revenues over (under) expenditures	-	(12,415,923)	14,563,603	26,979,526
<b>OTHER FINANCING SOURCES :</b>					
7912	Sale of real and personal property	-	757,485	757,485	-
7913	Proceed from right to use leased assets	-	556,306	556,304	(2)
7080	Total other financing sources	-	1,313,791	1,313,789	(2)
1200	Net change in fund balances	-	(11,102,132)	15,877,392	26,979,524
0100	Fund balance - July 1 (beginning)	70,053,072	70,053,072	70,053,072	-
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ 70,053,072</b>	<b>\$ 58,950,940</b>	<b>\$ 85,930,464</b>	<b>\$ 26,979,524</b>

# Forney Independent School District

Notes to Required Supplementary Information  
Budget Information  
For the Year Ended June 30, 2025

## Budgets and Budgetary Accounting

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

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the fiscal year ended June 30, 2025. During the year ended June 30, 2025, the Board of Trustees approved budget amendments increasing expenditures as follows:

	<u>General Fund</u>
Amendments approved	\$ 22,227,984

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

The official school budget was prepared for adoption for budgeted governmental fund types by June 30, 2025. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

**Forney Independent School District**  
 Schedule of the District's Proportionate  
 Share of the Net Pension Liability  
 Teacher Retirement System of Texas  
 Last Ten Fiscal Years

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>
	<u>Plan Year 2024</u>	<u>Plan Year 2023</u>	<u>Plan Year 2022</u>
District's proportion of the net pension liability (asset)	0.0945253%	0.0875667%	0.0718580%
District's proportionate share of net pension liability (asset)	\$ 57,739,991	\$ 60,149,869	\$ 42,660,243
State's proportionate share of the net pension liability (asset) associated with the District	<u>77,772,709</u>	<u>77,478,624</u>	<u>59,986,152</u>
<b>TOTALS</b>	<u>\$ 135,512,700</u>	<u>\$ 137,628,493</u>	<u>\$ 102,646,395</u>
District's covered payroll	\$ 131,429,380	\$ 111,477,859	\$ 89,759,212
District's proportionate share of the net pension liability as a percentage of its covered payroll	44%	54%	48%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2024 are for year 2025, August 31, 2023 are for year 2024, August 31, 2022 are for year 2023, August 31, 2021 are for year 2022, August 31, 2020 are for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for 2018, August 31, 2016 for year 2017, and August 31, 2015 for year 2016.

<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
<u>Plan Year 2021</u>	<u>Plan Year 2020</u>	<u>Plan Year 2019</u>	<u>Plan Year 2018</u>	<u>Plan Year 2017</u>	<u>Plan Year 2016</u>	<u>Plan Year 2015</u>
0.0585172%	0.0492495%	0.0504946%	0.0471434%	0.0431618%	0.0387341%	0.0416884%
\$ 14,902,249	\$ 26,377,017	\$ 26,248,659	\$ 25,948,857	\$ 13,800,819	\$ 14,637,024	\$ 14,736,295
<u>25,069,898</u>	<u>48,380,593</u>	<u>40,619,625</u>	<u>42,315,516</u>	<u>25,002,570</u>	<u>29,594,886</u>	<u>28,115,166</u>
<u>\$ 39,972,147</u>	<u>\$ 74,757,610</u>	<u>\$ 66,868,284</u>	<u>\$ 68,264,373</u>	<u>\$ 38,803,389</u>	<u>\$ 44,231,910</u>	<u>\$ 42,851,461</u>
\$ 75,959,322	\$ 65,937,445	\$ 57,611,162	\$ 53,028,117	\$ 49,484,106	\$ 45,915,687	\$ 44,674,140
20%	40%	46%	49%	28%	32%	33%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

**Forney Independent School District**  
 Schedule of District's Contributions for Pensions  
 Teacher Retirement System of Texas  
 Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually required contributions	\$ 6,023,362	\$ 5,183,658	\$ 4,362,603
Contributions in relation to the contractually required contributions	<u>(6,023,362)</u>	<u>(5,183,658)</u>	<u>(4,362,603)</u>
<b>CONTRIBUTIONS DEFICIENCY (EXCESS)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 145,272,269	\$ 128,512,009	\$ 107,969,964
Contribution as a percentage of covered payroll	4.15%	4.03%	4.04%

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

**Exhibit G-3**

<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
\$ 3,195,432	\$ 2,430,341	\$ 2,005,352	\$ 1,729,888	\$ 1,557,673	\$ 1,364,826	\$ 1,219,018
(3,195,432)	(2,430,341)	(2,005,352)	(1,729,888)	(1,557,673)	(1,364,826)	(1,219,018)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 86,753,373	\$ 74,015,422	\$ 64,453,642	\$ 56,924,091	\$ 52,395,548	\$ 48,837,086	\$ 45,546,050
3.68%	3.28%	3.11%	3.04%	2.97%	2.79%	2.68%

**Forney Independent School District**  
 Schedule of the District's Proportionate  
 Share of the Net OPEB Liability  
 Teacher Retirement System of Texas  
 Last Eight Fiscal Years

	<b>FY 2025</b> <b>Plan Year 2024</b>	<b>FY 2024</b> <b>Plan Year 2023</b>	<b>FY 2023</b> <b>Plan Year 2022</b>
District's proportion of the net OPEB liability for Other Postemployment Benefits	0.001158638%	0.108281654%	0.092468921%
District's proportionate share of the net OPEB liability (asset)	\$ 35,166,433	\$ 23,971,723	\$ 22,140,763
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>44,063,063</u>	<u>28,925,568</u>	<u>27,008,253</u>
<b>TOTALS</b>	<u>\$ 79,229,496</u>	<u>\$ 52,897,291</u>	<u>\$ 49,149,016</u>
District's covered payroll	\$ 131,429,380	\$ 111,477,859	\$ 89,759,212
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	26.76%	21.50%	24.67%
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2025 are for the measurement date of August 31, 2024. The amounts reported for FY 2024 are for the measurement date of August 31, 2023. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts for FY 2022 are for the measurement date of August 31, 2021. The amounts for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are based on the August 31, 2018 measurement date. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.079896229%	0.070078821%	0.065026761%	0.060665755%	0.057731363%
\$ 30,819,546	\$ 26,640,124	\$ 30,751,952	\$ 30,290,967	\$ 25,105,204
<u>41,291,323</u>	<u>35,797,941</u>	<u>40,862,465</u>	<u>46,658,254</u>	<u>39,899,269</u>
<u>\$ 72,110,869</u>	<u>\$ 62,438,065</u>	<u>\$ 71,614,417</u>	<u>\$ 76,949,221</u>	<u>\$ 65,004,473</u>
\$ 75,959,322	\$ 65,937,445	\$ 57,611,162	\$ 89,139,344	\$ 87,243,269
40.57%	40.40%	53.38%	33.98%	28.78%
6.18%	4.99%	2.66%	1.57%	0.91%

**Forney Independent School District**  
 Schedule of the District's Contributions for  
 Other Postemployment Benefits (OPEB)  
 Teacher Retirement System of Texas  
 Last Eight Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually required contributions	\$ 1,181,470	\$ 1,029,539	\$ 919,086
Contributions in relation to the contractually required contributions	<u>(1,181,470)</u>	<u>(1,029,539)</u>	<u>(919,086)</u>
<b>CONTRIBUTIONS DEFICIENCY (EXCESS)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 145,272,269	\$ 128,512,009	\$ 107,969,964
Contribution as a percentage of covered payroll	0.81%	0.80%	0.85%

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

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

**Exhibit G-5**

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 736,799	\$ 611,272	\$ 496,685	\$ 455,767	\$ 398,401
<u>(736,799)</u>	<u>(611,272)</u>	<u>(496,685)</u>	<u>(455,767)</u>	<u>(398,401)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 86,753,373	\$ 74,015,422	\$ 64,453,642	\$ 56,924,091	\$ 52,395,548
0.85%	0.83%	0.77%	0.80%	0.76%

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## Forney Independent School District

### Notes to Required Supplementary Information

#### **Pension Liability**

##### Changes of benefit terms

The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

##### Changes of assumptions

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

#### **OPEB Liability**

##### Changes of benefit terms

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

##### Changes of assumptions

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

- The discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024. Additionally, the tables used to model the impact of aging on the underlying claims were revised.

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# Combining Schedules

# Forney Independent School District

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2025

<b>Data Control Codes</b>	<b>211 ESEA I, A Improving Basic Program</b>	<b>224 IDEA - Part B Formula</b>	<b>225 IDEA - Part B Preschool</b>	<b>226 IDEA B - High Cost Fund</b>
<b>ASSETS</b>				
1110 Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from other governments	402,092	690,039	-	32,139
1410 Prepayments	-	-	-	-
1000 Total assets	<u>\$ 402,092</u>	<u>\$ 690,039</u>	<u>\$ -</u>	<u>\$ 32,139</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
2110 Accounts payable	\$ 50	\$ -	\$ -	\$ -
2160 Accrued wages payable	128,366	214,525	-	-
2170 Due to other funds	273,676	475,514	-	32,139
2180 Due to other governments	-	-	-	-
2300 Unearned revenues	-	-	-	-
2000 Total liabilities	402,092	690,039	-	32,139
<b>FUND BALANCES</b>				
Nonspendable:				
3430 Prepaid items	-	-	-	-
Restricted:				
3450 Federal or state funds grant restriction	-	-	-	-
Committed:				
3545 Other committed fund balance	-	-	-	-
3000 Total fund balances	-	-	-	-
4000 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 402,092</u>	<u>\$ 690,039</u>	<u>\$ -</u>	<u>\$ 32,139</u>

<b>240</b>	<b>244</b>	<b>255</b>	<b>263</b>	<b>280</b>
<b>Food Service Fund</b>	<b>Career and Technical - Basic Grant</b>	<b>ESEA, Title II, Part A</b>	<b>Title III, A English Lang. Acquisition</b>	<b>ARP Act - Homeless II</b>
\$ 1,500,210	\$ -	\$ -	\$ -	\$ -
43,116	41,761	87,610	86,770	-
-	-	-	-	-
<u>\$ 1,543,326</u>	<u>\$ 41,761</u>	<u>\$ 87,610</u>	<u>\$ 86,770</u>	<u>\$ -</u>
\$ 23,949	\$ -	\$ -	\$ -	\$ -
566,133	-	23,325	9,616	-
-	41,761	64,285	77,154	-
-	-	-	-	-
258,314	-	-	-	-
848,396	41,761	87,610	86,770	-
-	-	-	-	-
694,930	-	-	-	-
-	-	-	-	-
694,930	-	-	-	-
<u>\$ 1,543,326</u>	<u>\$ 41,761</u>	<u>\$ 87,610</u>	<u>\$ 86,770</u>	<u>\$ -</u>

# Forney Independent School District

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2025

<b>Data Control Codes</b>	<b>288</b>	<b>289</b>	<b>385</b>	<b>397</b>
	<b>Title IV, Part A</b>	<b>School Health</b>	<b>State Supplemental Visually Impaired</b>	<b>Advanced Placement Incentives</b>
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 404
1240	Due from other governments	-	211,552	-
1410	Prepayments	-	-	-
1000	Total assets	<u>\$ -</u>	<u>\$ 211,552</u>	<u>\$ 404</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	70,694	-
2170	Due to other funds	-	140,858	-
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	-	211,552	-
<b>Fund balances:</b>				
Nonspendable:				
3430	Prepaid items	-	-	-
Restricted:				
3450	Federal or state funds grant restriction	-	-	404
Committed:				
3545	Other committed fund balance	-	-	-
3000	Total fund balances	-	-	404
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 211,552</u>	<u>\$ 404</u>

**Exhibit H-1**  
(concluded)

<b>410 State Instructional Materials</b>	<b>427 Read to Succeed License Plate Program</b>	<b>429 Texas Education Excellence</b>	<b>461 Campus Activity Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 4,779	\$ -	\$ 4,715	\$ 1,755,777	\$ 3,265,885
-	-	-	-	1,595,079
-	-	-	4,300	4,300
<b>\$ 4,779</b>	<b>\$ -</b>	<b>\$ 4,715</b>	<b>\$ 1,760,077</b>	<b>\$ 4,865,264</b>
\$ -	\$ -	\$ -	\$ 106,981	\$ 130,980
-	-	-	-	1,012,659
-	-	-	10,771	1,116,158
-	-	-	1,433	1,433
4,779	-	-	-	263,093
4,779	-	-	119,185	2,524,323
-	-	-	4,300	4,300
-	-	4,715	-	700,049
-	-	-	1,636,592	1,636,592
-	-	4,715	1,640,892	2,340,941
<b>\$ 4,779</b>	<b>\$ -</b>	<b>\$ 4,715</b>	<b>\$ 1,760,077</b>	<b>\$ 4,865,264</b>

# Forney Independent School District

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balance – Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA B - High Cost Fund
<b>REVENUES</b>				
5700	Total local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	1,072,682	2,573,840	32,139
5020	Total revenues	1,072,682	2,573,840	32,139
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	974,633	812,877	17,786
0012	Instructional resources and media services	-	-	-
0013	Curriculum and staff development	1,530	-	-
0021	Instructional leadership	3,659	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	1,262,346	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student (pupil) transportation	91,920	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	940	-	-
Intergovernmental:				
0093	Payments to fiscal agent/member districts of SSA	-	498,617	-
6030	Total expenditures	1,072,682	2,573,840	32,139
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
7915	Transfers in	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balance - July 1 (beginning)	-	-	-
3000	Fund balance - June 30 (ending)	\$ -	\$ -	\$ -

240	244	255	263	280
Food Service Fund	Career and Technical - Basic Grant	ESEA, Title II, Part A	Title III, A English Lang. Acquisition	ARP Act - Homeless II
\$ 3,440,311	\$ -	\$ -	\$ -	\$ -
327,599	-	-	-	-
6,221,813	121,704	347,946	192,704	10,629
9,989,723	121,704	347,946	192,704	10,629
-	121,704	-	172,450	10,629
-	-	-	-	-
-	-	225,644	20,254	-
-	-	-	-	-
-	-	122,302	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,356,288	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,356,288	121,704	347,946	192,704	10,629
(366,565)	-	-	-	-
-	-	-	-	-
(366,565)	-	-	-	-
1,061,495	-	-	-	-
\$ 694,930	\$ -	\$ -	\$ -	\$ -

# Forney Independent School District

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balance – Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2025

<b>Data Control Codes</b>	<b>288</b>	<b>289</b>	<b>385</b>	<b>397</b>
<b>REVENUES</b>	<b>Title IV, Part A</b>	<b>School Health</b>	<b>State Supplemental Visually Impaired</b>	<b>Advanced Placement Incentives</b>
5700 Total local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800 State program revenues	-	-	3,668	204
5900 Federal program revenues	77,427	551,186	-	-
5020 Total revenues	77,427	551,186	3,668	204
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	77,427	8,181	1,497	-
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and staff development	-	-	-	575
0021 Instructional leadership	-	-	-	-
0023 School leadership	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	112,311	-	-
0032 Social work services	-	409,652	-	-
0033 Health services	-	-	2,171	-
0034 Student (pupil) transportation	-	-	-	-
0035 Food services	-	-	-	-
0036 Extracurricular activities	-	-	-	-
0041 General administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	-	-
0053 Data processing services	-	-	-	-
0061 Community services	-	21,042	-	-
Intergovernmental:				
0093 Payments to fiscal agent/member districts of SSA	-	-	-	-
6030 Total expenditures	77,427	551,186	3,668	575
1100 Excess (deficiency) of revenues over (under) expenditures	-	-	-	(371)
<b>OTHER FINANCING SOURCES (USES)</b>				
7915 Transfers in	-	-	-	-
1200 Net change in fund balances	-	-	-	(371)
0100 Fund balance - July 1 (beginning)	-	-	-	775
3000 Fund balance - June 30 (ending)	\$ -	\$ -	\$ -	\$ 404

**Exhibit H-2**  
(concluded)

<b>410 State Instructional Materials</b>	<b>427 Read to Succeed License Plate Program</b>	<b>429 Texas Education Excellence</b>	<b>461 Campus Activity Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 2,028,267	\$ 5,468,578
1,059,835	36	637,324	-	2,028,666
-	-	-	-	11,219,856
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,059,835	36	637,324	2,028,267	18,717,100
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,059,835	-	-	130,575	3,387,594
-	36	-	73,228	73,264
-	-	9,100	8,151	265,254
-	-	-	639	4,298
-	-	-	299,304	421,606
-	-	-	145,146	1,519,803
-	-	-	-	409,652
-	-	-	498	2,669
-	-	-	-	91,920
-	-	-	-	10,356,288
-	-	-	1,015,485	1,015,485
-	-	-	-	-
-	-	-	670	670
-	-	627,020	-	627,020
-	-	-	-	-
-	-	-	94,969	116,951
-	-	-	-	530,756
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,059,835	36	636,120	1,768,665	18,823,230
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	1,204	259,602	(106,130)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	1,204	259,602	(106,130)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	3,511	1,381,290	2,447,071
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 4,715	\$ 1,640,892	\$ 2,340,941

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## **T.E.A. Required Schedules**

**Forney Independent School District**  
 Schedule of Delinquent Taxes Receivable  
 For the Fiscal Year Ended June 30, 2025

<u>Last Ten Years Ended June 30,</u>	1	2	3	10
	<u>Tax Rates</u>		<u>Assessed/Appraised Value For School Tax Purposes</u>	<u>Beginning Balance 7/1/2024</u>
	<u>Maintenance</u>	<u>Debt Service</u>		
2016 and prior years	Various	Various	Various	\$ 99,276
2017	1.040000	0.500000	3,067,166,142	37,355
2018	1.040000	0.500000	3,549,936,957	31,819
2019	1.040000	0.500000	4,037,668,117	50,137
2020	0.970000	0.500000	4,740,331,361	113,667
2021	0.874700	0.500000	5,496,337,074	175,414
2022	0.872000	0.500000	6,483,292,894	230,649
2023	0.854600	0.500000	8,354,308,202	321,571
2024	0.789200	0.500000	9,188,635,376	1,116,440
2025 (School year under audit)	0.786900	0.500000	10,294,838,537	-
<b>1000 TOTALS</b>				<u>\$ 2,176,328</u>

Penalty and interest receivable on taxes

Total taxes receivable per Exhibit C-1

8000 - Taxes refunded under section 26.1115, tax code, for owners who received an exemption as provided by section 11.42(f), tax code

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

Exhibit J-1

20	31	32	40	50	99
Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 6/30/2025	Total Taxes Refunded Under Section 26.1115(c)
\$ -	\$ 2,887	\$ 1,343	\$ (5,307)	\$ 89,740	
-	412	198	-	36,745	
-	349	168	-	31,302	
-	62	30	(576)	49,469	
-	3,433	1,770	(329)	108,135	
-	39,111	22,357	35,098	149,044	
-	84,673	48,551	95,508	192,933	
-	47,006	27,502	(14,489)	232,574	
-	8,565	5,426	(780,368)	322,081	
<u>132,484,277</u>	<u>79,593,614</u>	<u>50,574,161</u>	<u>(987,157)</u>	<u>1,329,345</u>	
<u>\$ 132,484,277</u>	<u>\$ 79,780,112</u>	<u>\$ 50,681,506</u>	<u>\$ (1,657,620)</u>	<u>\$ 2,541,368</u>	
				898,002	
				<u>\$ 3,439,370</u>	
					\$ 189,214

**Forney Independent School District**

**Exhibit J-2**

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Food Service Fund  
For the Fiscal Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	GAAP BASIS Fund	Final Budget Positive or (Negative)
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 3,554,656	\$ 3,465,589	\$ 3,440,311	\$ (25,278)
5800	State program revenues	300,000	333,099	327,599	(5,500)
5900	Federal program revenues	5,044,202	5,898,329	6,221,813	323,484
5020	Total revenues	8,898,858	9,697,017	9,989,723	292,706
<b>EXPENDITURES</b>					
Current:					
0035	Food services	9,767,337	10,601,856	10,356,288	245,568
6030	Total expenditures	9,767,337	10,601,856	10,356,288	245,568
1100	Excess (deficiency) of revenues over (under) expenditures	(868,479)	(904,839)	(366,565)	538,274
1200	Net change in fund balances	(868,479)	(904,839)	(366,565)	538,274
0100	Fund balance - July 1 (beginning)	1,061,495	1,061,495	1,061,495	-
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ 193,016</b>	<b>\$ 156,656</b>	<b>\$ 694,930</b>	<b>\$ 538,274</b>

# Forney Independent School District

# Exhibit J-3

## Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Debt Service Fund For the Fiscal Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP BASIS	Variance With Final Budget Positive or (Negative)
		Original	Final	Fund	
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 53,662,217	\$ 53,333,600	\$ 53,356,107	\$ 22,507
5800	State program revenues	5,774,313	5,774,313	5,646,904	(127,409)
5020	Total revenues	59,436,530	59,107,913	59,003,011	(104,902)
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal on long-term debt	6,940,195	6,940,195	6,940,195	-
0072	Interest on long-term debt	46,277,437	46,861,917	46,861,916	1
0073	Bond issuance cost and fees	35,000	588,468	572,319	16,149
6030	Total expenditures	53,252,632	54,390,580	54,374,430	16,150
1100	Excess (deficiency) of revenues over (under) expenditures	6,183,898	4,717,333	4,628,581	(88,752)
<b>OTHER FINANCING SOURCES (USES)</b>					
7901	Refunding debt issued	-	17,309,527	17,309,527	-
7915	Transfers in	-	-	1,382,282	1,382,282
7916	Premium or discount on issuance of bonds	-	25,350,294	25,352,935	2,641
8940	Payment to bond refunding escrow agent	-	(42,106,353)	(42,106,352)	1
7080	Total other financing sources (uses)	-	553,468	1,938,392	1,384,924
1200	Net change in fund balances	6,183,898	5,270,801	6,566,973	1,296,172
0100	Fund balance - July 1 (beginning)	62,308,422	62,308,422	62,308,422	-
3000	<b>FUND BALANCE - JUNE 30 (ENDING)</b>	<b>\$ 68,492,320</b>	<b>\$ 67,579,223</b>	<b>\$ 68,875,395</b>	<b>\$ 1,296,172</b>

**Forney Independent School District**  
 Use of Funds Report - Select State Allotment Programs  
 For the Fiscal Year Ended June 30, 2025

**Exhibit J-4**

<u>Data Control Codes</u>	<u>Response</u>
<u>Section A: Compensatory Education Programs</u>	
AP1 Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2 Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3 Total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 13,202,610
AP4 Actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 6,998,310
<u>Section B: Bilingual Education Programs</u>	
AP5 Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6 Does the District have written policies and procedures for its bilingual education program?	Yes
AP7 Total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 1,508,858
AP8 Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25)	\$ 1,324,703

# Federal Awards

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Trustees  
Forney Independent School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forney Independent School District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 29, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
September 29, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance  
As Required by the Uniform Guidance**

To the Board of Trustees  
Forney Independent School District

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Forney Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2025.

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

The Board of Trustees  
Forney Independent School District

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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
December 4, 2025

**Forney Independent School District**  
 Schedule of Findings and Questioned Costs

**Section 1. Summary of Auditor's Results:**

**Financial Statements**

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
  - Material weakness(es) identified? No
  - Significant deficiency(is) identified that are not considered a material weakness? None Reported
- c. Noncompliance material to financial statements noted? No

**Federal Awards**

- d. Internal control over major programs:
  - Material weakness(es) identified? No
  - Significant deficiency(ies) identified that are not considered a material weakness? None Reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? No
- g. Identification of major federal programs:

<u>Program Title</u>	<u>Assistance Listing Numbers</u>
Child Nutrition Cluster	10.555, 10.553

- h. The dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- i. Auditee qualified as a low-risk auditee? Yes

**Forney Independent School District**  
Schedule of Findings and Questioned Costs

**Section 2. Financial Statement Findings:**

None

**Section 3. Federal Awards Findings:**

None

**Section 4. Prior Year Findings and Questioned Costs:**

None

**Forney Independent School District**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025

**Exhibit K-1**

(1) Federal Grantor Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through Region 10 Education Service Center:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	24610101057950	\$ 18,376
ESEA Title I, Part A - Improving Basic Programs	84.010A	25610101057950	<u>1,054,306</u>
Total Assistance Listing # 84.010A			1,072,682
Title III, Part A - English Language Acquisition	84.365A	24671001057950	11,229
Title III, Part A - English Language Acquisition	84.365A	25671001057950	170,682
Title III, Part A - Immigrant	84.365A	24671003057950	7,405
Title III, Part A - Immigrant	84.365A	25671003057950	<u>3,388</u>
Total Assistance Listing # 84.365A			192,704
ESEA Title II, Part A - Supporting Effective Instruction	84.367A	24694501057950	26,962
ESEA Title II, Part A - Supporting Effective Instruction	84.367A	25694501057950	<u>252,870</u>
Total Assistance Listing # 84.367A			279,832
ESEA Title IV, Part A - Subpart 1	84.424A	24680101057950	1,975
ESEA Title IV, Part A - Subpart 1	84.424A	25680101057950	<u>75,452</u>
Total Assistance Listing # 84.424A			<u>77,427</u>
Total Passed Through Region 10 Education Service Center			1,622,645
Passed through Texas Department of Education:			
Special Education Cluster (IDEA):			
IDEA- Part B, Formula	84.027A	246600011299026000	29,089
IDEA- Part B, Formula	84.027A	256600011299026000	2,634,046
IDEA-B Discretionary (High Cost Fund)	84.027A	66002506	<u>32,139</u>
Total Assistance Listing # 84.027A			2,695,274
IDEA-B Preschool	84.173A	256610011299026610	<u>18,313</u>
Total Special Education Cluster (IDEA)			2,713,587
Perkins V - Strengthening CTE for 21st Century	84.048A	25420006129902	126,601
2024-2025 Principal Residency Grant Cycle 7	84.367A	246945677110010	68,114
Summer School LEP	84.369A	69552402	8,181
Stronger Connections	84.424F	236811017110058	543,005
Homeless II - ARP	84.425W	21533002057950	<u>10,629</u>
Total passed through Texas Department of Education			<u>3,470,117</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			5,092,762
(continued)			

The Notes to the Schedule of Expenditures of Federal Awards are an integrated part of this schedule.

**Forney Independent School District**

Schedule of Expenditures of Federal Awards (Continued)  
 For the Fiscal Year Ended June 30, 2025

**Exhibit K-1**

(1) Federal Grantor Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
Passed through Texas Department of Agriculture:			
Commodity Supplemental Food Program - Noncash assistance	10.555	71302401	459,371
Passed through Texas Department of Education:			
National School Breakfast Program	10.553	71402501	1,279,193
National School Lunch Program	10.555	71302501	4,721,131
			<u>6,459,695</u>
Total Child Nutrition Cluster *			<u>6,459,695</u>
Total passed through Texas Department of Education			<u>6,459,695</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>6,459,695</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 11,552,457</u>

\* Denotes Major Federal Program

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## Forney Independent School District

### Notes to Schedule of Expenditures of Federal Awards

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's **Financial Accountability System Resource Guide**.

**General Fund** - is used to account for among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.

**Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

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

3. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
4. Federal Assistance Listing Numbers (FALN) for commodity assistance are the FALN numbers of the programs under which USDA donated the commodities.
5. Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$332,601, which was received for the School Breakfast Program as well as the Career and Technical Basic Grant and IDEA B Formula and PreSchool Grants. The District has elected to not use the 10% de minimis indirect cost rate.

## Forney Independent School District

### Notes to Schedule of Expenditures of Federal Awards

6. The following table reconciles total expenditures per the SEFA (Exhibit K-1) to the federal program revenues per Exhibit C-3:

Total expenditures of federal awards per Exhibit K-1	\$ 11,552,457
SHARS revenue	83,256
E-Rate revenue	258,098
JROTC revenue	<u>78,999</u>
<b>Total federal programs revenue per Exhibit C-3</b>	<b>\$ <u>11,972,810</u></b>